

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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FOX TELEVISION STATIONS, INC., et al.,

Plaintiffs,

v.

Civil Action No. 13-cv-00758-RMC
Hon. Rosemary M. Collyer

FILMONX, LLC (f/k/a AEREOKILLER LLC,
et al.,

Defendants.

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APPENDIX OF SUPPLEMENTAL AUTHORITY IN SUPPORT OF PLAINTIFFS'
MOTION FOR A PRELIMINARY INJUNCTION

APPENDIX OF SUPPLEMENTAL AUTHORITY

For the Court's convenient reference, Plaintiffs provide the attached articles cited in Plaintiffs' Motion for Preliminary Injunction.

- **Exhibit 1:** Jane C. Ginsburg, *WNET v. Aereo: The Second Circuit Persists In Poor (Cable)Vision*, (The Media Institute, April 23, 2013), available at www.mediainstitute.org/IPI/2013/042313.php.
- **Exhibit 2:** Jane C. Ginsburg, *Recent Developments in U.S. Copyright Law – Part II, Caselaw: Exclusive Rights on the Ebb?*, (Columbia Law Sch. Pub. Law & Legal Theory Working Paper Grp., Paper No. 08158, Dec. 1, 2008) (published in 218 *Revue Internationale du Droit d'Auteur* (2008) (Fr.)), available at <http://ssrn.com/abstract=1305270>.
- **Exhibit 3:** Jeffrey Malkan, *The Public Performance Problem in Cartoon Network LP v. CSC Holdings, Inc.*, 89 Or. L. Rev. 505 (2010).
- **Exhibit 4:** Peter Mennell, *In Search of Copyright's Lost Ark: Interpreting the Right to Distribute in the Internet Age*, 2012 J. Copyright Soc'y of the U.S.A. (Aug. 26, 2011), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1679514.

The other supplemental authorities cited in the Motion are believed to be more readily available and, therefore, copies of those authorities have not been provided. However, should the Court require copies of any of the other supplemental authorities cited in the Motion, they will be promptly provided upon request.

Dated: August 1, 2013

Respectfully submitted

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EXHIBIT 1



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WNET v. Aereo: The Second Circuit Persists in Poor (Cable)Vision

Prof. Jane C. Ginsburg, Columbia University School of Law

April 23, 2013

In 2008, the U.S. Court of Appeals for the Second Circuit decided *Cartoon Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d 121 (2d Cir. 2008), a case involving a “remote DVR” service that enabled Cablevision’s customers to designate programs to store in individualized storage areas on Cablevision’s servers, for subsequent transmission to the customer at a selected time. The court ruled that transmission to a single subscriber from a single source copy was not a “public performance” under the 1976 Copyright Act because only one person was “capable of receiving” the performance communicated by the transmission from the individualized copy. When I read *Cablevision* in 2008, I sensed that the decision offered a roadmap that would considerably undermine the public performance right, possibly evading its application to new business models for digital content delivery.

The Second Circuit confirmed that sense of doom on April 1 of this year, in *WNET v. Aereo, Inc.*, a decision so inconsistent with statutory text and policy as to inspire surmise that the ruling was an April Fool’s prank. In *Aereo*, the court determined that a service that captured over-the-air television signals, digitized them, and transmitted them to subscribers had not engaged in a “public performance” because Aereo had assigned each subscriber a personal antenna, which captured the signals, stored them individually on Aereo’s server, whence the signals were individually transmitted to the subscriber. In explaining how *Cablevision* controlled the result in *Aereo*, the court laid out four simple and clear steps to building a business model for communicating copyrighted works without ever having to clear rights in or pay for the transmissions:

First and most important, the Transmit Clause [of the statutory definition of public performance] directs courts to consider the potential audience of the individual transmission. If that transmission is “capable of being received by the public” the transmission is a public performance; if the potential audience of the transmission is only one subscriber, the transmission is not a public performance, except as discussed below. Second and following from the first, private transmissions – that is those not capable of being received by the public – should not be aggregated. It is therefore irrelevant to the Transmit Clause analysis whether the public is capable of receiving the same underlying work or original performance of the work by means of many transmissions. Third, there is an exception to this no-aggregation rule when private transmissions are generated from the same copy of the work. In such cases, these private transmissions *should* be aggregated, and if these aggregated transmissions from a single copy enable the public to view that copy, the transmissions are public performances. Fourth and finally, “any factor that limits the *potential* audience of a transmission is relevant” to the Transmit Clause analysis.

Thus, as Judge Chin emphasized in dissent, and commentators have recognized, under the majority’s approach, a transmission to millions of members of the public becomes “non-public” if the communication is manipulated in order to limit any particular transmission to a single recipient. Judge Chin wrote:

Aereo's "technology platform" is, however, a sham. The system employs thousands of individual dime-sized antennas, but there is no technologically sound reason to use a multitude of tiny individual antennas rather than one central antenna; indeed, the system is a Rube Goldberg-like contrivance, over-engineered in an attempt to avoid the reach of the Copyright Act and to take advantage of a perceived loophole in the law. After capturing the broadcast signal, Aereo makes a copy of the selected program for each viewer, whether the user chooses to "Watch" now or "Record" for later. Under Aereo's theory, by using these individual antennas and copies, it may retransmit, for example, the Super Bowl "live" to 50,000 subscribers and yet, because each subscriber has an individual antenna and a "unique recorded cop[y]" of the broadcast, these are "private" performances. Of course, the argument makes no sense. These are very much *public* performances. (Emphasis in original.)

The question I would like to address is: Does Aereo's "contrivance" exploit a *wrongly* "perceived loophole," or does the Copyright Act in fact contain a gap through which enterprising start-ups can drive 50,000 individual antennas, or, for that matter, millions of "individualized" communications? If there is such a loophole, then Aereo and all others inspired by its example are perfectly entitled to follow the Second Circuit to its copyright-devastating conclusion until Congress fixes the statute.

Let us therefore examine the text of the definition of a public performance by transmission (the so-called "Transmission Clause").

To perform or display a work "publicly" means –

...

(2) to transmit or otherwise communicate a performance or display of the work ... to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

One might first note the phrase "to the public by means of any device or process" – indicates that Congress was trying to think ahead, to anticipate new technologies.

Next, the phrase, "whether the members of the public" – this is important, because, as we shall see, when a transmission service, be it radio, cable, or Internet streaming, is offered to the public, *every* individual recipient is a "*member* of the public."

Next, "capable of receiving the performance or display receive it" – what's the "it?" For the Second Circuit, the "it" is the *transmission* of the performance, not the performance of the *work*.

Finally, "at different places and different times." This is the key language that should make clear that Congress was covering both simultaneous, and "asynchronous" transmissions. But, as we shall see, the Second Circuit's reading effectively deletes "different times" from the statute, thus defeating Congress's clear intent to bring pay-per-view and other individualized forms of transmission within the scope of the Copyright Act.

So where is the loophole? The Second Circuit found one first by failing to concentrate on "members of the public." The court believed that a transmission from an individual's own-made copy (remember the individualized source copy stored on Cablevision's and Aereo's servers) back to that individual could not be "public." Hence the example given in *Cablevision* of a "hapless customer who records a program in his den and later transmits the recording to a television in his bedroom would be liable for publicly performing the work simply because some other party had once transmitted the same underlying performance to the public." Surely that individual should not require a license from the copyright owner of the recorded work. A correct conclusion, but not because the source copy for the in-home transmission was made by Hapless Homeowner from a television broadcast. Rather, there is no copyright violation because Mr. Hapless did not transmit the recording "to the public." Within the domestic sphere, neither the originator of the transmission nor its recipient are "members of the public." By contrast, in the context of *Cablevision*, and certainly in *Aereo*, the transmissions were "to the public," to "members of the public," invited to and capable of receiving the performance wherever they have receiving devices (whether at home or out and about).

Error number two: The Second Circuit conflated “performance” with “transmission” – remember the “it” – and on the individualized model, there is only one member of the public who is capable of receiving *that transmission*. This reading does not work in terms of the statute. Moreover, the reading is wrong whether the source of the individualized transmission is a common source or is an individual source. The individual/common source distinction is a red herring because a reading of the statute that requires members of the public to receive *the same particular transmission* would exclude *all* asynchronous transmissions no matter how shared the source. If one member of the public receives an on-demand transmission of a performance of a given work at 12 o’clock, and another receives from the same transmission service an on-demand transmission of a performance of the same work at 1 o’clock, only one person can receive each on-demand transmission. Reading the statute to equate “transmission” with “performance” reads “different times” out of the statute. Once one recognizes that it is not possible for the two people to receive the *same transmission* “at different times,” then it becomes clear that the “public” character of the transmission cannot turn on capacity to receive a transmission. Rather, what makes a transmission, whether simultaneous or individualized on-demand, and whatever the number of source copies, “public” is its communication to “*members of the public*.”

Consider a variation on *Aereo*, one that might be a “public” performance under that decision’s “common source copy.” Suppose Mr. Hapless creates a webpage whose access is limited to close family and social acquaintance. Mr. Hapless being only modestly outgoing, his circle of social acquaintance that can access his webpage does not exceed 25 persons, a statutorily insubstantial number, we shall assume. On his webpage, Mr. Hapless posts a digital file of a song that he recorded from a webcast. Hapless’s friends can click on and listen to the song whenever they wish; no two listen at the same time. Under *Aereo*, Hapless might be publicly performing the recording by transmission because his friends, albeit listening on-demand asynchronously, are receiving the transmission from a common source copy situated on Hapless’s webpage. But it should be clear that Hapless is not publicly performing, not because none of his friends receives the same transmission, but because, within the restrained social circle, the friends are not “members of the public” and Hapless therefore is not transmitting “to the public.”

By contrast, if Hapless’s “friends” numbered in the hundreds or thousands, their acquaintance essentially virtual, his transmission would be “to the public,” not because of the single source copy, but because of the substantial number of persons to whom he makes the communication available, whether they listen “at the same time or at different times.”

That’s why *Cablevision* is wrong, that’s why *Aereo* is wrong, and the prospects for business models are terrifying, or terrific, depending on whether you own a copyright, or just make money off of someone else’s.

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EXHIBIT 2

[11 December 2008]

For *Revue Internationale du Droit d'Auteur*, Oct. 2008 [forthcoming January 2009]

Recent Developments in US Copyright Law – Part II, Caselaw: Exclusive Rights on the Ebb?

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Abstract

The 1976 Act announces broad exclusive rights, offset by a myriad of specific exemptions, and one wide exception for “fair use.” In words and intent, the exclusive rights are capacious, but new technologies may have caused some of the general phrases to become more constraining than might have been expected from a text whose drafters took pains to make forward-looking. Thus, the scope of the reproduction right turns on the meaning of “copy;” the reach of the distribution right on “distribute copies” and “transfer of ownership;” the range of the public performance right on “public” and “perform.” Entrepreneurs and users of new technological means of exploiting copyrighted works have urged narrow constructions of each of these terms, arguing that broad interpretations will chill future innovation (and suppress present markets for copyright-exploiting devices or services). Copyright owners, concerned that unfettered new uses will supplant traditional copyright-controlled markets, have contended that the literal language, or, failing that, congressional intent, encompass the contested use. In addition, new technologies have called into question the identification of the person who “does” the copyright-implicating acts. Who makes a copy when the act is decomposed into steps taken by different actors? Who performs or displays a work when the work resides on one person’s server, but the public perceives it through another person’s website?

*Several US courts have narrowly construed the reach of the exclusive rights of reproduction, distribution, public performance and public display, thus putting into doubt their efficacy in the digital environment. In particular, the Second Circuit’s recent decision in *Cartoon Networks v. CSC Holdings*, if followed, could substantially eviscerate the reproduction and public performance rights. The growing number of decisions rejecting a “making available” right attests to some difficulties in adapting the distribution right to online exploitation. By contrast, one bright spot for authors appears in the area of moral rights, in which digital media may provide a means to make at least some authors’ attribution interests enforceable. Because the decisions emanate from lower courts, including first-level courts, it is too soon to discern whether US copyright law is adopting a constricted conception of the scope of the economic rights under copyright, and if so, whether the decisions betoken an evolving (if often unarticulated) determination that copyright prerogatives should yield to technological preferences. In either event, the analyses and results contrast*

* Thanks for suggestions and criticisms to Professor Graeme Austin, Professor Jessica Litman, Professor R. Anthony Reese, David Carson, Esq., and to my colleague June M. Besek, Executive Director of the Kernochan Center for Law, Media and the Arts, and for research assistance to Emily Weiss, Columbia Law School class of 2009.

with solutions adopted in the European Union, and, in some instances, may be in tension with the US' international obligations.

The previous installment of this *Chronique* addressed a pending legislative development, the creation of a liability limitation regime for the exploitation of “orphan works.” The bill passed the Senate, but did not come to a vote in the House of Representatives before Congress recessed.¹ Nonetheless, some form of orphan works legislation is likely ultimately to be enacted, if not in the current Congress, then in its successor. One may hope that the next version of the bill will address some of the concerns expressed in Part I of this *Chronique*.

This Part will consider recent developments in caselaw. The abundance of recent judicial decisions in the US surpasses any one article's ability to canvass or synthesize; this *Chronique* therefore not only must select from among the total number of decisions, but also will confine itself to the topic of exclusive rights. (I) As a result, it will not address questions of copyrightable subject matter, ownership, fair use,² secondary liability and liability limitations for online service providers, or technological protection measures.³ Several US courts have narrowly construed the reach of the exclusive rights of reproduction (A), distribution (B), public performance and public display (C), thus calling into question their efficacy in the digital environment. By contrast, one bright spot for authors appears in the area of moral rights, in which digital media may provide a means to make at least some authors' attribution interests enforceable (D). Because the decisions emanate from lower courts, including first-level courts, it is too soon to discern whether US copyright law is adopting a constrained conception of the scope of the economic rights under copyright, and if so, whether the decisions betoken an evolving (if often unarticulated) determination that copyright prerogatives should yield to technological preferences. In either event, the analyses and results contrast with solutions adopted in the European Union, and, in some instances, may be in tension with the US' international obligations. (II)

I. Exclusive rights and digital media

Section 106 of the US Copyright Act confers the “exclusive right to do and to authorize” a variety of acts.⁴ The statute formulates the exclusive rights in more

¹ Congress did pass a law enhancing the remedies for violations of intellectual property rights, including copyright, see P.L. 110-403, 110th Cong. 2d sess. (October 13, 2008).

² For a series of recent articles addressing many aspects of the current fair use doctrine in the US, see Symposium, Fair Use: Incredibly Shrinking or Extraordinarily Expanding?, 31 Columbia J. L. & Arts 433-635 (2008).

³ I have commented elsewhere on the last three topics, see Jane C. Ginsburg, *Separating the Sony Sheep from the Grokster Goats: Reckoning the Future Business Plans of Copyright-Dependent Technology Entrepreneurs*, 50 U. Ariz. L. Rev. 577 (2008) (secondary liability, and liability of online service providers); Jane C. Ginsburg, *The Pros and Cons of Strengthening Intellectual Property Protection: Technological Protection Measures and Section 1201 of the United States Copyright Act*, 16 Info. & Comm. Tech. L. 191 (2007). Regarding the last topic, the Copyright Office has embarked on its triennial Rulemaking process to determine classes of works to exempt from the prohibition on circumventing technological measures that protect access to copyrighted works. See, Copyright Office, Notice of Inquiry, Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 73 Fed. Reg. No 194, p. 58073 (Oct. 6, 2008), <http://www.copyright.gov/fedreg/2008/73fr58073.pdf>

⁴ 17 U.S.C. sec. 106 provides:

general terms than some common law countries' acts,⁵ but less sweepingly than in some Continental countries, including France⁶ and Italy.⁷ The style of drafting may carry substantive consequences: national laws that announce an all-encompassing "exclusive incorporeal property right which shall be enforceable against all persons" (France) or an over-arching right to "the economic use of the work in every manner and form" (Italy) might be said to set the default in favor of ranging all exploitations within the author's monopoly (subject to specific exceptions). Thus, the author's rights presumptively encompass new exploitations enabled by new technologies.

Exclusive rights articulated in more specific terms, by contrast, arguably give rise to narrower constructions. The more detailed the text, the greater the prospect of ambiguity when new situations arise that the words do not clearly cover. It might follow that courts interpreting such statutes would resolve ambiguities against the copyright owner, in favor of those who exploit works in the borderland between exclusive rights and free uses. That prediction, however, assumes courts would infer from the law's lack of generality a normative disposition to leave uncertain cases outside the copyright owner's exclusive control. In fact, such severe positivism does not accurately characterize all common law courts.⁸ Common law courts have filled

Exclusive rights in copyrighted works

Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
- (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
- (6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

⁵ See, e.g., UK Copyright Designs and Patents Act 1988, ss. 16-21; Australia, Copyright Act 1968, s. 31.

⁶ France, Code of intellectual property, arts. L. 111-1; L. 122-1.

⁷ Italy, Copyright Law of 1941, art. 12(2) ("The author has in addition the exclusive right to the economic use of the work in every manner and form, original or derivative, within the limits fixed by this law, and in particular through the exercise of the exclusive rights indicated in the following articles.")

⁸ English decisions in the 18th and 19th centuries frequently extended authors' rights beyond the set terms of the statutes, see, e.g., Jane C. Ginsburg, *Une Chose Publique?: The Author's Domain and the Public Domain in Early British, French and US Copyright Law*, 65 Cambridge Law Journal 636 (2006). By contrast, 19th-century US decisions often interpreted the legislation narrowly to exclude unspecified forms of exploitation, such as translations. See *Stowe v Thomas*, 23 F. Cas. 201 (C.C.E.D.Pa. 1853) (German translation of *Uncle Tom's Cabin* not a "copy" of the English-language original). See also *Stevens v Kabushiki Kaisha Sony Computer Entertainment* [2005] HCA 58 para 190-209 (Kirby, J.) (limiting analysis of scope of Australian anti-circumvention provisions to words of statute: "The Parliament having chosen such an elaborate and specific definition for the key provision of the legislative scheme, a court should pause before stretching the highly specific language in order to overcome a supposed practical problem. To do so would not be to construe the text, but to substitute a new and broader text for the one chosen by the Parliament after extensive consultation, investigation and debate."). See generally Alain Strowel, *Droit d'auteur and Copyright: Between History and Nature*, in *OF AUTHORS AND ORIGINS: ESSAYS ON COPYRIGHT LAW* 235-248, 252-53 (Brad Sherman and Alain Strowel eds., 1994) ("the natural law [continental droit d'auteur]-positivist [anglo-american copyright] distinction is nowhere as hard and fast as many commentators would have us believe" but

in legislative lacunae by reference to a protective purpose discerned from the statute's general context or legislative history.⁹ Nonetheless, statutes that lack a general direction to interpret the scope of rights expansively lend themselves to more parsimonious parsing; when in doubt of the statute's scope (or when skeptical of the desirability of protection), US and Commonwealth courts will demand that the legislature speak more clearly.¹⁰

In particular, when new technologies test the contours of exclusive rights, the U.S. Supreme Court declared in its 1984 decision in *Sony Corp. of America v. Universal City Studios* (the "Betamax" case), that courts should proceed with caution:

Repeatedly, as new developments have occurred in this country, it has been the Congress that has fashioned the new rules that new technology made necessary. The judiciary's reluctance to expand the protections afforded by the copyright without explicit legislative guidance is a recurring theme. Sound policy, as well as history, supports our consistent deference to Congress when major technological innovations alter the market for copyrighted materials. Congress has the constitutional authority and the institutional ability to accommodate fully the varied permutations of competing interests that are inevitably implicated by such new technology.

In a case like this, in which Congress has not plainly marked our course, we must be circumspect in construing the scope of rights created by a legislative enactment which never contemplated such a calculus of interests.¹¹

Although this pronouncement might be seen as a general guide to interpretation of the scope of exclusive rights under the 1976 U.S. Copyright Act, one should recall its context: the "calculus of interests" at stake extended beyond the traditional controversies between copyright owners and commercial entities engaged in copying or publicly performing works. Defendants were hardware manufacturers and distributors who disseminated a machine that enabled end users to make copies (in many cases for "time shifting") of free broadcast television programs. The statute

different "interpretative framework" can lead to broader extent of authors' rights in Continental countries).

⁹ See, e.g., *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 780 F. Supp. 1283, 1290 (1991) (citation omitted): "Copyright protection is statutory, and the judiciary has shown a general reluctance to expand those protections, absent explicit legislative guidance. While there are sound historical and policy reasons for this consistent deference to Congress, Congress cannot immediately respond to each invention that hits the market. The courts must therefore use their best judgment to construe the meaning of certain words consistent with Congressional intent."

¹⁰ See, e.g., *Sony Corp. of America v. Universal City Studios*, 464 US 417, 429 (1984): "As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or to inventors in order to give the public appropriate access to their work product. Because this task involves a difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand, our patent and copyright statutes have been amended repeatedly." *Stevens v Sony*, [2005] HCA at para 207 (Kirby, J.) ("Had it been the purpose of the Parliament, by the enactment of the Digital Agenda Act, to create a right to control access generally, it had the opportunity to say so.")

¹¹ *Sony v Universal*, 464 U.S. at 430-31 (citations omitted). Cf. *ABC, Inc. v. Flying J, Inc.*, 2007 U.S. Dist. LEXIS 13252 at *24 (SDNY 2007) (citing *Sony* in support of narrow interpretation of an exception to exclusive right).

contained no provisions detailing the derivative liability of enterprises that facilitate end-user conduct; arguably, the drafters had not confronted the possibility that end-users might engage in economically significant acts of copying.¹² Whether courts should be “reluctant to expand the protections afforded by copyright” when the defendant is directly committing acts which arguably exploit the statutory exclusive rights may be a different question.¹³ Indeed, the primary question is whether the interpretation the copyright owner seeks “expands” the scope of rights or simply applies extant rights to new situations.

The 1976 Act, unlike its predecessors, announces very broad exclusive rights, offset by a myriad of specific exemptions, and one wide exception for “fair use.”¹⁴ In words and intent, the exclusive rights are capacious, but new technologies may have caused some of the general phrases to become more constraining than might have been expected from a text whose drafters took pains to make forward-looking.¹⁵ Thus, the scope of the reproduction right turns on the meaning of “copy,” (A); the reach of the distribution right on “distribute copies” and “transfer of ownership” (B); the range of the public performance right on “public” and “perform” (C). Entrepreneurs and users of new technological means of exploiting copyrighted works have urged narrow constructions of each of these terms, arguing that broad interpretations will chill future innovation (and suppress present markets for copyright-exploiting devices or services). Copyright owners, concerned that unfettered new uses will supplant traditional copyright-controlled markets, have contended that the literal language, or, failing that, congressional intent, encompass the contested use. In addition, new technologies have called into question the identification of the person who “does” the copyright-implicating acts. Who makes a copy when the act is decomposed into steps taken by different actors? Who performs or displays a work when the work resides on one person’s server, but the public perceives it through another person’s website?

A. Reproduction right

Section 106(1) provides for the exclusive right “to reproduce the copyrighted work in copies or phonorecords.” Section 101 defines “copies” as “material objects . .

¹² The legislative history accompanying the Sound Recordings Act of 1971, for example, stated that Congress did not intend to restrain home recording when the home recording was for private use. The legislative history does not consider the possibility that end-users might capitalize commercially from home recording. H.R. Rep. No. 92-487, at 9-10; see also H.R. Rep. No. 94-1476, at 61 (1976) [hereinafter 1976 House Report] (explaining that the use of the words “to authorize” in section 106 “is intended to avoid any questions as to the liability of contributory infringers,” with no mention of end-users).

¹³ Indeed, even in the context of derivative liability, the Court may have retreated from the positivistic approach of *Sony*, having reversed the lower courts in *MGM v Grokster*, which had relied on the Court’s earlier pronouncement to reject the liability of an enterprise that facilitated infringing peer-to-peer copying. See *MGM Studios, Inc. v. Grokster, Ltd.*, 259 F. Supp. 2d 1029, 1046 (CD Cal. 2003) (citing *Sony* for “reluctance to expand”), aff’d. 380 F.3d 1154 (9th Cir. 2004), rev’d. 545 U.S. 913 (2005). In *Grokster*, *Sony*’s caution to be “‘circumspect’ in construing the copyright laws to preclude distribution of new technologies” was cited, but only in concurrence, see 554 U.S. at 960 (Breyer, J., concurring).

¹⁴ See generally, Jessica Litman, *Copyright, Compromise and Legislative History*, 72 CORNELL L. REV. 857, 882-893 (describing structure of the 1976 Act).

¹⁵ See, e.g., sec. 102(a): “Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed . . .”

. in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. . . .” “Phonorecords’ are material objects in which sounds, other than those accompanying a motion picture or other audiovisual work, are fixed by any method now known or later developed, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” “A work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy or a phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.” Two recent decisions have explored the implications of the combination of these provisions to determine whether a digital file embodying a work is a “copy” or a “phonorecord,” and whether the embodiment must be more than merely transitory.

1. What is a copy?

In *London Sire Records v Does*,¹⁶ record producers brought copyright infringement actions against students who allegedly copied and distributed copyrighted sound recordings over a peer-to-peer file-sharing network. The students rejoined that the exclusive right “to distribute the work *in copies or phonorecords*” (emphasis supplied) was limited to physical, tangible objects, and therefore excluded the transmission of digital files. The court recognized the far-reaching implications of defendants’ “sweeping” argument: if a “copy”¹⁷ that is distributed must be a distinct physical object, then “a great deal of internet commerce -- any involving computer-to-computer electronic transfers of information” might fall outside the scope of copyright’s distribution right.¹⁸ Such an outcome was unlikely, observed the court, given Congress’ intention to enable copyright owners to control the distribution of “items that can reproduce the artist’s sound recording. It makes no difference that . . . the items are electronic sequences of data rather than physical objects.”¹⁹ The court did not rest its rejection of defendants’ concept of “copy” on purely consequentialist reasoning, however. The court also addressed the definitions of “copy” and “phonorecord” and the definition of “fixed” to which those definitions refer. The “Copyright Act thus does not use materiality in its most obvious sense -- to mean a tangible object with a certain heft, like a book or compact disc. Rather, it refers to materiality as a medium in which a copyrighted work can be ‘fixed.’”²⁰ A “fixation” occurs when the embodiment of the work in a “copy” or “phonorecord” permits the work to be perceived either directly or through the aid of a machine or device, or to be reproduced, or to be further communicated, for a period of more than transitory duration.

[A]ny object in which a sound recording can be fixed is a ‘material object.’ That includes the electronic files at issue here. When a user on a peer-to-peer network downloads a song from another user, he receives into his computer

¹⁶ 542 F. Supp. 2d 153 (D. Mass. 2008).

¹⁷ Or “phonorecord,” which, in lay terms, is a copy of a sound recording; the court treated the terms “copy” and “phonorecord” interchangeably, see 542 F.Supp.3d at 166 n.14.

¹⁸ Id. at 169.

¹⁹ Id. at 170.

²⁰ Id. at 171.

a digital sequence representing the sound recording. That sequence is magnetically encoded on a segment of his hard disk (or likewise written on other media.) With the right hardware and software, the downloader can use the magnetic sequence to reproduce the sound recording. The electronic file (or, perhaps more accurately, the appropriate segment of the hard disk) is therefore a ‘phonorecord’ within the meaning of the statute.²¹

Arguably, the court omitted part of the definition of fixation which might have lent some support to the defendants’ argument that a “copy” that is distributed must be “tangible” and therefore cannot include digital files communicated among computers. The definition refers to “fixed in a *tangible* medium of expression” (emphasis supplied); traditional “tangible media of expression” such as books, CDs or video tape are free-standing and designed to be handled. One cannot put one’s hands on a digital file. But one can put one’s hands on a digital recording medium, such as a CD or a DVD, or for that matter on an external digital hard drive, in which a work may be stored and from which it can be “perceived, reproduced, or otherwise communicated.” Presumably, if one took a computer apart, one could also handle the internal hard drive or circuits in which the digital file is “magnetically encoded.” The Copyright Act elsewhere specifies that “tangible media of expression” include those “now known or later developed;”²² Congress’ direction to encompass unanticipated storage media would be undermined by an interpretation which limited “tangible medium” to conventional free-standing formats.

The *London-Sire* court addressed copies residing on the defendants’ hard drives, in their “sharing” directories. On the spectrum of digital copies, one might deem these sedentary. Other digital reproductions may be less stable. Reproductions in a computer’s temporary memory (RAM copies) may be relatively long-lived, remaining in place for as long as the computer is turned on (which, in many cases, may be for hours, days, or longer) and as long as the data is not overwritten by other applications; but they may also be more transient, lasting only minutes or even seconds. In particular, a reproduction in transit from one computer to another may be especially evanescent. Is there a point at which a reproduction is too fleeting to be a “copy” within the scope of the exclusive right of reproduction? The Second Circuit, in *Cartoon Network v. CSC Holdings*,²³ held that reproductions made in a computer’s “buffer” and lasting 1.2 seconds, were insufficiently “fixed” to be “copies.” The ruling may be in some tension with decisions from other Circuits and a study by the Copyright Office interpreting the reproduction right to encompass a broad temporal range of “RAM copies.”²⁴

²¹ Id.

²² 17 USC sec. 102(a).

²³ 536 F.3d 121 (2d Cir. 2008).

²⁴ See, e.g., *MAI Systems Corp. v. Peak Computer, Inc.*, 991 F.2d 511 (9th Cir. 1993); *Stenograph L.L.C. v. Bossard Assocs., Inc.*, 144 F.3d 96, 101-02 (D.C. Cir. 1998); U.S. Copyright Office, DMCA Section 104 Report (Aug. 2001) [hereinafter Copyright Office Section 104 Report], available at <http://www.copyright.gov/reports/studies/dmca/sec-104-report-vol-1.pdf>, pp. 107-23. Of these authorities, however, only the Copyright Office report specifically addresses reproductions as transient as “buffer copies.” The Ninth and DC Circuit decisions involved software loaded into RAM and apparently retained for some minutes. But see *MDY Indus., LLC v. Blizzard Entm’t, Inc.*, 2008 U.S. Dist. LEXIS 53988 *23 (D. Ariz. 2008) (reading *MAI Sys.* categorically to cover any RAM copying, without reference to duration of the copy; it is unclear how long the RAM copy of Blizzard’s videogame survived in the temporary memory of customers of MDY’s game-enhancing software).

The defendant, Cablevision, offered its subscribers a service that the plaintiff broadcasters and producers of audiovisual works labeled a kind of “video on demand,” and that Cablevision called remote time-shifting. The service enabled end-users to select from among programming that Cablevision distributed in real time (under license from copyright owners), and request that it be stored and subsequently transmitted to the users (without a license from copyright owners). Cablevision maintained on its servers what one might envision as separate “storage boxes” for each user, so that as many copies would be made of any particular program as there were users requesting that the program be recorded. This redundancy serves no apparent engineering objective; rather, the one-copy-per-user scheme seems to have been devised for the sole purpose of avoiding copyright-triggering acts. User copies were created by splitting the broadcast programming data into one stream constituting the real time transmission to subscribers, and a second stream sent to a buffer, where the data representing each portion of the work would reside for some 1.2 seconds, and thence to the storage boxes of any subscribers who requested to view the programming at a later time. When a user wished to view the stored program, Cablevision’s transmission would originate from that user’s personal stored copy. The service thus could be conceived of as a kind of virtual VCR, with the storage occurring on Cablevision’s servers instead of at the user’s home, and the performance of the work occurring by means of a transmission from Cablevision to the user, instead of occurring wholly at home.

The copyright owners alleged that Cablevision had made unauthorized copies in its “buffer” and on the sectors of its servers reserved for subscribers, and unauthorized public performances of the designated programming. Cablevision claimed that the buffer copies were not “copies” within the scope of the reproduction right, and that the stored copies, albeit “copies,” were “made” by the users, not by Cablevision. Cablevision also contended that the transmissions back to the users were not “*public* performances” because each copy’s viewing was limited to its maker. The parties agreed not to litigate whether the end-user conduct was infringing, or whether Cablevision might be secondarily liable for infringing end-user conduct. The district court ruled that the buffer copies were sufficiently “fixed” to be actionable; that Cablevision, not the users, “made” the stored copies, and the transmission of the copied works was “to the public.” The Second Circuit reversed on all three grounds. We will consider the first two grounds now, and the scope of the public performance right in Part I(C).

The Second Circuit rejected the extension of the reproduction right to the buffer copies, on the ground that they did not meet the statutory definition of fixation. The court emphasized what it called the “duration requirement” of the definition: “the work must be embodied in a medium, i.e., placed in a medium such that it can be perceived, reproduced, etc., from that medium (the ‘embodiment requirement’), and it must remain thus embodied ‘for a period of more than transitory duration’ (the ‘duration requirement’). Unless both requirements are met, the work is not ‘fixed’ in the buffer, and, as a result, the buffer data is not a ‘copy’ of the original work whose data is buffered.”²⁵ Although the buffer “embodied” the works, their embodiment was too transitory, the court held. The court distinguished decisions from other

²⁵ 536 F.3d at 127 (citation omitted).

circuits for failure explicitly to address the duration requirement.²⁶ It also criticized a report from the Copyright Office, which had confronted the duration issue, but had reached a different conclusion: “According to the Copyright Office, if the work is capable of being copied from that medium *for any amount of time*, the answer to both questions [embodiment and duration] is ‘yes.’ The problem with this interpretation is that it reads the ‘transitory duration’ language out of the statute.”²⁷ Inquiring, therefore, “Does any such embodiment [in Cablevision’s buffer] last ‘for a period of more than transitory duration’?”²⁸ the court answered no. While ruling that 1.2 seconds were not “more than transitory,” the court did not indicate what period of embodiment would suffice, although it did imply that “at least several minutes” would meet the duration requirement.²⁹ Nor did the court suggest how to characterize durations falling between those two limits.³⁰

Despite its insistence that the Copyright Office and the plaintiffs were “read[ing] the ‘transitory duration’ language out of the statute,” the Second Circuit may in fact have been reading “transitory duration” into the wrong part of the definition of fixation. Recall the definition: “A work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy or a phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.” The Second Circuit has equated the “it” in “sufficiently permanent or stable to permit it to be perceived . . .” with the work’s “embodiment in a copy.” Hence the court’s inquiry whether the embodiment lasts for a period of more than transitory duration. But this construction is dubious both grammatically and as a matter of common sense. Grammatically, the “it” refers to the “work,” not the “embodiment.”³¹ Substantively, substituting “embodiment” for “it” would mean that the *embodiment* would be “perceived, reproduced, or otherwise communicated.” But the embodiment – that is, the “tangible medium of expression” -- is not what the user “perceives.” Indeed, for digital storage media, particularly those internal to a computer, the user will never see the “embodiment,” but the embodiment will enable the user to see the *work*, albeit “with the aid of a machine or device.” By the same token, in the digital context, the “embodiment” is not “otherwise communicated,” because the communication will produce new embodiments; the work contained in those embodiments is what is “communicated.”

²⁶ See supra note 24.

²⁷ 536 F.3d at 129.

²⁸ Id.

²⁹ Id. at 128.

³⁰ See Copyright Office, Compulsory License for Making and Distributing Phonorecords, Including Digital Phonorecord Deliveries, Interim rule and request for comments, Fed. Reg. Vol. 73, No. 217 (November 7, 2008) 66173, 66177 (“The [*Cablevision*] court’s reasoning leaves at least something to be desired and offers no guidance as to when a copy might be considered to be ‘embodied’ for ‘a period of more than transitory duration.’ . . . Indeed, it leaves open the possibility that a buffer copy that exists for several seconds might have sufficient duration to satisfy the fixation requirement. We can glean no principle from the Second Circuit’s opinion which offers any guidance as to where the line is to be drawn.”)

³¹ This reading is confirmed by the House Report accompanying the bill that became the 1976 Copyright Act, paraphrasing the definition of fixation: “Under the first sentence of the definition of ‘fixed’ in section 101, a work would be considered ‘fixed in a tangible medium of expression’ if there has been an authorized embodiment in a copy or phonorecord and if that embodiment ‘is sufficiently permanent or stable’ to permit the work ‘to be perceived, reproduced or otherwise communicated for a period of more than transitory duration.’” 1976 House Report, supra note **Error! Bookmark not defined.**, at 53.

Although the court identified the wrong “it,” might the court nonetheless have arrived at the right statutory construction, excluding transient copies from the scope of the reproduction right? The statute does, after all, make duration an element of fixation. It also requires the embodiment to be “sufficiently permanent or stable.” What does it mean to embody a work long enough so that the *work* may “be perceived, reproduced or otherwise communicated for a period of more than transitory duration”? The Copyright Office study urges:

In establishing the dividing line between those reproductions that are subject to the reproduction right and those that are not, we believe that Congress intended the copyright owner’s exclusive right to extend to all reproductions from which economic value can be derived. The economic value derived from a reproduction lies in the ability to copy, perceive or communicate it. Unless a reproduction manifests itself so fleetingly that it cannot be copied, perceived or communicated, the making of that copy should fall within the scope of the copyright owner’s exclusive rights. The dividing line, then, can be drawn between reproductions that exist for a sufficient period of time to be capable of being “perceived, reproduced, or otherwise communicated” and those that do not.³²

This may be a reasonable teleological construction, but it does not grapple with the “more than transitory duration” language. Indeed, the Report later suggests that “attempting to draw a line based on duration may be impossible. . . . Separating some temporary copies from others based on their duration poses similar difficulties. How temporary is temporary? Hours? Minutes? Seconds? Nanoseconds? The line would be difficult to draw, both in theory and as a matter of proof in litigation.”³³ In addition, the Report, like the Second Circuit, appears to elide “work” and “copy.”

Consideration of the role of the Cablevision buffer copies may help answer the question whether they embody the work long enough “to *permit* the work to be perceived, etc. for a period of more than transitory duration.” (Emphasis supplied.) The statute does not demand that the work *in fact* be “perceived, reproduced or otherwise communicated . . .” but rather that the embodiment make more than transitory perception, etc. *possible*. The buffer copies supply the bridge between the real time transmission and the copies stored for individual users. There is no question that the storage copies permit longer-term (still temporary, but not evanescent) perception, reproduction, or communication. But without the buffer copies, there would be no storage copies. The buffer copies are what enable the *work* to be perceived, etc. Admittedly, the buffer copies do not enable the work to be perceived, etc. directly *from those copies*. But the definition of fixation does not require that the work’s “embodiment in a copy or a phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it [the work] to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration” *from that embodiment*.³⁴ The “embodiment” need not be the direct source of the perception, reproduction or communication; it need merely “permit” them.

³² Copyright Office Section 104 Report, *supra* note 24, at 111.

³³ *Id.* at 113.

³⁴ By contrast, the Second Circuit requires that “the work must be embodied in a medium, i.e., placed in a medium such that it can be perceived, reproduced, etc., *from that medium* (the ‘embodiment requirement’), and it must remain thus embodied ‘for a period of more than transitory duration’ (the ‘duration requirement’).” 536 F.3d at 129-30 (emphasis supplied).

One must acknowledge, however, that under that reading, most if not all transient embodiments may be “copies” within the scope of the reproduction right. Such a determination may be at odds with the legislative history of the 1976 Act. The House Judiciary Committee Report, discussing the definition of fixation, suggests that *some* copies would be too transitory to be “fixed:” “The definition of ‘fixation’ would exclude from the concept purely evanescent or transient reproductions such as those projected briefly on a screen, shown electronically on a television or other cathode ray tube, or captured momentarily in the ‘memory’ of a computer.”³⁵ The first two examples seem inapt, because they are not “embodiments.” As to the last, arguably subsequent technological advances have undermined the Committee’s premise that a work’s “momentary capture” in computer memory would be insufficiently stable to permit the work to be “perceived, reproduced or otherwise communicated for a period of more than transitory duration.”³⁶ The embodiment does permit longer-term perception, reproduction or other communication, albeit by means of a subsequent embodiment (or embodiments). As to the specific buffer copy embodiment, 1.2 seconds might be “evanescent” to a human observer, yet provide ample time for a computer today to execute reproductions and communications of works received in active memory.³⁷ Given this evolution, perhaps the Committee’s gloss should be disregarded, even by those who, notwithstanding the onslaughts of “textualism,”³⁸ are inclined to seek guidance from legislative history.

Whatever the value of that part of the 1976 House Report, might subsequent legislation nonetheless support the proposition that Congress assumed that transitory copies would not constitute “reproductions?” In the 1995 Digital Performance Right in Sound Recordings Act, Congress amended section 115 of the Act to clarify that the compulsory license for reproducing and distributing sound recordings of non dramatic musical compositions applied to “digital phonorecord deliveries.” The definition of digital phonorecord delivery specified:

A digital phonorecord delivery does not result from a real-time, non-interactive subscription transmission of a sound recording where no reproduction of the sound recording or the musical work embodied therein is made from the inception of the transmission through to its receipt by the transmission recipient in order to make the sound recording audible.³⁹

³⁵ 1976 House Report, *supra* note 12, at 53.

³⁶ Only two years after the House Report, the Report of the Committee on New Technological Uses [CONTU] appears to reject that premise, see Final Report of the National Commission on New Technological Uses of Copyrighted Works at 22 n.111 (1979).

³⁷ A computer’s memory access time, which is the time it takes to retrieve information in a computer’s memory and perform the requested function, is typically five to twenty nanoseconds. Michael G. Schneider & Judith L. Gersting, *Invitation to Computer Science: Java Version 194* (3d ed. 2007). A nanosecond is one billionth of a second. Thus, in 1.2 seconds a computer can execute over 100 million operations.

³⁸ See, e.g., Antonin Scalia, *A Matter of Interpretation: Federal Courts and the Law* 29-37 (1997) (arguing that legislative history is not an authoritative indication of a statute’s meaning); John F. Manning, *Textualism as a Nondelegation Doctrine*, 97 *Colum. L. Rev.* 673, 706-707 (1997) (arguing that reliance on legislative history creates an opportunity for unconstitutional, legislative self-delegation). But see William N. Eskridge, Jr., *Dynamic Statutory Interpretation* 234-38 (1994) (offering a normative defense of legislative history).

³⁹ 17 USC sec. 115(d).

This definition endeavors to distinguish certain transmissions governed by the public performance rights in the music and in the recorded performances⁴⁰ from distribution of a “phonorecord” (copy) of the recorded performance of the musical composition; the compulsory license applies only to the latter. The description of these transmissions as involving “no reproduction of the sound recording or the musical work embodied therein . . . from the inception of the transmission through to its receipt . . .” may not, however, accurately describe the range of exempted transmissions, because, at least as to some of them, notably webcasting, temporary reproductions will in fact be made “from the inception of the transmission through to its receipt . . .” One might therefore infer that the technical copies made in the course of a non interactive subscription webcast do not count as “reproduction[s] of the sound recording or the musical work embodied therein . . .” And, pressing the advantage, one might further infer that if these technical copies are not “reproductions,” then technical copies generally are not reproductions.

Nonetheless, a conclusion that sec. 115(d) assumes that transient digital copies do not come within the scope of the reproduction right may not be warranted. It appears that, in 1995, when section 115(d) was introduced as part of the “Digital Performance Right in Sound Recordings Act,” the transmissions at issue were “preexisting subscription services,”⁴¹ such as Muzak, L.P. Those services were not engaged in streaming; indeed the 1995 amendments seem not to have contemplated webcasting.⁴² Thus, in 1995, the definition probably did reflect the relevant technology. The absence of an amendment in 1998 to the sec. 115(d) exemption of certain subscription transmissions from the definition of digital phonorecord deliveries, when Congress amended the scope of the sec. 114(f) compulsory license for *non* subscription transmissions to include webcasts thus may not strongly evidence Congressional determination that copies (or phonorecords) made in the course of audiostreaming are not “reproductions.”

Assuming transient copies *can* come within the scope of the reproduction right, it does not necessarily follow that a transient copy will *always* be a “reproduction.” Returning to the 1976 House Report, it may be helpful to surmise why the Committee would have supposed the exclusion of “purely evanescent or transient reproductions.” Congress might have sought to maintain clear lines between the reproduction and public performance and public display rights: the Report’s first two examples would come within the public performance or display rights, assuming they were made in, or to, the public. But just as technological evolution has called into question the premise that momentary capture in computer memory would not “fix” a work,⁴³ so have intervening developments blurred the line between reproduction and public performance or display. The 1995 legislation recognizes the

⁴⁰ See 17 USC sec 114(d)(2) (establishing compulsory license for webcasting of sound recordings); sec. 106(4) (exclusive right of public performance in the musical composition).

⁴¹ 17 USC sec. 114(d)(2)(B)(C), (f)(1).

⁴² See, e.g., Jane C. Ginsburg, Copyright Legislation for the “Digital Millennium,” 23 Colum. VLA J.L. & Arts 137, 166-69 (1999) (examining how dispositions of 1995 amendments did not correspond to webcasting technology); *id.* at 167: “The digital transmissions reached by the 1995 expansion of the sound recording copyright turn out to have omitted a principal form of Internet exploitation of sound recordings: audio ‘streaming’ or ‘webcasting’ of recorded performances.”

⁴³ See *supra* note 36.

possibility that a digital transmission might result in both a digital phonorecord delivery and a public performance.⁴⁴

Nonetheless, even if technology has eroded the premises of the 1976 House Report's exclusion of "purely evanescent or transient reproductions," an economic intuition underlying the Report may guide us. A transient copy will often, if not always, be ancillary to some principal operation that does come within the traditional scope of copyright. In the case of streaming-only webcasting, for example, any reproductions would normally be ancillary to the principal, compensated, economic activity of public performance. In the case of a licensed communication of a digital file for downloading, the transitory copies made between the source website and the recipient's computer would come within the scope of the license.

The Copyright Office's suggestion that economic significance could supply the dividing line between copies within and outside the scope of the exclusive right of reproduction not only avoids the metaphysical quandary of determining the temporal frontiers of a "reproduction;" it also offers a reason for excluding some "purely evanescent or transient reproductions"; they do not undermine the author's exercise of her exclusive rights.⁴⁵ If, by contrast, transient reproductions do have value, but are neither subsumed within the public performance right nor trigger the reproduction right, then ruling these copies outside the scope of copyright effectively attributes to Congress an intent to create a two-track system, in which authors would control markets for fixed copies and for public performances and displays of protected works, but in which third parties could exploit whatever reproduction markets they could develop for "unfixed" copies of those works.⁴⁶ It is not likely that Congress would have anticipated such markets, and even less apparent what policies such a construction would advance. Instead, where unauthorized transient copies do compromise the exercise of exclusive rights (as in *Cablevision*), it would follow that these copies constitute actionable "reproductions."

⁴⁴ See 17 USC sec. 115(d):

A "digital phonorecord delivery" is each individual delivery of a phonorecord by digital transmission of a sound recording which results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording, regardless of whether the digital transmission is also a public performance of the sound recording or any nondramatic musical work embodied therein.

⁴⁵ Cf. European Union, 2001 Information Society Directive, art. 5.1 (exempting transient copies having no independent economic significance), discussed *infra* Part II.A.

If there are different rightholders of the reproduction and public performance rights, then excluding transient copies that are ancillary to the public performance right can have an economic impact on the owners of the reproduction right. Cf. text at notes 114-22, *infra* (impact on owners of the public performance right if downloading is characterized as only reproduction). When the principal activity comes within the scope of copyright, the characterization of the ancillary transient copy as a "reproduction" goes to *which* rightholder gets compensated, rather than to *whether* compensation is owed at all.

⁴⁶ By contrast, Congress did allow the vestiges of "common law copyright" to persist, but only with respect to works (not copies) that had never been fixed. See 17 U.S.C. sec. 301(b)(1). The reason for the disparity in subject matter appears to be constitutional (Congress' power under Art. I, sec. 8, cl. 8 extends to "writings," which may imply fixation), rather than economic. See, e.g., Staff Members of the New York University Law Review Under the Guidance of Professor Walter J. Derenberg, Study No. 3: The Meaning of "Writings" in the Copyright Clause of the Constitution (1956), *reprinted in* 1 Studies on Copyright 43, 62-64 (Copyright Society of the U.S.A. ed., 1963) (courts have interpreted the constitutional requirement of "writings" to require fixation).

One might object that an approach focusing on economic significance is as absurd as the calculus of sufficient “duration” may be intractable: a transient copy becomes (or un-becomes) an actionable reproduction depending on whether the downstream activity comes within the copyright holder’s control (or compensation). Rather than seeking the correct characterization of the transient copy, it might make more sense to reassess whether the activity which the transient copies make possible is in fact infringing. In *Cablevision*, for example, the characterization of the buffer copies that Cablevision made becomes important because the court - probably incorrectly - determined that Cablevision did not make the copies that served as the source of the time-shifted transmissions, and furthermore – and equally dubiously – held that those transmissions were not public performances. That said, policy reasons may counsel concentrating on the intermediate copy when the end use can plausibly claim to be non infringing. Where a commercial exploitation is at issue, if the intermediate copy is deemed too transient to trigger liability of its own accord, then one may anticipate an inclination to find an infringing act at the end of the chain. But if the end user is an individual consumer rather than a commercial entity, we may sense some discomfort labeling her acts as infringement, particularly if she does them at home. Yet we also recognize that copyright markets are increasingly consumer-enabling. It may be desirable to alleviate the ensuing pressure on the copyright system by focusing on the burgeoning businesses that transit copyrighted works to consumers.⁴⁷

2. Who makes the copy?

In addition to the buffer copies, the Cablevision system included copies that indisputably were “fixed” on Cablevision’s servers. As to these copies, however, Cablevision contended that their “makers” were not Cablevision, but Cablevision’s subscribers. Thus any reproductions made on the system were not directly attributable to Cablevision (recall that the parties agreed not to litigate Cablevision’s potential indirect liability for the making of the copies). The copyright owners claimed that, while the user requested the recording of a copy, Cablevision’s computers carried out the copying and the storage. The Second Circuit ruled that because Cablevision’s actions were entirely automated they lacked the “volitional” character required of one who “actually ‘makes’ a copy.”⁴⁸ The court distinguished prior cases holding photocopy shops liable for copies made at the request of users, on the ground that the human element of the shop employees supplied the necessary volitional conduct.⁴⁹ Instead, the court likened Cablevision’s system to a copy shop in which the customers themselves made photocopies on store premises on machines supplied by the shop. (The Court did not address whether a copy shop that also provided the works to be copied and retained the copies for the customers’ later retrieval might warrant different consideration.) Merely supplying the means to copy is not enough; the copyright owners’ contentions would blur the line between direct

⁴⁷ Some intermediaries implicated in the transmission of works to end users, however, enjoy conditional limitations on liability, see 17 USC sec 512(a) (mere conduit internet service providers); 512(c) (host service providers).

See also text at note 56: in some instances the consumer’s digital copy might be “made” by both the consumer and the commercial intermediary; any fair use defense the consumer might advance would not necessarily pertain to the commercial intermediary.

⁴⁸ 536 F.3d at 131.

⁴⁹ It is not apparent why the frequently mindless physical labor of undifferentiated photocopying injects greater agency into the process than deploying a computer program to do the task.

and contributory infringement, the court stressed. In essence, the court found no substantive difference between supplying a free-standing recording device that a user operates *at home* and supplying a remote digital recording system that the user operates *from home*.

The Second Circuit's determination, that a business which establishes and manages an automated system that invites end users to request the making of copies which it stores for the users for subsequent communication to them lacks the agency sufficient for direct liability for infringement of the reproduction right, could herald the development of business models designed to elude copyright control over the exploitation of works, particularly in a technological environment in which pervasive automation is increasingly foreseeable. The court's concept of "volitional conduct" therefore deserves further consideration. Because the court acknowledged that Cablevision set up and controlled the general framework and contents of its remote service, the court's ruling turns on Cablevision's absence of volition regarding the creation of copies of the *particular programs* its customers selected from among the programming generally offered by Cablevision. Was the court correct that volitional conduct is required, and must correspond to the specific copy? In the first instance, it is not clear that volition must always be a distinct element of the violation of the reproduction right. The court's principal authority for a volition requirement, *Religious Technology Center v. Netcom On-Line Communications Services*,⁵⁰ concerned a "mere conduit" online service provider, who simply conveyed copies of works from one subscriber to another. By contrast, Cablevision's own transmissions are the *source* of the copies the subscribers request. Second, the copy shop analogy does not track the conduct at issue nor convey the extent of the entrepreneur's volition: one would have to imagine a copy shop engaged in a remote printing operation, in which the customer would select from the works in the copy shop's inventory, and then transmit a request to print out the document; the copy shop in turn would automatically print out the document, charge the customer's account, and store the printout for the customer's pick-up.⁵¹ In this scheme, the entrepreneur arguably has demonstrated volition that any of its inventory be copied, even if it cannot be shown that any particular work be the object of any particular customer's request at any particular time.

In any event, copy shops, even copy shops with facilities for printing and storing the copies that customers make using the shop's machines and inventory of works, may not capture the nature of a remote copying service. A more pertinent analogy may be to document delivery services. In the analog world, the customer would request a document, which the service would copy and send to the customer. Although the customer initiated the transaction and selected the work, the status of the service as the copy's "maker" would have been clear.⁵² Does the transition to digital change the result, so that the document delivery service would now be subject at most to contributory liability for inciting the customer to use its automated service make a copy of the works it offers? Like Cablevision, services such as Lexis "sell[] access to a system that automatically produces copies on command."⁵³ But, in *New York Times*

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

⁵¹ Thanks to Prof. Tony Reese for this analogy.

⁵² See *Ryan v. Carl Corp.* 23 F.Supp. 2d 1146 (ND Cal 1998).

⁵³ 536 F.3d at 132.

v. Tasini,⁵⁴ the Supreme Court appears to have assumed that, when a customer requests a particular article that was published in the New York Times, Lexis, not the customer (or at least, not only the consumer), creates that copy from its database containing the full contents of the collective work. In the statement of its holding, the Court declared, “the databases reproduce and distribute articles . . .”⁵⁵ Moreover, when the defendants contended that the authors’ claim, properly conceived, advanced the derivative, rather than the direct, liability of the publishers, the court rejoined: “The Electronic Publishers, however, are not merely selling ‘equipment’; they are selling copies of the Articles.”⁵⁶ Although the court did not spell out “selling copies *that they made* of the Articles,” the specification is implicit and follows from the Court’s earlier determination that Lexis was reproducing and distributing the freelance journalists’ articles. The court thus did not conceptualize Lexis’ activities as selling its customers access to Lexis’ automated retrieval system in order that the customers might make copies of plaintiffs’ articles for themselves -- even though the customer’s computer, on receipt of the communication from Lexis, is embodying a copy in its temporary memory, so that perhaps *both* Lexis and the customer are reproducing the work. (In Cablevision’s system, by contrast, the copy is embodied on the servers of Cablevision.) Moreover, Lexis was “selling copies” of articles whose automatic generation would, under the Second Circuit’s analysis, have deprived Lexis of the requisite “volition” as to the identity of each article sold.

Ultimately, for the Second Circuit, the controlling analogy was not document delivery, which the court did not in fact discuss, nor even photocopy shops, but VCRs. One suspects that, underlying the court’s determination that the remote “time shifting” service did not “make” the copies it stored for users at their request, was an unstated conclusion regarding an issue the parties agreed not to litigate: whether the end users would be liable for copying the television programming. Because the users’ were engaged in a higher-tech form of “time shifting,” and, under *Sony*, time shifting (at least of free broadcast television)⁵⁷ is non infringing, then the higher-tech version must be non infringing, too. That calculus may have informed the court’s assessment of “who” made the copy. Suppose, instead, that Cablevision had been offering its customers access to programming that the customers were not otherwise entitled to view, for example because those customers formed an audience to which Cablevision’s cable or satellite distribution compulsory license did not extend.⁵⁸ If Cablevision simply redirected the signal to those customers, it would be directly liable

⁵⁴ 533 U.S. 483 (2001).

⁵⁵ *Id.* at 488.

⁵⁶ *Id.* at 504.

⁵⁷ The customers here were time shifting cable transmissions, which fall outside the stated scope of *Sony*.

⁵⁸ See 17 USC secs 111, 119 and 122. Sections 111 and 119 differentiate between local broadcasts and distant broadcasts. Local broadcasts are those that can reach viewers in the area where the cable system or satellite is located without the use of a cable system or satellite, and distant broadcasts are those that viewers would not otherwise receive without the cable system or satellite because they are imported from distant broadcast stations. Cable systems or satellites can retransmit local broadcasts without having to pay copyright license fees, but sections 111 and 119 establish a compulsory license scheme for distant broadcasts. Section 119 defines the households and subscribers eligible to receive secondary transmissions from the satellite carrier, and sets out “violation[s] of territorial restrictions on statutory license for network stations.” Section 122 allows a satellite carrier to make secondary transmissions into the television station’s local market, subject to a compulsory license. The satellite carrier may not transmit the performance or display to a subscriber who does not reside in the originating television station’s local market, sec. 122(f).

for violating the copyright owners' public performance rights.⁵⁹ Suppose, instead, it split the signal so that the live feed went to authorized recipients, and the remaining feed went to a buffer and thence to the virtual storage boxes of the subscribers to the remote access service who requested particular programs. The process just described is the same as in the actual *Cablevision* case, but one may wonder whether, in this version, the court still would have found that Cablevision lacked sufficient agency to be the "maker" of those storage copies.

The court may have assumed that it ultimately will not matter who "makes" the copy if the business that "induced" the end-user to make the copy would in any event be liable as a contributory infringer (an issue the parties agreed not to litigate).⁶⁰ But if the end-user's copy is not infringing, there will be no secondary liability. Arguably, if the end-user's copying would be fair use, then assisting that copying should not be infringing either, whether the assistance comes in the form of enabling the end-user to do the copying herself, or instead doing the copying for the user. But the caselaw is far from clear that copying on behalf of the user is fair use.⁶¹ For example, the decisions involving photocopy shops generally reject the proposition that the commercial photocopyist is in a sense subrogated to what might be educational fair use copying by the end-user.⁶² There are other scenarios of potential commercial significance which turn on the identification of who engages in the copyright-implicating act. We will consider two of them in the context of the public performance right.⁶³ With respect to the reproduction right, a transnational transposition of the facts points toward a disturbing quandary. Suppose Cablevision were to offer its service to online customers located outside the U.S. If the customers, not Cablevision, "make" the playback copies, then the acts of reproduction occur abroad (even though the copies reside on Cablevision's U.S. servers).⁶⁴ As extraterritorial acts, they are not governed by U.S. copyright law, and Cablevision would not be liable under U.S. law for contributory infringement of a foreign copyright law.⁶⁵ Cablevision might be directly or contributorily liable under the laws of the countries of its customers' residences, but those countries' might consider that

⁵⁹ See, e.g., *Live Nation Motor Sports, Inc. v. Davis*, 2007 U.S. Dist. LEXIS 2196 (N.D. Tex. Jan. 9, 2007); *NFL v. PrimeTime 24 Joint Venture*, 211 F.3d 10 (2000).

⁶⁰ See, e.g., *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 923, 937-940 (2005) (finding that the users of defendants' file-sharing software downloaded copyright files, but defendants were liable for contributory infringement because they induced infringement); *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1014, 1022 (9th Cir. 2001) (holding that Napster's users violated plaintiffs' right of reproduction, but Napster was liable as a contributory infringer because it knowingly induced the infringing activity).

⁶¹ See generally, Joseph P. Liu, *Enabling Copyright Consumers*, 22 *Berkeley Tech. L. J.* 1099, 1099-1100 (2007) ("courts quite frequently hold companies liable for helping consumers engage in activities that would be fair or non-infringing uses if undertaken by consumers themselves.").

⁶² See, e.g., *Princeton University Press v. Michigan Document Services, Inc.*, 99 F.3d 1381 (6th Cir. 1996); *Los Angeles News Service v. Tullo* 973 F.2d 791, 797 (9th Cir. 1992); *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F.Supp. 1522, 1531-1532 (S.D.N.Y. 1991).

⁶³ *Infra* Part I.C.2 and 3.

⁶⁴ Arguably, the requisite U.S. point of attachment would be present if one conceptualized the operation as an extraterritorial act on the part of the non U.S. resident, who from abroad causes a copy to be made on a server located in the U.S. Of course, Cablevision could also move its servers offshore.

⁶⁵ See, e.g., *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088 (9th Cir. 1994); *Illustro Systems International, LLC v. IBM*, 2007 U.S. Dist. LEXIS 33324, at *39 (N.D. Tex. May 4, 2007). Our hypothetical Cablevision's subsequent transmission from the US to the foreign recipients might nonetheless violate the public performance right, see *NFL v. Primetime24*, 211 F.3d 10 (2000), but not if, as per *Cablevision*, those transmissions are not "public" performances. See *infra* part I.C.

the “maker” of the copies is Cablevision, whose acts of copying occur in the U.S., and which therefore are subject to U.S. law.⁶⁶

B. Distribution right

Section 106(3) sets out the exclusive right “to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.” Several recent first-level decisions address whether this language extends not merely to distribution of digital files, but also to the “making available” of digital files, without proof that the offered files were in fact received. While the distribution right’s coverage of digital as well as analog copies has withstood challenge, several decisions reject the existence of a “making available right.”

1. Distribution of digital copies

The defendants in the *London-Sire* case, pursuing their argument that a “copy” cannot be a digital file, urged a narrowing construction of the distribution right. They contended that, according to the statute, “distribution” occurs only “by sale or other transfer of ownership, or by rental, lease, or lending.” These are all forms of dissemination that presume physical copies, defendants claimed. In particular, “transfer of ownership” necessarily implies that the person making the distribution gives up her copies when she distributes them to others. If the alleged “distributor” never parts with possession of her copies, she cannot have transferred their ownership, defendants asserted. In the context of digital files, however, the person who “sends” a copy in fact retains the copy in her computer, even as she causes the recipient’s computer to make another copy. Because no copy “changes hands,” it should follow, according to the defendants, that there has been no distribution.

The court declined to read “transfer of ownership” as requiring dispossession of the distributor’s copy.

First, while the statute requires that distribution be of “material objects,” there is no reason to limit “distribution” to processes in which a material object exists throughout the entire transaction -- as opposed to a transaction in which a material object is created elsewhere at its finish. Second, while the statute addresses ownership, it is the newly minted ownership rights held by the transferee that concern it, not whether the transferor gives up his own.⁶⁷

⁶⁶ It might be possible to break out of this maddening circle by characterizing Cablevision’s acts as “making available” the programming to foreign end-users if the countries to whose consumers Cablevision offers the service localize the act of making available in the territories of the consumers’ residences. If, however, those countries consider that the “making available” is occurring *from* the source country of the communication, rather than *to* the countries of receipt of the communication, then, under those countries’ analyses of private international law, U.S. law would apply. See generally Jane Ginsburg, observations on TGI Paris, decision of May 20, 2008 (SAIF c Google), RDTI No. 33 p. 501, 511-15 (Dec. 2008) (discussing French courts’ localization of transborder internet communications of works of authorship)

⁶⁷ 542 F.Supp.2d at 173.

For the court, “transfer of ownership” thus includes creating ownership of a copy in the recipient; it does not require divestiture by the transferor. Linguistically, this reading may at first blush seem somewhat strained, for “transfer” does commonly imply a change in ownership, rather than a multiplication of ownership.⁶⁸ On the other hand, “transfer” in the phrase “file transfer” (as in “file transfer protocol” or “FTP”) is widely used to denote sending a digital file without necessarily (or ever) deleting the file from the sender’s computer.⁶⁹ Moreover, both purposive interpretation and other textual evidence support the court’s determination. With regard to Congress’ intent in specifying a distribution right, the court stated, “Read contextually, it is clear that this right was intended to allow the author to control the rate and terms at which copies or phonorecords of the work become available to the public. . . . Clearly, § 106(3) addresses concerns for the market for copies or phonorecords of the copyrighted work What matters in the marketplace is not whether a material object ‘changes hands,’ but whether, when the transaction is completed, the distributee has a material object.”⁷⁰ The Court therefore concludes that electronic file transfers fit within the definition of ‘distribution’ of a phonorecord.”⁷¹

The defendants’ argument implies that the right’s formulation, “to distribute copies . . . to the public *by* sale or other transfer of ownership, or by rental, lease, or lending” (emphasis supplied) evidences an intent to exclude any forms of distribution which do not occur by means of the modes listed. In 1976, however, the list probably covered the means of distribution then envisioned; specifying that the right reached transfers both of ownership and of possession (rental, lease or lending) appears designed to reinforce the right’s comprehensiveness.⁷² It is therefore unlikely that Congress in 1976 intended “transfer of ownership” to have a limiting effect on the scope of the distribution right. Congress did indeed establish limitations on the right’s scope, but it did so in a separate section announcing an explicit exception removing copies “lawfully made under this title” from the copyright owner’s control over their

⁶⁸ The Merriam-Webster online dictionary’s first definition of the noun “transfer” is “conveyance of right, title, or interest in real or personal property from one person to another.” See [http://www.merriam-webster.com/dictionary/transfer\[2\]](http://www.merriam-webster.com/dictionary/transfer[2]).

⁶⁹ Other common uses of “transfer” that do not imply divestiture include Hypertext Transfer Protocol (HTTP), and Simple Mail Transfer Protocol (SMTP). See “What is file transfer protocol,” http://searchnetworking.techtarget.com/sDefinition/0,,sid7_gci213976,00.html. A Google search reveals “about 20,500,000” results for “file transfer.”

⁷⁰ Taken out of context, the court’s end-up-with-a-copy test could be overbroad. For example, if a home viewer records a television broadcast, thus creating a copy, has the broadcaster “distributed” the “copy” the viewer ended up with? (Thanks to Tony Reese for this example.) Indeed, with contemporary recording media, any performance or display could result in “copies,” though, as a matter of common sense, it is doubtful that many of them would constitute “distributions.” For example, if passers-by photograph the wearer of a t-shirt emblazoned with copyrightable text or image, copies will result, but the wearer cannot reasonably be said to have distributed them. For a distribution to take place, the exchange (or new creation) of a copy should be the object of the transaction.

⁷¹ 542 F.Supp.2d at 173-74.

⁷² Compare the 1909 Copyright Act, whose section 1 did not express a general right of distribution covering transfers of possession as well as of ownership:

Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right:

(a) To print, reprint, publish, copy, and vend the copyrighted work; . . .

(f) To reproduce and distribute to the public by sale or other transfer of ownership, or by rental, lease, or lending, reproductions of the copyrighted work if it be a sound recording

subsequent disposition by the owner of the copy.⁷³ The structure of the statute, articulating broad rights in section 106, and specific exceptions in the following sections,⁷⁴ therefore argues against giving “transfer of ownership” a constraining interpretation.

Moreover, subsequent legislation endorses the characterization of a transfer of a digital file as a form of “distribution.” Congress in 1995 amended the section 115 “compulsory license for making and distributing phonorecords” to include among the beneficiaries of the license “those who make phonorecords or digital phonorecord deliveries,” and further specifying, “A person may obtain a compulsory license only if his or her primary purpose in making phonorecords is to distribute them to the public for private use, including by means of a digital phonorecord delivery.”⁷⁵ The definition of “digital phonorecord delivery” confirms that the constitution of the copy in the recipient’s computer is the key activity: “A ‘digital phonorecord delivery’ is each individual delivery of a phonorecord by digital transmission of a sound recording which *results in a specifically identifiable reproduction by or for any transmission recipient* of a phonorecord of that sound recording . . .”⁷⁶ It is reasonable to assume that by 1995 Congress was aware that digital deliveries create new copies without divesting the sender’s copy; if Congress nonetheless equated “digital phonorecord delivery” with distribution, then “transfer of ownership” cannot, at least with respect to the distribution rights in musical works and sound recordings,⁷⁷ have been understood to require dispossession of the transferor’s copy.

The definition of “digital phonorecord delivery” also corresponds to the conduct involved in file-sharing. When a participant in a file-sharing network obtains a copy (phonorecord) of a sound recording that she has located in another participant’s sharing folder, her acquisition occurs through a “digital transmission of a sound recording [from the hard drive of the participant who listed the recording as available for sharing] which results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording” on that recipient’s hard drive. The completed transaction thus constitutes the digital distribution of a copy or phonorecord.

2. “Making available”

If section 106(3)’s coverage of digital distribution is well-settled, the same cannot be said of the “making available right.” Extrapolating from the definition of “digital phonorecord delivery,” the statutory distribution right applies when a specifically identifiable reproduction “results in” the destination computer. That implies that the delivery has actually been received, not merely offered. Similarly, if

⁷³ 17 USC sec. 109(a) (codifying the “first sale doctrine”; in the EU this doctrine is known as “exhaustion of rights”).

⁷⁴ Section 106 states: “Subject to sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: . . .”

⁷⁵ Id. sec. 115(a)(1), as amended by the Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336.

⁷⁶ Id. sec. 115(d) (emphasis supplied).

⁷⁷ See S. Rep. No. 104-128 at 17 (1995) (legislative history of 1995 Act: advertent to uncertainty whether a “transmission can constitute a distribution of copies” and “express[ing] no [general] view on current law in this regard” but wanting to remove uncertainty “as to digital transmissions of recorded music”).

“transfer of ownership” has come to include creation of newly owned copies in the recipient’s computer, that may not be the same thing as merely inviting potential recipients to create those copies in their computers. Thus, simply making the work available for copying may not fit within the literal scope of the right.⁷⁸ Two appellate courts have stated in passing that persons who “post” files to a sharing directory⁷⁹ or “upload file names” to a directory of files available for downloading⁸⁰ violate copyright owners’ exclusive rights of distribution. But these statements do not furnish strong authority for the proposition that the distribution right encompasses the making available without actual transfer of digital files. In one instance, the defendant’s liability was based solely on having downloaded (reproduced) files; reference to liability for “posting” therefore was only dictum. In the other case, the defendant, Napster, appears not to have contested that the activities of its users in uploading file names to the centralized directory were *prima facie* infringing of the distribution right.⁸¹

The case law that specifically confronts the extension of the distribution right to acts only of “making available” online is currently all from first-level courts adjudicating claims brought by record or film producers against individuals allegedly engaged in high-volume file sharing, and is very inconsistent, but the more extensively reasoned decisions do not find statutory authority for a making available right as such.⁸² Nonetheless, some of the decisions have come to results consonant with a making available right, in particular, by equating the defendant’s conduct with “publication,” or, more persuasively, by announcing a presumption that works made available were in fact downloaded. Other decisions, while rejecting the existence or approximation of a making available right, have pointed out that the person offering digital files from her sharing directory may still be pursued for violating the reproduction right if those files were themselves the fruits of illegal downloads or otherwise unlawfully copied.

⁷⁸ See, e.g., Paul Goldstein, Goldstein on Copyright § 7.5.1 (3d ed. 2005) (“The crux of the distribution right lies in the transfer . . . of a copy or phonorecord . . . [A]n actual transfer must take place; a mere offer of sale will not infringe the right.”)

⁷⁹ *BMG Music v. Gonzalez*, 430 F.3d 888, 889 (7th Cir. 2005) (“people who post or download music files are primary infringers”).

⁸⁰ *A&M Records v. Napster, Inc.*, 239 F.3d 1004, 1014 (9th Cir 2001) (“Napster users who upload file names to the search index for others to copy violate plaintiffs’ distribution rights.”)

⁸¹ There is an appellate decision, *Hotaling v. Church of Jesus Christ of Latter-Day Saints*, 118 F.3d 199 (4th Cir. 1997), which at first blush seems to endorse a making available right. But it did not concern digital distribution and, more importantly, is best understood as announcing an evidentiary presumption of distribution rather than an exclusive right to offer copies to the public. See discussion *infra*, text at notes 92-94

⁸² There have been many default decisions accepting, without discussion, the inclusion of “making available” within the distribution right. See, e.g., *Universal City Studios Prods. LLLP v. Franklin*, 2007 U.S. Dist. LEXIS 26190 (ND Ind. 2007) (downloading and posting are both infringing activities); *Arista Records LLC v. Ibanez*, 2008 U.S. Dist. LEXIS 691 (SD Cal 2008) (copyright infringement encompasses making available for distribution); *Warner Bros. Records Inc. v. Tait*, 2008 U.S. Dist. LEXIS 46034 (MD Fla. 2008) (same); *Warner Bros. Entm’t v. Bowers*, 2007 U.S. Dist. LEXIS 10356 (NDNY 2007) (same); *Disney Enters. v. Merchant*, 2007 U.S. Dist. LEXIS 10365 (NDNY 2007) (same). But see *Atl. Recording Corp. v. Brennan*, 534 F. Supp. 2d 278, 281-82 (D. Conn. 2008) (denying a motion for default judgment and questioning the validity of a “making available” claim: “without actual distribution of copies . . . there is no violation [of] the distribution right.” Citation omitted.).

In *Elektra Entm't Group, Inc. v. Barker*,⁸³ the court found no persuasive authority for a “making available” right.⁸⁴ Nonetheless, it observed that the Copyright Act does not define “distribute” or “distribution,” but that it did define a closely related term, “publication,” in terms “virtually identical” to Section 106(3)’s provision for a distribution right, but with additional specification: “The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication.”⁸⁵ This language from 1976 could unwittingly have anticipated peer-to-peer networks: the person who places a copy of a work in her sharing directory is offering it to “a group of persons” (internet users) “for the purpose of further distribution” (follow-on “sharing” by other participants in the peer-to-peer network). The court therefore held that it would entertain a claim that the defendant offered to distribute digital files for the purpose of further distribution.⁸⁶ The difference between this claim and a “making available” claim seems more semantic than substantive. In any event, the court’s equation of distribution with publication is ultimately unconvincing. It is true that “publication” is a form of distribution,⁸⁷ but “publication,” properly understood, is not “synonymous”⁸⁸ with “distribution.” Rather, “publication” appears in two specific contexts, the *first* distribution of copies of the work to the public,⁸⁹ and distributions of copies to which formalities apply.⁹⁰ Thus, while all publications are distributions, not all distributions are publications.

Like the *Elektra v Barker* court, the *London-Sire* court also did not discern a “making available” right in section 106(3), but neither did it subscribe to the “publication” theory.⁹¹ Instead, the court followed the analysis of a decision construing the distribution right in the analog world. In *Hotaling v. Church of Jesus Christ of Latter-Day Saints*,⁹² the authors alleged that the branch libraries of the Mormon Church had “made available” to the public unauthorized copies of their work on microfiche. The libraries had not kept records showing whether patrons had in fact consulted the microfiches. The Church therefore rejoined that the authors could show no more than an offer to distribute the work; without proof that a member of the

⁸³ 551 F. Supp. 2d 234 (SDNY 2008).

⁸⁴ *Id.* at 243-44.

⁸⁵ 17 USC sec 101.

⁸⁶ The court also observed that other courts had recharacterized making available claims as allegations of unauthorized publication. See 551 F.Supp.2d at 244, citing, *inter alia*, *Atl. Recording Corp. v. Anderson*, 2008 U.S. Dist. LEXIS 53654 (SD Tex 2008). The *Anderson* court “equated” publication with distribution, and held “Defendant’s actions in placing Plaintiffs’ Copyrighted Recordings in a shared folder accessible to numerous other persons on KaZaA constituted a ‘distribution’ for the purposes of Plaintiffs’ copyright infringement claim against Defendant.” *Id.* at *18-20.

⁸⁷ See, e.g., *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 552 (1985).

⁸⁸ 551 F.Supp.2d at 244.

⁸⁹ *Harper & Row*, 471 U.S. at 552 (Congress “recognized for the first time a distinct statutory right of *first* publication,” (emphasis supplied) quoting 1976 House Report, *supra* note 12, at 62 (“the right to control the first public distribution of an authorized copy”). See also 17 U.S.C. secs. 407(a) (deposit for Library of Congress, “exclusive right of publication in a work published in the United States” – the context is first U.S. publication); 408(e) (“Registration for the first published edition of a work previously registered in unpublished form”).

⁹⁰ See, e.g., 17 U.S.C. secs. 401(a) (“Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section may be placed on publicly distributed copies . . .”); 403 (“publications incorporating United States Government works”).

⁹¹ 542 F.Supp.2d at 168-69.

⁹² 118 F.3d 199 (4th Cir. 1997).

public accepted the offer, the authors could not make out their claim of unauthorized distribution. The Fourth Circuit, sensitive to the impossible situation in which the Church's argument placed the plaintiffs, shifted the onus of proof.

When a public library adds a work to its collection, lists the work in its index or catalog system, and makes the work available to the borrowing or browsing public, it has completed all the steps necessary for distribution to the public. At that point, members of the public can visit the library and use the work. Were this not to be considered distribution within the meaning of § 106(3), a copyright holder would be prejudiced by a library that does not keep records of public use, and the library would unjustly profit by its own omission. . . . If, as the Church says, actual use by the public must be shown to establish distribution, no one can expect a copyright holder to prove particular instances of use by the public when the proof is impossible to produce because the infringing library has not kept records of public use. To reiterate, a copyright holder should not be prejudiced in this manner, nor should an infringer benefit from its failure to keep records.⁹³

The court's reasoning is not tantamount to extending the distribution right to an exclusive right to make available to the public: while the offer itself would constitute the violation of a "making available" right, under the *Hotaling* reasoning, the person or entity alleged to have made a work available by "taking all the steps necessary for distribution" can rebut the charge of violating the distribution right by proving that no member of the public in fact accepted the offer. In *Hotaling*, this allocation of the burden of proof seems perfectly fair: the library could have kept the records that would have allowed it to defeat the authors' claim (of course, the records might also have substantiated that claim).

The *London-Sire* court followed *Hotaling* to hold that

where the defendant has completed all the necessary steps for a public distribution, a reasonable fact-finder may infer that the distribution actually took place. As in *Hotaling*, the defendants have completed the necessary steps for distribution, albeit electronic: Per the plaintiffs' pleadings, each individual Doe defendant connected to the peer-to-peer, network in such a way as to allow the public to make copies of the plaintiffs' copyrighted recordings. Through their investigator, the plaintiffs have produced evidence that the files were, in fact, available for download. They have also alleged that sound recordings are illegally copied on a large scale, supporting the inference that the defendants participated in the peer-to-peer network with the intent that other users could download from the defendants copies of the plaintiffs' copyrighted material. . . . The plaintiffs have alleged that each defendant shared many, many music files -- at least 100, and sometimes almost 700. As noted above, that evidence supports an inference that the defendants participated in the peer-to-peer network precisely to share copyrighted files. The evidence and allegations, taken together, are sufficient to allow a statistically reasonable inference that at least one copyrighted work was downloaded at least once.⁹⁴

⁹³ Id. at 203-04.

⁹⁴ 542 F.Supp.2d at 169, 176 (citations omitted).

Like the *Hotaling* court, the *London-Sire* court announced its evidentiary presumption in reaction to the extreme difficulty the copyright owners would incur in endeavoring to prove the last step in the chain of distribution -- actual receipt by a member of the public.⁹⁵ But where the libraries in *Hotaling* controlled their record-keeping and thus could, at least in theory, rebut the presumption of distribution, it is less clear whether the peer-to-peer network in which the *London-Sire* defendants participated allowed for tracking actual downloads from sharing folders. At least, the court did not advert to any tracking capabilities. On the other hand, the network's possible lack of provision for such record-keeping may be part of the point: where the intent to distribute is reasonably inferred from participation in a peer-to-peer network, and, given the volume of files made available, the likelihood of actual distribution is high, it would be unfair were the participants able to frustrate the infringement claim by ensuring the absence of a "counter" on the uploads.⁹⁶

By contrast, *Capitol Records v Thomas*⁹⁷ rejected both a "making available" right and any functional equivalents. The court found no textual support in the Copyright Act for basing liability on a mere offer to distribute; far from finding the "distribution" synonymous with "publication," the court inferred from the separate specification of "publication" a Congressional intent that the terms have different meanings.⁹⁸ Moreover, the court determined that a prior decision from the controlling Circuit court had already ruled (in a non digital context) that distribution required "actual dissemination."⁹⁹ The court interpreted this ruling to bar the "deemed distribution" approach of *Hotaling*. That said, the court suggested that

The specter of impossible-to-meet evidentiary standards . . . is overstated. A person who makes an unauthorized copy or phonorecord of a copyrighted work for the purposes of uploading it onto a peer-to-peer network, absent a defense such as fair use, violates the reproduction right. 17 U.S.C. § 106(1). That person might also be liable for indirect infringement to the extent that her conduct caused others to engage in unauthorized reproduction, adaptation,

⁹⁵ In the suits brought against individual peer-to-peer file sharers, copyright holders have engaged private investigators from a company called MediaSentry to discover potentially infringing transfers. Defendants have argued that "MediaSentry's own downloads are not themselves copyright infringements because it is acting as an agent of the copyright holder, and copyright holders cannot infringe their own rights." *London-Sire*, 542 F.Supp.2d at 166. The *London-Sire* court concluded that it did not need to resolve this issue. *Id.* at 166 n.17. Other courts have offered a variety of responses to the contention that private investigators' downloads do not suffice to prove actual distribution of infringing files. See, e.g. *Olan Mills, Inc. v. Linn Photo Co.*, 23 F.3d 1345, 1347-1348 (8th Cir. 1994) (rejecting defendant's argument under agency theory that because plaintiff authorized its investigator to seek reproductions of the photographs in question, plaintiff licensed defendant to make copies of the protected works); *Atlantic Recording Corp. v. Howell*, 554 F.Supp.2d 976, 985 (D. Ariz. 2008) (holding that copies obtained by plaintiffs' investigator are unauthorized); *Higgins v. Detroit Educational Television Foundation*, 4 F.Supp.2d 701 (E.D. Mich. 1998) (copyright owner cannot prove actual damages if infringing copies were sold only to the owner's agent).

⁹⁶ See, e.g., *Warner Bros. Records, Inc. v. Payne*, 2006 U.S. Dist. LEXIS 65765, at *3 ("[T]he same evidentiary concerns that were present in *Hotaling* are also present in a case involving peer-to-peer file sharing programs. 'Piracy typically takes place behind closed doors and beyond the watchful eyes of a copyright holder.'") (citations omitted).

⁹⁷ 2008 U.S. Dist. LEXIS 84155 (D. Minn. 2008).

⁹⁸ *Id.* at *26. *Accord*, *Atl. Recording Corp. v. Howell*, 554 F. Supp. 2d 976, 985 (D. Ariz. 2008).

⁹⁹ *National Car Rental System, Inc. v. Computer Associates International, Inc.*, 991 F.2d 426, 434 (8th Cir. 1993)

public distribution, public performance, or public display of another's copyrighted work.¹⁰⁰

In sum, most of the courts which have explicitly confronted the question have declined to interpret the section 106(3) distribution right to include a making available right. In rejecting that right, some of the decisions acknowledge that their holdings may be inconsistent with the United States' representation, in ratifying the 1996 WIPO Copyright Treaties without amending the Copyright Act to add a "making available" right, that US law already covered that right, notably through the distribution right.¹⁰¹ We will consider the courts' disinclination to interpret the US Copyright Act harmoniously with US international obligations in Part II.

C. Public performance and display rights

Section 106(4) and (5) confer the exclusive rights to publicly perform and publicly display certain copyrighted works.¹⁰² Digital media have called into question the meaning of both "public" and "perform," as well as "who" engages in a performance or display.

1. *Public* performance or display

Public performances or displays can occur in public places, or by transmission. The latter is relevant to digital exploitations. The Act defines public performance or display by transmission:

(2) to transmit or otherwise communicate a performance or display of the work . . . to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

The definition was broadly-written, anticipating new forms of transmissions, notably video on demand.¹⁰³ The plaintiffs in *Cablevision* contended that the statutory language covered the remote video delivery service. The Second Circuit, however, having truncated the scope of the reproduction right in the digital environment, went on to announce a similarly constricted construction of the public performance right. Recall that the Cablevision remote play-back system stored copies of television programming in virtual storage boxes dedicated to individual subscribers. When the subscriber chose to view the program, Cablevision would transmit it to her, using the copy in the subscriber's storage box as the source of the transmission. Cablevision therefore asserted that the transmission was not "to the public" because each copy was transmitted only to the particular subscriber. The Second Circuit agreed, focusing on "who precisely is 'capable of receiving' a particular transmission of a performance. . . . [The definition] speaks of people capable of receiving a particular 'transmission' or

¹⁰⁰ 2008 U.S. Dist. LEXIS 84155 at *40.

¹⁰¹ See, e.g., *Capitol Records*, 2008 U.S. Dist. LEXIS 84155 at *41-44; *Elektra v. Barker*, 551 F.Supp.2d at 243 n.7.

¹⁰² Sound recordings do not enjoy full public performance rights; section 106(6) provides for a digital public performance right further detailed in section 114.

¹⁰³ 1976 House Report, *supra* note 12, at 64-65.

‘performance,’ and not of the potential audience of a particular ‘work.’”¹⁰⁴ Because Cablevision had set up the playback system so that only one person (or her family or circle of social acquaintance – the statutory non “public”¹⁰⁵) would be “capable” of receiving the transmission that originates from her storage box, the performance was not “public,” the court ruled.

The court’s parsing of the text of the Copyright Act is peculiar if not perverse. The key phrase in the definition is “to the public.” “The public” in the case of a television transmission is the intended audience, or, in the case of a cable service, the subscribers. The phrase “members of the public capable of receiving the performance” is not intended to *narrow* the universe of “the public.” On the contrary, its role is to clarify that a transmission is still “to the public” even if its receipt is individualized.¹⁰⁶ The “members of the public capable of receiving the performance” do not stop being “members of the public” just because they are “capable of receiving the performance” one at a time. By the same token, it should not matter whether “the performance” originates from a single source copy repeatedly transmitted to individual members of the public “in different places at different times,”¹⁰⁷ or from multiple copies each corresponding to a particular place and/or time. The court’s declaration “that when Congress speaks of transmitting a performance to the public, it refers to the performance created by the act of transmission,”¹⁰⁸ demonstrates that the court confused “performance” and “transmission.” The statute does not refer to the performance *created* by the act of transmission. The transmission does not *itself* “perform” (as in “play” or “render”¹⁰⁹) the work; it communicates a work so that its performance will be perceived as the member of the public receives the communication.¹¹⁰ The court’s construction clashes with the text of the Act in another important way as well: it is not possible to transmit a performance “created by the act of transmission” to members of the public “at different times.” While such a “performance” could be transmitted simultaneously to differently located recipients, recipients differently situated in time cannot receive the same transmission.¹¹¹ The court’s interpretation thus reads non simultaneous receipt out of the statute. As a result, *Cablevision*’s potential impact on the scope of the public performance right stretches beyond scenarios in which the transmission entity invites subscribers to make individual copies for subsequent individual transmission to them from its server. If the “performance” does not occur “publicly” because its transmission is individualized (only one member of the public is “capable of receiving” the particular transmission that she requests), then the decision’s rationale reaches even conventional on-demand streaming operations. Because the Act explicitly covers

¹⁰⁴ 536 F.3d at 135.

¹⁰⁵ See 17 USC sec 101 (first part of the definition of public performance: in a “place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered”).

¹⁰⁶ 1976 House Report, *supra* note 12 **Error! Bookmark not defined.**, at 64-65.

¹⁰⁷ See *On Command Video Corp. v. Columbia Pictures Industries*, 777 F. Supp. 787 (N.D. Cal. 1991)(videocassette machine transmitted individualized showings of the same cassette to different hotel guestrooms at different times: held a public performance)

¹⁰⁸ 536 F.3d at 136.

¹⁰⁹ See 17 USC sec 101 (definition of “perform”).

¹¹⁰ For further development of the difference between transmission and performance, see discussion of *United States v ASCAP* (in re *America Online*), *infra*, notes 114-22.

¹¹¹ Thanks very much to David Carson for this observation.

performances that are transmitted to members of the public who are separated in time, however, the Second Circuit's statutory construction cannot be correct.

The following scenario may help illustrate some additional bizarre consequences of the court's problematic interpretations of the section 106(1) and (4) exclusive rights. Recall the hypothetical variation on the Cablevision service, in which Cablevision would offer its subscribers individualized storage boxes of programming that Cablevision is *not* licensed to deliver, even by means of real time transmissions.¹¹² Under the Second Circuit's reasoning, Cablevision would not "make" the storage copies, and the copies it made by deviating the signal to the storage boxes through the buffer would not be actionable "copies." Finally, the transmissions Cablevision would make to its subscribers would not be "public" because there is only one member of the public "capable" of receiving each "performance." Although "the public" receives unauthorized transmissions, at no step of the way would an exclusive right be infringed. In fact, the court seems to have recognized the precarious ground its analyses stake out, for, like King Canute trying to hold back the tide, the court foresaw the potential onslaught of new copyright-avoiding business models that its decision might inspire, and proclaimed "This holding, we must emphasize, does not generally permit content delivery networks to avoid all copyright liability by making copies of each item of content and associating one unique copy with each subscriber to the network, or by giving their subscribers the capacity to make their own individual copies. We do not address whether such a network operator would be able to escape any other form of copyright liability, such as liability for unauthorized reproductions or liability for contributory infringement."¹¹³ As the analyses of the statutory term "to perform," and of the question of *who* performs or displays a work will show, however, *Cablevision's* potential for eviscerating the public performance right may be even greater than the Second Circuit's pious wish portends.

2. To "perform"

Digital media blur the boundary between reproduction and public performance because digital transmissions implicate the communication of transitory copies between the point of origin of the transmission and its receipt in individual end-user computers. As we have already seen, the characterization of those copies as "copies" for purposes of the reproduction right is currently uncertain. But if every digital transmission were potentially a distribution of copies, would it also be true that every distribution of digital copies can also be a public performance by transmission? Put another way, if digital "streaming" might entail at least temporary "downloads" of copies, does every download implicate a public performance by transmission? In *US v ASCAP (In re America Online)*,¹¹⁴ the federal court which reviews the rates ASCAP proposes for various kinds of exploitations of the public performance right in non dramatic musical compositions, sought to determine a reasonable fee for the use of ASCAP-represented songs by several online services. The uses included both streaming and downloading; the court ruled that "the downloading of a digital music

¹¹² See *supra* note 58 and accompanying text.

¹¹³ 536 F.3d at 139-140.

¹¹⁴ 485 F. Supp. 2d 438 (SDNY 2007).

file embodying a particular song [does not] constitute[] a ‘public performance’ of that song within the meaning the United States Copyright Act.”¹¹⁵

The Copyright Act defines “to perform a work” as “to recite, render, play, dance, or act it, either directly or by means of any device or process . . .” Construing this language, the court held that “in order for a song to be performed, it must be transmitted in a manner designed for contemporaneous perception.” As a result, a download would not be a performance: “Although we acknowledge that the term ‘perform’ should be broadly construed, we can conceive of no construction that extends it to the copying of a digital file from one computer to another in the absence of any perceptible rendition. Rather, the downloading of a music file is more accurately characterized as a method of *reproducing* that file.”¹¹⁶ For the court, the two paradigms were “data transmissions” (which come within the reproduction and distribution rights) and “musical broadcasts” (which come within the public performance right).¹¹⁷ The transmission of a work that is being “rendered” or “played” while it is being communicated to the end user is like a broadcast; the communication of an inert file is like sending a CD. Although the recipient will play the work after she receives it, that performance (which will generally not be a “public” one) is not attributable to the supplier of the CD.¹¹⁸

The requirement that, to be “performed” by transmission, the work must be “transmitted in a manner designed for contemporaneous perception” is consistent with the statutory definition of “to perform.”¹¹⁹ Nonetheless, the distinction between transmissions “designed for contemporaneous perception” and those designed for subsequent perception may not fully correspond to the spectrum of online communications of works that are performed or displayed. The distinction does reflect the extremes of the spectrum: downloads of songs, for example, from iTunes (reproduction), and webcasting, in which songs are “playing” on a website to which users can connect (public performance). The “contemporaneous perception” characterization also seems to fit audio and video on demand that the user receives in “real time.” But “real time” can in fact be elusive. Suppose, for example, that the user connects to an online music service in order to listen immediately to the songs she selects. The music starts to play, but then the user chooses to “pause” the performance for a few minutes, or perhaps hours. When she hits “play” again, the music resumes, but, depending on how the service works, the music might be “coming from” the server of the online service, or it may be emanating from the user’s own computer, having been “sent” to her computer when she requested to hear

¹¹⁵ Id. at 441.

¹¹⁶ Id. at 444-45.

¹¹⁷ See id. at 446.

¹¹⁸ Id. “[T]he mere fact that a customer’s online purchase is conveyed to him in a piecemeal manner, each segment of which is capable of playback as soon as the transmission is completed, does not change the fact that the transaction is a data transmission rather than a musical broadcast. Surely ASCAP would not contend that if a retail purchaser of musical records begins audibly playing each tape or disc as soon as he receives it the *vendor* is engaging in a public performance.” (emphasis in original).

¹¹⁹ Accord, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 226, note 536 (1995) (emphasis added): “If a copy of a motion picture is transmitted to a computer’s memory, for instance, *and in the process, the sounds are capable of being heard and the images viewed as they are received in memory*, then the public performance right may well be implicated as well. See 17 U.S.C. § 101 (1988) (definition of “perform”).”

the song. If one takes “contemporaneous perception” at face value, perhaps only the first transmission is a “performance” of the music. But it is problematic for the characterization of the exploitation to turn on what happens once the user pushes the pause button. The characterization matters because, in the U.S., different entities own the reproduction and distribution rights in musical compositions (generally, music publishers) on the one hand, and the public performance rights (performing rights societies, such as ASCAP and BMI) on the other.¹²⁰ The court appears to have anticipated this concern, because it acknowledged: “We do not mean to foreclose the possibility, however, that a transmission might, under certain circumstances, constitute both a stream *and* a download, each of which implicates a different right of the copyright holder.”¹²¹

The court’s reservation of the possibility that some transmissions may be hybrids calling into play *both* the reproduction and public performance rights may be pertinent to some other exploitations on the spectrum between “data transmissions” and “music broadcasts.” If there is no “performance” unless the work is “played” either at the point of origin, or at the moment of receipt, then similar communications may be classified as performances (or not) solely on the basis of the technology of the transmission. For example, suppose on the one hand, a conditional download-on-demand scheme that sends the file during low traffic hours, and allows the consumer to listen once to the work at the time chosen by her. The transmission will “feel” like a “broadcast,” but it is technically a “data transmission” because the music file will have been sitting inertly in the computer during the time between the actual transmission, say 4:00 AM, and the time the user told the service she wanted to hear the song, say, 4:00 PM. Suppose on the other hand that the work is being both broadcast and simultaneously streamed to the user’s set-top box, which records the work as it is being transmitted; the consumer views the recorded transmission at a later date. Under the “designed for contemporaneous perception” test, the streaming is a public performance because the streaming was “designed” for contemporaneous perception, even though only the set-top box was home to perceive it. The consumer’s subsequent private viewing, albeit consciously not contemporaneous with the initial communication, does not detract from the characterization of the initial communication as a public performance.¹²² Because the court stopped short of imposing an “either/or” characterization of the exploitation, it left room for future adjudications to interpret the scope of the rights flexibly to address the full range of economic interests at stake.

¹²⁰ Performing rights organizations share licensing revenue equally between publishers and authors; authors’ share of publishing royalties traditionally was considerably less than 50%. See Jill A. Michael, Music Copublishing and the Mysterious “Writer’s Share,” 20 Ent. & Sports Law. 13, 14-15 (2002). Where the same entity owns both the reproduction and the public performance rights, the characterization of a download as a reproduction only, or as also a public performance, has little practical impact on the negotiation of a price for the transmission, however characterized. See, e.g., R. Anthony Reese, Copyright and Internet Music Transmissions: Existing Law, Major Controversies, Possible Solutions, 55 U. Miami L. Rev. 237, 263-64 (2001).

¹²¹ 485 F.Supp.2d at 446 n.5.

¹²² The examples do not undermine the court’s reasoning; on the contrary they point up the difference between a right of “public *performance*” and the broader right of “communication to the public” set out in the Berne Convention and WIPO Copyright Treaties. See Berne Convention, arts. 11bis; WIPO Copyright Treat art. 8. Compare Berne Conv., art 11(1), composers’ right to authorize “any communication to the public *of the performance* of their works” (emphasis supplied)

3. *Who performs or displays?*

The examples just discussed posit transmissions (whether of “data” or of “performances”) that are made by the online service. But the transmissions might be structured in a way that attributes them to the user rather than to the service. In *Cablevision* the defendant argued that the “playback” function on the “remote VCR” was carried out by the user, rather than by Cablevision, who had merely set up the automated function, leaving it up to subscribers to execute the transmission. The district court rejected this argument for the same reasons it ruled that Cablevision, not its subscribers, “made” the copies that were stored on Cablevision’s servers.¹²³ The Second Circuit did not address this contention, instead ruling that the transmissions were not “public” because the transmissions emanated from source copies unique to each subscriber.¹²⁴ But if the fully automated nature of Cablevision’s service deprived it of the “volition” as to specific content necessary to have “made” the source copies, as the Second Circuit held, it is difficult to see how that same automation would allow for any greater “volition” in the communication of the particular stored performances. As a result, only the individual subscribers would be “performing” the work by requesting its transmission to their television sets.

There are important practical consequences to the determination of *who* performs the work. An online service, such as Cablevision, might be liable for indirect violations of the reproduction right, for inciting its subscribers to make unlawful copies of the television programming (assuming those copies would in fact be deemed infringing – a determination the parties’ agreement spared the *Cablevision* court).¹²⁵ By contrast, if the subscribers, rather than the service, are deemed to effect the transmissions, then the service will not be contributorily liable for infringing the public performance right, because there will be no predicate violation of that right by the end users. The end users will not be infringers, because their individualized transmissions would not be “to the public.” When, as in the U.S., different persons own the reproduction and public performance rights,¹²⁶ a business model built around *Cablevision*’s implications for the public performance right will deprive the owners of the performance rights of control over or compensation for the transmissions.

A different technological configuration, framing of websites, has given rise to another controversy regarding “who” engages in a copyright-implicating act. In *Perfect 10 v Amazon.com*,¹²⁷ the plaintiff publisher of “adult” print and online magazines, claimed that Google violated its exclusive right to publicly display its copyrighted photographs. When a user employs the Google search engine to locate photographs, Google will display thumbnail images that respond to the search query. If the user clicks on one of those images, he will be directed to the website on which the photograph is stored, but will perceive the full-size image (in the context of the webpage on which it appears) through the frame of the Google website. As a result of this “in-line framing” the user will experience the display as if it were emanating from Google, but in fact the image will be residing on a third party computer. The Ninth

¹²³ *Twentieth Century Fox Film Corp. v. Cablevision Systems Corp.*, 478 F.Supp.2d 607, 622 (S.D.N.Y. 2007).

¹²⁴ 536 F.3d at 139.

¹²⁵ *Id.* at 130 (referring to the possibility of secondary liability).

¹²⁶ See *supra* note 120

¹²⁷ 508 F.3d 1146 (9th Cir. 2007).

Circuit, endorsing the “server theory” of public display, held that Google publicly displayed the thumbnails, which were stored on Google’s servers, but not the full-size images, which were stored on other computers:

a person displays a photographic image by using a computer to fill a computer screen with a copy of the photographic image fixed in the computer's memory. There is no dispute that Google's computers store thumbnail versions of Perfect 10's copyrighted images and communicate copies of those thumbnails to Google's users. Therefore, Perfect 10 has made a prima facie case that Google's communication of its stored thumbnail images directly infringes Perfect 10's display right.

Google does not, however, display a copy of full-size infringing photographic images for purposes of the Copyright Act when Google frames in-line linked images that appear on a user's computer screen. Because Google's computers do not store the photographic images, Google does not have a copy of the images for purposes of the Copyright Act. In other words, Google does not have any "material objects . . . in which a work is fixed . . . and from which the work can be perceived, reproduced, or otherwise communicated" and thus cannot communicate a copy. . . . While in-line linking and framing may cause some computer users to believe they are viewing a single Google webpage, the Copyright Act, unlike the Trademark Act, does not protect a copyright holder against acts that cause consumer confusion.¹²⁸

Although the court dismissed the claim that Google’s framing directly violated Perfect10’s display rights, it allowed Perfect10 to pursue a contributory infringement claim arising out of the same facts.¹²⁹

If Google, and others who frame or otherwise structure their websites to include pass-throughs to content located on third party websites are not “displaying” or “performing” the content because the content does not originate with them, perhaps their activities might be considered a “distribution” of that content by causing it to be accessed and at least temporarily copied by the end users.¹³⁰ The requisite receipt appears to be implicit in this context: if the user clicks on the image, or the icon, or other pointer, she will see and/or hear the signaled content. As we have seen, “distribution” does not require that the distributor yield up her copy; it suffices if she causes a copy to appear in the recipient’s memory.¹³¹ But the causation approach probably assumes that the person engaging in the distribution be the source of the recipient’s copy, even if she does not divest herself of her own copy. Google’s frame may bring the recipient and the distributor together, but the copy does not originate with Google, nor does it transit through Google’s servers on its way from the source website to the recipient.

¹²⁸ Id. at 1160-61.

¹²⁹ Id. at 1170-73.

¹³⁰ The temporary copies in this instance are likely to last longer than the 1.2 seconds the *Cablevision* court deemed too brief to be “fixed.” That court did not indicate how many more seconds – or minutes – would be required for a “fixation.”

¹³¹ See supra text at notes 67-76.

Actors who frame source websites or who aggregate links to source websites, or who offer access to digital files (without necessarily concluding the proposed transaction by sending the file or streaming its contents to the end user) may be engaged in making the works available to end-users.¹³² “Making available” is an activity of increasing economic importance, but the exclusive rights set out in the U.S. copyright act may not fully cover the conduct at issue. In Part II.B. we will consider the international and comparative law aspects of the “making available” right and their relevance, if any, to interpretation of the scope of U.S. copyright.

D. Moral Rights

While several recent decisions articulate a cramped scope of exclusive economic rights, one appellate decision offers some encouragement regarding the enforceability of authors’ moral interests in attribution and integrity of their works. In *Jacobsen v Katzer*,¹³³ the plaintiff author distributed his software program under an open source “artistic license.” The license allowed users to copy, modify and further distribute the software, but required, among other things, that the user “insert a prominent notice in each changed file stating how and when [the user] changed that file.”¹³⁴ The defendant modified and redistributed the software, but without disclosing or attributing the changes. The author sought an injunction compelling compliance with the terms of the license. The district court held the user liable for breach of contract, but not for copyright infringement: the attribution obligation was a mere contractual “covenant” whose breach could be remedied in damages only. Because the copyright act does not confer attribution rights, the district court held, the author could not convert a breach of a contractual attribution obligation into a violation of the copyright for which the author could obtain injunctive relief. The Court of Appeals for the Federal Circuit reversed.

The appellate court characterized the Artistic License as imposing conditions on the copyright license. Without the license, the defendant would be an infringer; if the defendant copies, alters, and distributes the work without complying with the conditions, the defendant is also an infringer against whom an injunction may be awarded.

Copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material. . . . Copyright licenses are designed to support the right to exclude; money damages alone do not support or enforce that right. The choice to exact consideration in the form of compliance with the open source requirements of disclosure and explanation of changes, rather than as a dollar-denominated fee, is entitled to no less legal recognition. Indeed, because a calculation of damages is inherently speculative, these types of license restrictions might

¹³² Compare IFPI Denmark v. DMT2 A/S – Frederiksberg Fogedrets Kendelse, 5 Februaray 2008 – FS 14324/2007 (finding “The Pirate Bay” website aggregating links to unauthorized sources of sound recordings and audiovisual works, liable for “making available”), with *Universal v Cooper* (2006) 156 F.C.R. 380, holding that Australian aggregator of links to unauthorized MP3 sites violated copyright owners’ exclusive rights “to authorize” communication to the public of their works under section 85(1)(c) of the Australian Copyright Act.

¹³³ 535 F.3d 1373 (Fed. Cir. 2008).

¹³⁴ *Id* at 1380.

well be rendered meaningless absent the ability to enforce through injunctive relief.¹³⁵

There are obvious personal reputational objectives underlying the attribution and modification disclosure requirements: to recognize the author's name in connection with his work, and to ensure that another author's work (and its potential deficiencies) not be attributed to the first author. The court's explanation of the importance of compliance with the conditions of the copyright license portrays those objectives through the lens of economic value:

The clear language of the Artistic License creates conditions to protect the economic rights at issue in the granting of a public license. These conditions govern the rights to modify and distribute the computer programs and files included in the downloadable software package. The attribution and modification transparency requirements directly serve to drive traffic to the open source incubation page and to inform downstream users of the project, which is a significant economic goal of the copyright holder that the law will enforce.¹³⁶

Perhaps this patrimonialized version of moral rights is the best one may expect from a U.S. court.¹³⁷ Whatever the rationale, by upholding the enforceability of these online license terms, the decision may provide authors – at least those authors who distribute their work under “viral” licenses such as the General Public License for software, or Creative Commons licenses for other works in digital form¹³⁸ -- with effective protection for their interests in attribution and integrity. Because these licenses do not include a mechanism for authors to be paid, however, they will not assist authors who also seek a “dollar-denominated fee” for their work.

II Compliance with International Norms

The narrow(ed) scope of the reproduction, distribution and public performance rights expressed in some of the recent US decisions raises questions regarding their consistency with international norms. We will consider whether *Cablevision's* exclusion of transitory copies conforms to the scope of the reproduction right set out in article 9(1) of the Berne Convention (A), and whether *Cablevision* and the decisions on the scope of the distribution right place the US out of compliance with

¹³⁵ Id. at 1382.

¹³⁶ Id.

¹³⁷ See, e.g., Cyrill P. Rigamonti, Deconstructing Moral Rights, 47 Harv. Int'l L.J. 353, 381-391 (2006) (describing common law alternatives to moral rights, such as contract and tort); Jane C. Ginsburg, Moral Rights in a Common Law System, 1 Ent. L. Rev. 121 (1990) (proposing adaptation of moral rights rhetoric to conform to commonlaw rationales for copyright); Roberta Rosenthal Kwell, Copyright and the Moral Right: Is an American Marriage Possible?, 38 Vand. L. Rev. 1, 17-18 (1985) (describing noncopyright alternatives to moral rights in the United States, which include unfair competition, breach of contract, defamation, and invasion of privacy).

¹³⁸ The Creative Commons licenses allow authors to distribute their work online to the public subject to conditions the author chooses, including requiring attribution and prohibiting alterations to the work. See Creative Commons, <http://creativecommons.org/license/> (last visited Nov. 11, 2008)

the obligation in the 1996 WIPO Copyright Treaties to cover the individualized “making available” of works of authorship (B).¹³⁹

A. Reproduction “in any manner or form”

Article 9(1) of the 1971 Paris text of the Berne Convention obliges member States to protect authors’ right of “reproduction of their works, in any manner or form.” While “form” implies a material fixation, it is not clear whether the Berne Convention also imposes a requirement that the fixation endure for any period of time: “It is open to debate whether the Berne Convention also requires member States to interpret ‘any manner or form’ to extend to transient digital fixations.”¹⁴⁰ The debates over the inclusion of a more digital-explicit reproduction right in the 1996 WIPO Copyright Treaty further obscured, rather than clarified, the transient copy problem. Throughout the 1980s and early 1990s, Reports of the WIPO Committee of Experts addressed the need for clarifying the scope of the art. 9(1) reproduction right,¹⁴¹ ultimately supporting the EU and its Member States’ proposal to confirm in the records of the Diplomatic Conference or in the General Report, rather than in the text of the new treaty, that permanent or temporary storage of a protected work in any electronic medium comes within the meaning of reproduction in Article 9(1).¹⁴² Whether the application of the reproduction right not only to temporary but also to transient computer retention of digital files was a matter merely to be “confirmed” or “clarified” in this way, or instead represented an extension of the scope of the right, was widely discussed in commentaries, and proved to be a highly contentious issue in the drafting of the 1996 WCT.¹⁴³

Ultimately, the delegates were unable to propose an acceptable treaty article “clarifying” the scope of the reproduction right; instead they offered an “Agreed statement”:

The reproduction right as set out in Article 9 of the Berne Convention, and the exceptions permitted thereunder, fully apply in the digital environment, in particular to the use of works in digital form. It is understood that the storage of a protected work in digital form in an electronic medium constitutes a reproduction within the meaning of Article 9 of the Berne Convention.

Whether or not the Berne Convention already embraced all kinds of reproductions, including the temporary and the transient, the significant contribution of the first sentence of the Agreed Statement appears to be its emphasis on exceptions

¹³⁹ See WIPO Copyright Treaty (WCT) art. 8; WIPO Performers and Phonograms Treaty (WPPT) arts. 10, 14.

¹⁴⁰ See Sam Ricketson and Jane C Ginsburg, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond* ¶ 11.27 (2006).

¹⁴¹ See, e.g., Report of the Second WIPO/UNESCO Committee of Governmental Experts on Copyright Problems Arising from the Use of Computers for Access to or the Creation of Works, Copyright 1982, pages 239 et seq., 245 et seq. (acknowledging that computer storage and retrieval of works may implicate the reproduction right protected by the Berne and Universal Copyright Conventions).

¹⁴² WIPO Report on the Second Session of the Committee of Experts on a Possible Protocol to the Berne Convention, Copyright 1992 p. 93, paras. 48-57.

¹⁴³ For an account of the attempts to draft an article addressing the reproduction right, see, e.g., Silke von Lewinski, *INTERNATIONAL COPYRIGHT LAW AND POLICY* ¶¶ 17.52-17.55 (2008); Ricketson and Ginsburg, *supra* note 140 at ¶¶ 11.69-11.74 and works cited therein.

to the reproduction right, rather than its, possibly meaningless, announcement that the reproduction right “fully appl[ies]” in the digital environment. Arguably, the “full application” of the reproduction right in the digital environment should entail all forms of reproduction, however short-lived.¹⁴⁴ But the second sentence of the Agreed statement muddies the waters. In providing that “It is understood that the storage of a protected work in digital form in an electronic medium constitutes a reproduction within the meaning of Article 9 of the Berne Convention,” the text scrupulously avoids detailing the meaning of “storage.” If “storage” means retention for some more than transitory period of time, then it might add nothing to “any manner or form,” because “form” could imply a manifestation more concrete than a transient communication.¹⁴⁵ If, however, the term “storage” was meant also to cover fleeting passage through a digital network, then one may wonder at the selection of a term whose ordinary meaning implies more lingering than just passing through. Moreover, if the term is to be understood in its ordinary meaning, then one might question whether it also justifies a negative inference: if the copy of the work is not “stored” because it is transient, can it still be a reproduction? In other words, the scope of the reproduction right that emerges from the Agreed statement remains open to highly variable interpretation.¹⁴⁶

In light of this drafting history, one cannot fairly affirm that the WCT or the Berne Convention oblige member States to bring transient digital copies within the scope of the reproduction right. As a result, whether or not *Cablevision* correctly construes U.S. law, its interpretation would not place the U.S. in violation of its international obligations.

Does the interpretation nonetheless put the US at odds with the scope of the reproduction right articulated in the European Union? Article 5(1) of the 2001 “Information Society Directive,”¹⁴⁷ exempts certain transient copies from the coverage of the reproduction right;¹⁴⁸ the specification of an exemption for these

¹⁴⁴ See, e.g., von Lewinski, *supra* note 143, at ¶ 17.57 (the WCT “covers all acts of reproduction even where they are transient, technical or incidental and made for the purposes of caching, browsing, or storing in electronic memories.”)

¹⁴⁵ See, e.g., *Lewis Galoob Toys v. Nintendo of Am.* (9th Cir. 1992) (interpreting 17 USC § 101 definition of a derivative work, “any other *form* in which the work may be recast, transformed or adapted”[emphasis added], to exclude unfixed, or extremely transient, alterations to a videogame). Indeed, the term could be viewed as constraining the art. 9(1) formulation, because, arguably, art 9(1) did not compel the conclusion that “form” excluded evanescent fixations, but “storage” lends itself much more to that reading. That, however, would mean that the WCT narrows the scope of the 9(1) reproduction right, but this would not be permissible under art. 20 of the Berne Convention. Accord, von Lewinski, *supra* note 140, at para 17.57.

¹⁴⁶ See, e.g., J. Sheinblatt, *The WIPO Copyright Treaty*, 13 Berk. Tech. LJ 535, 550 (1998) (both copyright “maximalists” and copyright “minimalists” claimed to have been the victors in the WIPO Treaty process).

¹⁴⁷ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, Official Journal L 167 , 22/06/2001 P. 0010 – 0019.

¹⁴⁸ Art. 5(1). provides:

Temporary acts of reproduction referred to in Article 2, which are transient or incidental [and] an integral and essential part of a technological process and whose sole purpose is to enable:

(a) a transmission in a network between third parties by an intermediary, or
(b) a lawful use

of a work or other subject-matter to be made, and which have no independent economic significance, shall be exempted from the reproduction right . . .

copies promotes the inference that, without the exception, they would come within the scope of the reproduction right. It is unlikely that the *Cablevision* buffer copies qualify for the exemption. While the buffer copies “are transient or incidental [and] an integral and essential part of a technological process,” they must also have “no independent economic significance.” The copies are economically significant: they are a necessary step in the process *Cablevision* devised to offer remote time shifting service to its – paying – subscribers. On the other hand, it is not clear that their economic significance is “independent.” The buffer copies, on their own, appear not to have any value;¹⁴⁹ their value lies in the downstream copying that they enable. Indeed, it is not clear how copies which are by definition “transient” or “incidental” can have economic significance divorced from the process of which they are “an integral and essential part.”¹⁵⁰ Assuming, nonetheless, that the buffer copies comply with the Directive’s prerequisites, there are two further alternative conditions. The “sole purpose” of the copies must either be to enable “a transmission in a network between third parties by an intermediary” or a “lawful use.” The first alternative does not apply: *Cablevision* is not a conduit service provider; it transmits the programming directly to its subscribers. The second alternative, a “lawful use” by the recipients of the copies or communications that the buffer copies enable, requires examination of the Information Society’s private copying exception.

Article 5(2)(b) allows EU Member States to make an exception “in respect of reproductions on any medium made by a natural person for private use and for ends that are neither directly nor indirectly commercial, on condition that the rightholders receive fair compensation which takes account of the application or non-application of technological measures referred to in Article 6 to the work or subject-matter concerned.” *Cablevision*’s failure to give the right holders “fair compensation” for end-user copying disqualifies its buffer copies from the exemption. Arguably, if *Cablevision* were offering its service in a Member State which compensated private copying of television programming through a levy or similar administrative system, *Cablevision* would not itself be required to furnish that compensation.¹⁵¹ But were *Cablevision* serving subscribers in an EU Member lacking such measures, it seems that *Cablevision* would have to be the source of the compensation. Because, on the facts of the case, the rightholders were not applying technological measures to the works, *Cablevision* could claim no offset from the compensation obligation. Thus absent compensation provided by the State or the exploiter, a service such as *Cablevision*’s would not comply with EU copyright norms.

B. Making Available

The WIPO Copyright Treaties require member States to protect the right of “communication to the public,” including the “making available to the public of their works in such a way that members of the public may access those works from a place

¹⁴⁹ See Information Society Directive, Recital 33: “The acts of reproduction concerned should have no separate economic value on their own.”

¹⁵⁰ Cf. U.S. Copyright Office, DMCA Section 104 Report, *supra* note 24, at 53-54 (2001), available at <http://www.copyright.gov/reports/studies/dmca/sec-104-report-vol-1.pdf> (discussing whether temporary copies have economic value, and noting that there is disagreement among commentators).

¹⁵¹ See Information Society Directive, Recital 38: “Member States should be allowed to provide for an exception or limitation to the reproduction right for certain types of reproduction of audio, visual and audio-visual material for private use, accompanied by fair compensation. This may include the introduction or continuation of remuneration schemes to compensate for the prejudice to rightholders.”

and at a time individually chosen by them.”¹⁵² The making available right targets on-demand transmissions (whether by wire or wireless means), for it makes clear that the members of the public may be separated both in space and in time. The technological means of ‘making available’ are irrelevant; the right is expressed in technologically neutral terms. The right covers offering the work to members of the public on an individualized basis;¹⁵³ “the public” includes subsets of the general public, such as aficionados of tango music, or members of a particular performer’s fan club. As is clear from the formulation “such a way that members of the public *may* access” (emphasis supplied), the right is triggered when the public is invited to access, rather than when any member of the public in fact *has* accessed.¹⁵⁴ Equally importantly, the right applies to the “work”; it is not limited to “performances” of the work. Thus it covers making the work available both as download and as a stream.

Member States may comply with the right either through adopting a specific making available right, or through national laws providing for communication to the public, or, for those countries who have applied the distribution right to digital copies, through the right to distribute copies, as the United States urged during the drafting period.¹⁵⁵ In adopting what came to be known as the “umbrella solution,” allowing member States to implement the making available right through any exclusive right under domestic law, the drafters opted for an approach of juridical as well as technological neutrality.¹⁵⁶

As we have seen in Part I, recent U.S. caselaw casts doubt on the U.S.’ compliance with its obligation to implement the “making available” right.¹⁵⁷ Although the WIPO treaty language appears inspired by the U.S. Copyright Act’s definition of a public performance by transmission (“whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times”), as *U.S. v. ASCAP (in re America Online)* illustrates, if the public performance right applies only to “performances,” then the right would not cover communication of a digital file whose contents are not being “rendered” when the member of the public receives the file. If, however, courts entertain a more flexible concept of “performance,” extending to intermediate points on the “performance”/“reproduction” spectrum, then U.S. copyright law could reach a greater range of makings available of works of authorship. Nonetheless, communication of an inert file for storage on the recipient’s computer or device (rather than for immediate, imminent, or limited performance

¹⁵² WIPO Copyright Treaty, art. 8, WIPO Performers and Phonograms Treaty, arts. 10, 14.

¹⁵³ See von Lewinski, *supra* note 143 at ¶17.76 (making available right applies only to individualized access).

¹⁵⁴ See Ricketson and Ginsburg, *supra*, note 140 at ¶ 12.58 (“It is not necessary that the offer be accepted: ‘making available’ embraces incipient as well as effected communications.”); *Capitol Records v Thomas*, 2008 US Dist. LEXIS 84155 at *41 (“It is undisputed that the WCT and the WPPT recognize a making available right that is not dependent on proof that copies were actually transferred to particular individuals”).

¹⁵⁵ See RECORDS OF THE DIPLOMATIC CONFERENCE ON CERTAIN COPYRIGHT AND NEIGHBORING RIGHTS QUESTIONS 675, ¶ 301 (WIPO, 1996).

¹⁵⁶ For extensive discussion of the ‘umbrella solution’, by the coiner of the term, see Mihály Ficsor, *THE LAW OF COPYRIGHT AND THE INTERNET: THE 1996 WIPO TREATIES, THEIR INTERPRETATION AND IMPLEMENTATION* 204–9, 496–509 (2003). See also Jorg Reinbothe and Silke von Lewinski, *THE WIPO TREATIES 1996* 102–3 and n 15 (2002).

¹⁵⁷ By contrast, the 2001 EU Information Society Directive adopts the WIPO Treaty language verbatim, see art. 3(1) and (2).

through the recipient's computer or device) – that is, “pure downloads” – may remain a stumbling block. In addition, the text of the definition of public performance may imply actual, rather than potential receipt of the communication (“members of the public capable of receiving the performance or display *receive* it”– emphasis supplied). If so, then even if the public performance right covered all forms of digital transmissions, it would not reach offers to transmit. Similarly, as we have seen in the decisions addressing the application of the distribution right to peer-to-peer file sharing, merely offering files for download does not meet the criteria for a “distribution of copies.” Thus, while the “making available” of a work by streaming comes within the scope of U.S. copyright, the coverage of “making available” by offering downloads is far more uncertain. If more courts adopt the *London-Sire* approach, presuming that an actual distribution (or transmission of a performance) has occurred when the rightholder demonstrates that the defendant took all the steps needed to enable the public to receive copies (or performances),¹⁵⁸ then the U.S. may, as a practical matter approximate a “making available” right, but it may be too soon now to affirm the U.S.’ de facto compliance with its international obligation. While U.S. courts could therefore assemble the doctrinal components of a “making available” right, at the moment in the U.S., the “umbrella” may be looking more like wind-tattered spokes than an effective cover for authors’ rights.

It may seem surprising that U.S. courts would interpret the scope of the distribution right to exclude the offering of copies to the public when the United States’ treaty negotiators in 1996 represented that the US could implement the making available right through the distribution right,¹⁵⁹ and have since concluded bilateral free trade agreements incorporating a making available right.¹⁶⁰ Moreover, Congress in ratifying the 1996 WIPO Treaties and in enacting amendments to the U.S. Copyright Act to bring US law into compliance with treaty obligations did not perceive the necessity to amend the distribution right explicitly to cover the making available right.

The District Court in *Capitol Records v Thomas* explicitly confronted, and rejected, the argument that the scope of US copyright should be interpreted in light of the international norms to which the US claims to adhere. The court acknowledged the long-standing principle of statutory interpretation that directs courts to construe statutes consistently with treaties that the US has ratified.¹⁶¹ But, because the WIPO treaties are not self-executing, the court appears to have concluded that that canon of construction had little force. Reference to US international obligations may be appropriate where the domestic law is ambiguous, the court held, but when the statutory language cannot reasonably be read consistently with the treaty norm, “concern for U.S. compliance with the WIPO treaties and the F[ree] T[rade] A[greement]s cannot override the clear congressional intent in § 106(3).”¹⁶²

¹⁵⁸ See text at notes 92-96 supra.

¹⁵⁹ See supra note 155.

¹⁶⁰ See, e.g., U.S.-Australia Free Trade Agreement, art. 17.5, May 18, 2004; U.S.-Bahrain Free Trade Agreement, art. 14.4.2, Sept. 14, 2004; U.S.-Singapore Free Trade Agreement, art. 16.4.2(a), May 6, 2003.

¹⁶¹ This principle is known as the “*Charming Betsy* doctrine,” after the 19th-century decision that enunciated it, *Murray v. Schooner Charming Betsy*, 6 U.S. (2 Cranch) 64, 118 (1804) (“[A]n act of Congress ought never to be construed to violate the law of nations if any other possible construction remains. . . .”)

¹⁶² 2008 US Dist. LEXIS 84155 at *44.

As we have seen, most authorities have indeed interpreted section 106(3) to require actual distribution, not merely an offer to distribute. But it does not necessarily follow that a “reasonable construction” of the exclusive right to distribute the work in copies cannot include a “making available” right. Arguably, that construction was implicit in Congress’ approach to ratification of the WIPO Treaties in 1998. At that time, Congress adopted a package of amendments to the Copyright Act, including a new chapter 12 created to implement articles 11 and 12 of the WCT and 18 and 19 of the WPPT. With Congress’ attention trained on what modifications were needed to comply with the international obligations the US was undertaking, Congress’ omission of a specific “making available” amendment might be interpreted as an expression of its understanding that the right was already covered, rather than as an oversight. Statutory interpretation based on legislative *inaction* risks ridicule,¹⁶³ but in this case one can adduce more than mere legislative silence. Where the legislative record combines specific actions and pertinent inactions, the total combination of what Congress did and did not do in passing an act to implement treaty obligations can be probative of its understanding of the compliance of the unamended portions with treaty norms. In any event, if Congress’ 1998 amendments cannot fairly be treated as a gloss on the scope of the original 1976 distribution right, then, absent a procedural device such as *London-Sire*’s “deeming” distribution, the United States will have failed to live up to its international undertakings.¹⁶⁴

¹⁶³ See, e.g., *Alaska Airlines, Inc. v. Brock*, 480 U.S. 678, 686 (1987): (“Congress’ silence is just that, silence.”)

¹⁶⁴ If the US is in violation of its obligations under the WIPO Treaties, there may be no effective international sanction. To the extent that the WIPO Treaties do not merely clarify, but expand rights under the Berne Convention, the Dispute Settlement mechanisms established in the TRIPs Accord with respect to violations of Berne Convention rights (other than moral rights) will not apply. If the “making available” right was already comprehended within the “communication to the public” right of Berne arts. 11, 11bis, 11ter, 14 and 14bis, then TRIPs sanctions could apply. But the Berne Convention probably did not require that member States accord a “making available” right. See Ricketson and Ginsburg, *supra* note 140, at ¶12.57.

EXHIBIT 3

C

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Article

***505 THE PUBLIC PERFORMANCE PROBLEM IN CARTOON NETWORK LP V. CSC HOLDINGS, INC.**

Jeffrey Malkan [FNa1]

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Copyright law, precisely because it has taken shape around the model of a book communicated to the public by multiplication of copies, has experienced difficulty, not to say frustration, with cases where communication is by performance or representation. [FN1]

- Judge Benjamin Kaplan

Works of authorship are intangible arrangements of words, numbers, lines, shapes, colors, notes, sounds, and the like, *506 which must be materially rendered in order to become perceptible to the reader, listener, or viewer. The law of copyright accommodates the reality of physical embodiment by making fixation in a tangible form the threshold requirement for protection. The transformation of intangible expression to tangible copy, in turn, gives rise to the marketplace in copies and performances. Copies and performances are manifestations of works--that is, ways of rendering them--as a result of which they can be perceived and communicated. We rely on this system of copies and performances, together with their attendant rights--reproduction, distribution, performance, and display--to turn works of authorship into literary, musical, and artistic property. [FN2] What continually disrupts and unsettles the relationship between copies and performances, however, are the technologies we use for making and distributing copies of works, as well as for recording and transmitting performances of them.

The latest chapter in the long-running story about the interplay between copying and performance was written by the Second Circuit in *Cartoon Network LP v. CSC Holdings, Inc.*, [FN3] a clash between a *507 consortium of content providers and the Long Island-based cable television network. The story this time around centered on the second generation of “time-shifting” technology: the digital video recorder (DVR). The DVR--like a videocassette recorder (VCR)--is a machine that records televised programming. It does so, however, in digital rather than analog form, and it saves the programming on a hard disk drive, rather than on a spool of magnetic tape.

I

Reprise of the Betamax Case?

Cablevision's “RS-DVR” will be a networked version of the DVR. The “RS” stands for “remote storage”; [FN4] the subscriber who uses the RS-DVR will select the TV programming to be time-shifted, but the programming will be recorded by Cablevision's automated equipment and saved in Cablevision's central data storage for playback at a later time on the subscriber's command. [FN5] When Cablevision's automated data storage system records a broadcast at the request of an individual subscriber, it will save a separate copy of that selection in a file designated for the subscriber's exclusive use. If 1000 subscribers ask for *The Sopranos* to be recorded between 9:00 p.m. and 10:00 p.m., EST, then 1000 copies of the program will be saved by Cablevision's system in 1000 separate

files. When subscriber Smith asks for *The Sopranos* to be replayed, a performance of the copy in Smith's folder will be transmitted to Smith's cable box. When subscriber Jones asks for *The Sopranos* to be replayed, a different copy of *The Sopranos*--the one from Jones's folder--will be performed and transmitted, even though Smith's and Jones's copies both had their origins in the same HBO telecast.

Unlike the set-top DVR--which is a stand-alone device that may be owned by the customer or rented from the cable company--the RS-DVR will be a service provided by Cablevision. This difference--service vs. device--is what distinguished Cartoon Network from the celebrated "Betamax" case, *Sony Corp. of America v. Universal City Studios, Inc.*, [FN6] in which the Supreme Court held that *508 a manufacturer of video cassette recorders could not be held liable for contributory infringement based on unauthorized copying by individuals who used their own Betamaxes to record and view copyrighted television programs. [FN7] It is also, however, what made Cablevision vulnerable to a charge of direct infringement. [FN8]

*509 On the charge of direct infringement, two legal questions were posed by this arrangement: First, will Cablevision--by copying the works that it broadcasts in real time and later playing back these individual copies to the subscribers who requested them --"reproduce" and then "perform" the protected works via transmission over its network? Second, if so, should these unauthorized performances be considered "public," and therefore infringing, or "private," and therefore not? The crux of the dispute, in other words, was the legal concept of public performance. At the most fundamental level, the question of public performance required the court to determine exactly what Cablevision would be storing and then streaming.

II

The Phenomenon of Physical Embodiment

In a twist on the copyright principle of "originality," the dispute was over the provenance of the copy rather than the provenance of the work--and not just the provenance of the copy, but the provenance of the performance of the copy. Once more, the puzzle presented by Cablevision's RS-DVR service arises from the phenomenon of physical embodiment.

Musical or dramatic works may be manifested in the form of performances as well as in the form of copies, and thus they may be experienced by members of the public when they are published in textual copies or performed in different media. [FN9] The relationships between these manifestations seem like they should be simple enough to explain, given that the author is the origin of the work and that what an author initially creates is a work, not a copy or a performance of one. Intuitively, the work always comes first, then the copy, then the performance, regardless of who is doing the copying or performing.

In the traditional, non-improvisatory situation, the author makes a copy of the work, "fixed in [a] tangible medium of expression," [FN10] and then a performer reads from that copy (i.e., recites, renders, plays, *510 dances, or acts) to realize the work in the form of a live performance. [FN11] In the electronic variant of that situation, a live performance, rendered traditionally, is recorded on a copy or "phonorecord," which is then played back ("performed") by a viewer or listener, who activ-

ates it on some type of mechanical or electronic device or, in the case of a transmission, receives the playback of the recording on a television or radio receiver. This variant describes audiovisual works, such as movies and prerecorded TV programs, [FN12] as well as most sound recordings. [FN13]

The problem bequeathed by the twentieth century's technologies of copying and performance is that recorded performances themselves can be copied, and those copies, in turn, can be “performed,” that is, rendered by means of machines that are designed to make the recorded performances perceptible. This broad notion of performance is mandated by the statute, which defines to “perform” as “to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.” [FN14]

***511** This broad definition leads to a crucial difference between the legal notions of copying and performance. It is well understood that multiple textual copies of a work all embody the same work, as long as the texts of all the copies are exactly reproduced. [FN15] Although their value as copies will be degraded if they are not authentic (i.e., textually accurate), the primary legal concern is whether they are authorized (i.e., copied lawfully). When performances are reproduced, however, it's a trick question to ask whether all copies of a performance embody the same performance or whether each copy instead embodies its own distinct performance. This is because recorded performances can themselves be copied, and often are. Serially created copies that originate from the same performance are all recordings, or copies, of the same performance. However, each time a copy of a performance is played (or “performed”), a distinct new performance is rendered. These new performances are performances of the copy as well as renderings of the performance in the copy.

III

Copying and Performing

The issues and arguments on either side of the Cartoon Network case tracked the intertwined rights invoked by the studios--reproduction and performance. Cablevision, as defendant, had to win on both issues because infringement of either right would result in liability, while the studios only had to win on one. Cablevision argued that the copies made for its RS-DVR service will be lawfully made because they will be remotely initiated by the home viewers, even though ordered through Cablevision's network and archived on its equipment. [FN16] Cablevision further maintained that its transmissions ***512** from the remote storage facility to the viewers' cable boxes will not be public performances because each transmission will emanate from a unique copy and be accessible only to the individual viewer who ordered that copy. [FN17]

The studios responded that, even though the copying process will be automated, Cablevision will be responsible for making the RS-DVR copies because there is no “automation exception” for copyright infringement and the copying will be done on a system designed, owned, and maintained by Cablevision for the sole purpose of copying its own TV programs. [FN18] Because this copying will be unauthorized and unexcused, Cablevision will infringe their reproduction rights. [FN19] The studios also denied that Cablevision's RS-***513** DVR performances--that is, its transmissions to the individual viewers--will be private. It doesn't matter, they argued, that these transmissions will emanate

from custom-made copies. [FN20] Whether Cablevision stores one master copy of its entire program schedule or multiple, personal copies of the various programs on the schedule won't affect the studios' performance rights because each performance that Cablevision streams through its RS-DVR service will be a performance of a program that was previously telecast on Cablevision's linear programming schedule and licensed only for the initial, real-time transmission. [FN21]

IV

Mysteries of the “Transmit Clause”

The starting point for analyzing this impasse is the statutory definition of public performance and, specifically, the second paragraph--known as the “transmit clause.”

To perform or display a work “publicly” means --

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it *514 in the same place or in separate places and at the same time or at different times. [FN22]

The language in the transmit clause that causes the interpretive problem is the closing phrase, “separate places/different times.” This provision expands “publicly” to mean that the “members of the public” who receive a transmission do not need to be gathered together, either spatially or temporally. [FN23]

The spatial aspect of “separate places/different times” is easy enough to understand. The people who receive a transmission may be physically dispersed; the very concept of broadcasting is based on the notion that a program goes out electronically to people who will receive it in different places. When FDR gave his fireside chats, for example, he addressed the American public, but the public did not need to gather in one place to join his audience. That was the magic of radio.

The temporal aspect of “separate places/different times,” though, is more opaque. No doubt this language confirms that a radio or TV transmission can be time staggered. When such time staggering might be relevant to a performance rights claim, however, is not clear from the statute or its legislative history. The contiguous forty-eight states have four time zones, and a broadcast network may choose to transmit a program at different times for different zones. Even though viewers in the West may receive a program three hours later than those in the East, the transmit clause says they all still belong to the same viewing “public.” Of course, such nationwide broadcasts would be public anyway, so this application of the “different times” provision would serve only to confirm the obvious. [FN24]

It is also unclear how Congress intended the spatial and the temporal aspects to affect each other. How should the “ors” and the “ands” in the “separate times/different places” phrase be parsed? The language allows four alternatives. Members of the public may be: (1) in the same place at the

same time, (2) in separate places at the same time, (3) in the same place at different times, or (4) in separate places at different times.

One and two are easy to illustrate. (1) Everyone is gathered in a theater to watch a concert or sporting event that is televised by a *515 closed-circuit TV transmission. (2) Everyone watches the televised event on his or her TVs at home.

The third alternative, however, is more difficult to illustrate (the illustration will be the Redd Horne case, below), and the last is even more so. Indeed, the statutory language is downright ambiguous on the final point. Did Congress intend for a complete disjunction between the places and times where a transmission is received by an audience? Doesn't something, either time or place, have to remain the same in order to constitute the audience as a "public" one?

V

Maxwell's Video Showcase

Melville Nimmer provided the theoretical framework for understanding the statute's "separate places/different times" provision, and in real life, a quartet of cases that originated in the Third and Ninth Circuits provided the illustrations. The cases relied on Professor Nimmer, and Professor Nimmer, in subsequent editions of his treatise, reflected upon and generally approved the cases that applied his analysis. [FN25]

Nimmer's discussion of "separate places/different times" is divided into two headings, "Performances in Which the Audience is Geographically Dispersed" and "Performances in Which the Audience is Chronologically Dispersed." [FN26] Under the "chronological" heading, he pointed out the difficulty of taking the "different times" provision at face value. [FN27] If taken literally, he wrote, the playing of a phonograph record in the privacy of one's own home would be a public performance because "other members of the public will be playing duplicates of the same recorded performance 'at different times.'" [FN28] Because all recorded copies of a musical *516 performance embed the same live performance, the playing of each copy is a discrete performance (i.e., private), but it is also a repetition of the original, embedded performance (i.e., public). [FN29]

Nimmer found a fact to salvage "separate places/different times" by identifying something in a transmission that remains the same, despite the otherwise puzzling disjunction between the places and times where it may be received. "Upon reflection," he wrote, "it would seem that what must have been intended was that if the same copy (or phonorecord) of a given work is repeatedly played (i.e., 'performed') by different members of the public, albeit at different times, this constitutes a 'public' performance." [FN30] A ready example of Nimmer's solution to the "different times" puzzle might have been the video rental scenario. At first glance it would appear that videotape and DVD rentals--where the same copy of a movie is repeatedly taken out by different customers--should implicate the public performance right because all the performances of that single copy are, in the aggregate, performances of the copyrighted work at "separate places" and in "different times." It is generally recognized, however, that playing a rented video at home is a private, not a public, performance because no performances are transmitted, and this results despite the transmit clause's open-ended language.

[FN31]

***517** Nimmer's own illustration of the "same copy" theory was the penny arcade "peep show," which, again, did not involve any transmissions of performances:

An example of a [public performance] may be seen in the old-fashioned penny arcade, where a short motion picture sequence might be seen in a coin-operated "peep show" device. No more than one person at a time could observe a given performance. Nevertheless, the same copy in the coin-operated device would give rise to numerous performances seen by the public each day. It would be strange, indeed, to conclude that these were private performances simply because only one person at a time observed each such performance. [FN32]

The textbook illustration of the "different times" provision--the one that Nimmer thought confirmed his "same copy" theory, and one that did entail a transmission--arrived in 1984, in a Third Circuit case involving a video rental store in Erie, Pennsylvania. The defendant in *Columbia Pictures Industries, Inc. v. Redd Horne, Inc.*, [FN33] was Maxwell's Video Showcase, an operation that rented videos in the front of the store and provided viewing booths in the rear where customers could watch the cassettes they had just rented. [FN34] The twist was that the VCRs weren't located inside the viewing booths themselves, but behind the counter in the front of the store. [FN35] One of Maxwell's clerks would place the cassette in the machine and play it; the movie would then be transmitted to the nineteen-inch color TV in the viewing booth where between two and four people could watch it. [FN36]

***518** These facts seemed to provide an ideal illustration of Nimmer's theory of "different times." The same copy of a cassette would be repeatedly played, and not just played but also transmitted from the front of the store to the back. [FN37] The decision, however, went off in a different direction. Chief Judge Edward Re held for the plaintiff without applying the transmit clause, agreeing instead with the district court that the viewing booths themselves were by definition the sites of public performances because they were places open to the public. [FN38] In other words, he defined the relevant place where the copies were "performed" as the entire store, rather than the individual booths. [FN39] (In fact, it could have been argued that the copies weren't performed in the booths, where the TVs were located, but behind the front desk, where the VCRs were located. Either way, it made sense to frame the site of performance to include both the VCRs and the TV sets. [FN40]) "Simply because the cassettes can be viewed in private," he wrote, "does not mitigate the essential fact that Maxwell's is unquestionably open to the public." [FN41] He therefore found it "unnecessary to examine the second part of the statutory definition," that is, the transmit clause. [FN42] Nevertheless, perhaps oddly, he did so anyway, albeit in dicta. He quoted Nimmer's treatise and applied the single-copy rationale to the facts before him. "Although Maxwell's has only one ***519** copy of each film, it shows each copy repeatedly to different members of the public. This constitutes a public performance." [FN43]

Two years later, another Third Circuit case came along to push the Redd Horne envelope. The defendant in *Columbia Pictures Industries, Inc. v. Aveco, Inc.* maintained stores that likewise rented videocassettes and provided viewing rooms. [FN44] Aveco's VCRs, however, were located inside the rooms, not behind the front desk, and Aveco allowed its customers to choose between renting a video to play in a rented room, renting a room without a video, or renting a video for out-of-store viewing. [FN45] The in-store performances weren't transmitted from one place to another but rather were

played by the customers inside the rooms they had rented. [FN46] Therefore, the transmit clause wasn't implicated. The court nevertheless summoned Redd Horne's "open to the public" rationale--its dubious principal holding--to determine that these performances were "public" because the rented rooms were analogous to public places like telephone booths, taxi cabs, and pay toilets. [FN47] This result is only convincing if one thinks that telephone booths and the like are truly public places and that in-store performances of rented videos are therefore more "public" than those done by customers who take their videos home to watch. As precedent, Aveco is weaker than Redd Horne because the court in Aveco couldn't attach any decisional significance to the fact that the same copy would be viewed repeatedly, that is, "at different times." [FN48]

The next logical step would be to ask whether videos played by guests in hotel rooms could violate the public performance right. The two possible scenarios would involve videos transmitted from the hotel's front desk or those played on a machine located in the guest's room. Only the former would implicate the transmit clause. In short *520 order, the two cases that realized these possibilities were decided in California: Columbia Pictures Industries, Inc. v. Professional Real Estate Investors, Inc. [FN49] and, not long afterward, On Command Video Corp. v. Columbia Pictures Industries. [FN50]

In the Professional Real Estate Investors case, the lobby gift shop rented movies, which guests could play on projection TVs and videodisk players in their rooms. [FN51] The Ninth Circuit initially found that the transmit clause didn't apply to these video rentals because they weren't transmitted anywhere. [FN52] The court therefore limited its analysis to whether the hotel rooms themselves were places "open to the public." [FN53] The answer was no. "While the hotel may indeed be 'open to the public,' a guest's hotel room, once rented, is not." [FN54] This drew the line, if one needed to be drawn, between in-store viewing booths and rented hotel rooms. [FN55] In contrast, the district court in On Command Video found that the hotel in that case used a closed-circuit system that transmitted movies from a central bank of video players to individual guest rooms. [FN56] Each video player, loaded with a particular copy of a particular movie, would be played when a guest activated it by remote control. [FN57] The court held that the public performance right was infringed here by applying the transmit clause's "separate places/different times" provision. [FN58]

In reaching this conclusion, the On Command Video court focused on a piece of legislative history [FN59] whose relevance would be viewed *521 skeptically by the Second Circuit eighteen years later. [FN60] In 1967, a House committee had reported that the public performance right, as then conceived, was intended to cover transmissions to the public,

even though the recipients are not gathered in a single place, and even if there is no direct proof that any of the potential recipients was operating his receiving apparatus at the time of the transmission. The same principles apply whenever the potential recipients of the transmission represent a limited segment of the public, such as the occupants of hotel rooms . . .; they are also applicable where the transmission is capable of reaching different recipients at different times, as in the case of sounds or images stored in an information system and capable of being performed or displayed at the initiative of individual members of the public. [FN61]

This explanation of "separate places/different times" envisions, in practically one breath, both closed-circuit TV systems, as in Professional Real Estate Investors, and RS-DVRs, as in Cartoon Network. Its prediction of interactive entertainment systems is either prescient or irrelevant, depending

on the amount of credence one wishes to give a legislative gloss that predates the enactment of the present law by almost ten years.

VI

The “Virtual Locker” Analogy

The closed-circuit TV system in Professional Real Estate Investors illustrated the “different times” provision but not the “separate places” one because all of the hotel's video transmissions would be received in the hotel's own guest rooms. Likewise, the video transmissions in Redd Horne were confined to Maxwell's own viewing booths. [FN62] How much further does copyright's public performance right extend? The extreme limit on the performance right would be a transmission of a performance in which “different times” are joined with “separate places.” Prior to Cartoon Network, the only non-hypothetical example of this extreme was the automated video rental service known as “video on demand” (VOD). As noted before, brick-and-mortar businesses like the ubiquitous Blockbuster aren't subject to the transmit clause because they traffic in copies, *522 physically delivered, rather than in performances, electronically transmitted.

VOD, however, perfectly fits the pattern of Nimmer's “separate places/different times” rationale: the provider maintains a limited number of electronic copies--perhaps only one--that it transmits over and over again through its network to spatially and temporally dispersed customers who order them. It doesn't deliver copies of movies, but streams performances. The performances are received by customers in “separate places,” that is, in their own homes, and at “different times,” that is, whenever they're ordered. [FN63]

The studios needed to convince the court that RS-DVR is a type of VOD and hence subject to their public performance right. The challenge that Cablevision faced was to distinguish RS-DVR from VOD. It would have to convince the court that RS-DVR would not give rise to public performances because each RS-DVR transmission would emanate from a distinct copy. This argument capitalized on Nimmer's rationale--that what explains the transmit clause's “different times” provision is that multiple performances of the same copy may be transmitted sequentially. The audience is a “public” one only because all of its temporally dispersed members have received transmissions that emanated from serial performances of the same tangible thing, the copy. This is why it was to Cablevision's advantage to emphasize the singularity of RS-DVR's custom-made copies, as well as to elevate the narrower concept of transmission over the broader one of performance. [FN64]

This strategy obliged Cablevision to admit that any VOD transmission-- even to a single customer--is a transmission “‘to the public’ because any member of the public can receive the offered transmission simply by paying the appropriate fee.” [FN65] Exactly so, *523 Nimmer would say; under the transmit clause, this transmission is a public performance because the same copy is performed over and over again, and a licensing fee paid each time. This concession for VOD, however, paved the way for the crucial, and saving, distinction between VOD and RS-DVR.

With the RS-DVR . . . each customer's recording can be played only to the customer who made it--i.e., only to the particular set-top box from which it was recorded. Although the same

work may be played back to different subscribers, each playback of a subscriber's own personal recording is a separate private performance. Because each “transmission is only available to one person”--the customer who made the recording--RS-DVR playback “clearly fails to qualify as ‘public.’” [FN66]

The linchpin in Cablevision's argument was an ingenious analogy. The studios claimed that RS-DVR is a type of VOD. [FN67] A different analogy would allow the court to see the case differently.

The correct analogy for the RS-DVR is not VOD, but the “virtual locker” that allows users to store and retrieve their own files from a central server. A virtual locker provider does not “publicly perform” a work merely because multiple users happen to store and retrieve their own copies of the same song-- even when . . . the same company also provides the content. [FN68]

The only customer who will be capable of receiving an RS-DVR transmission is the one who ordered that copy to be made through that cable box. In contrast, anyone who is willing to pay for a VOD viewing is capable of receiving a VOD transmission.

Where a defendant has one copy of a work and offers to play it for anyone willing to pay a fee, the transmissions are “to the public” because anyone can receive them. By contrast, where an individual purchases or records his own copy and can play it only to himself, the transmission is not generally available. [FN69]

Again, the “virtual locker”--in which personally owned copies of performances are remotely stored and streamed back from a network “cloud”--provides the better analogy.

***524** If 100 consumers each purchased the same Miles Davis song from Apple's iTunes store, separately stored the song on Apple's .mac remote-storage backup service, and separately listened to their respective copies of the song by streaming the song to themselves from the remote server, no one would think Apple had publicly performed the song. The RS-DVR is no different. [FN70]

VII

Performances Without Ever Taking Possession of a Copy

The studios responded with their own story about what RS-DVR will be and their own emphasis on how it will operate. The transmit clause's “different times” provision applies to RS-DVR, they argued, because the performance that counts for copyright purposes is the original network transmission that will be preserved by the creation of the individual copies, rather than the subsequent one that will occur when those copies are themselves performed and transmitted by means of Cablevision's RS-DVR service. [FN71] The performance that is embedded in the copies will be public, and any subsequent performance emanating from those copies will also be public. [FN72] This is because copies, quite naturally, inherit the character of the thing that they reproduce.

As a practical matter, the copies will do nothing more than enable Cablevision to make time-delayed transmissions of public performances. (Time delay requires that copies of a performance be successively replayed, just as any transmission of an audiovisual work presupposes the acquisition and performance of a copy.) These time-delayed performances will be “public” under the transmit clause, even though they will be received at “different times,” because they will be part of one exten-

ded performance rather than multiple, discrete ones. [FN73]

***525** Cablevision's proposed on-demand service would transmit the same performance of a particular program to different members of the public who would receive those transmissions at "different times," within the meaning of § 101. It would transmit that performance (1) to certain subscribers simultaneously with the initial performance and (2) to a subset of those subscribers on a delayed basis at various times of their choosing. [FN74]

The latter option--the RS-DVR "subset"--will be essentially the same thing as video on demand, a public performance transmitted to subscribers at "different times." What of the competing analogy between RS-DVR and "virtual lockers"? In support of the virtual locker analogy, again, Cablevision had claimed that the personal copies of TV programs stored on its servers were just like personal copies of musical performances, lawfully obtained in digital format and stored remotely for their customers by music-streaming services. [FN75] If it were illegal for Cablevision to stream video performances of the customers' own copies back to their owners, then the streaming of musical performances from virtual lockers would be illegal as well, including those of lawfully acquired personal copies. [FN76]

The studios fended off the virtual locker analogy by claiming that "it is wholly irrelevant, in determining the existence of a public performance, whether 'unique' copies of the same work are used to make the transmissions--or whether those copies were lawfully or unlawfully obtained." [FN77] It all comes down to confusion, the studios maintained, about what is being performed and what is being transmitted. [FN78]

Cablevision's misinterpretation . . . appears predicated upon the mistaken notion that Cablevision would transmit the subscriber's "own unique recording" to the subscriber. Cablevision, however, ***526** would not transmit the "recording" to anyone; the recording itself (the material object in which the program is embodied) would never leave Cablevision's server at its head-end. Cablevision would instead transmit the program, more specifically the performance of that program by HBO or another programming service--the same performance that Cablevision had transmitted on a real-time basis and that it would transmit to multiple subscribers at a different time or times. [FN79]

This objection, in one sense, merely states the obvious. A streaming transmission is different from a download. The former is a performance of a copy over a network; the latter is a delivery of a copy over a network. [FN80] The infringed right at issue here was performance, not distribution, so to point out that Cablevision won't be distributing copies of TV programs only means that the studios could not claim infringement of their distribution rights.

But in another sense, the distinction between streaming and downloading is critical because it highlights the difference between the "virtual locker" and the RS-DVR storage service. In the virtual ***527** locker, customers upload their copies to the locker. The copy is stored there and played back on demand from wherever the customer is at the time. In the RS-DVR service, by contrast, the customer won't upload anything to Cablevision. The copy will be made by Cablevision at the customer's request (perhaps lawfully, if Sony applies to this method of time-shifting) [FN81] and retained by Cablevision for the customer's subsequent access. There won't be any "upload" of a copy, and there won't be any "download" either. Instead there will be an on-demand, streaming transmission of the

performance that was preserved in the copy.

The RS-DVR subscriber therefore will receive performances without ever taking possession of a copy, physical or digital. The remotely created copy will be held at a remote location, in trust, so to speak. This contrivance makes one wonder whether there really will be a personal copy behind each RS-DVR transmission [FN82] or whether, *528 to the contrary, the concept of the personal copy serves Cablevision as a metaphor that actually signifies a prepaid right of access to performances of the work. [FN83] Digital transmissions function by sending and receiving sequences of information that may take the form of downloaded copies or streaming performances, depending on how the data are encoded by the sender and decoded by the receiver. In other words, the strings of zeros and ones that compose a digital copy are capable of being manipulated by software into either a copy or a performance, which is why it makes little difference to users of digital copies whether their files are preserved on electromagnetic storage devices in their own media players or stored in remote computers that they can access at will. However one describes them, these intangible data sequences aren't, in and of themselves, copies or performances, but rather encoded information in digitized form that can be decoded into access to works of authorship in the form of copies or in the form of performances. [FN84]

Even if the virtual locker analogy fails, however, that doesn't mean the VOD analogy necessarily succeeds. This is because the question remains--the RS-DVR service will transmit a performance of what, a TV program (i.e., a "work") or a copy of one? The choice is crucial because, under Nimmer's "different times" rationale, serial transmissions of performances emanating from the same copy would be required for new, and infringing, public performances. [FN85]

Cablevision asserted in its defense that each RS-DVR archived copy will be, in fact, different and unique because each will be separately created and will be accessible only from the particular *529 cable box through which it was ordered. [FN86] Therefore, playing RS-DVR copies will only result in private performances. In order to make Cablevision pay for playing the RS-DVR copies, the studios would have to establish that all RS-DVR copies of a program will be functionally the same because they will all be copies of the same performance of the work, that is, the performance that had been transmitted to the public via the original network telecast. They had succeeded in doing so to the satisfaction of Judge Denny Chin in the district court, [FN87] but now, in the Second Circuit, they would have to convince Judge John M. Walker Jr. and the other two members of the appellate panel [FN88] all over again.

VIII

"Capable of Receiving the Performance"

In the Second Circuit, Judge Walker approached the question of what Cablevision would be "performing" by splitting his analysis of the transmit clause into two questions: what is the source material of the transmission, and what is the identity of the transmitter? "[I]t seems quite consistent with the Act," he wrote, "to treat a transmission made using Copy A as distinct from one made using Copy B, just as we would treat a transmission made by Cablevision as distinct from an otherwise identical transmission made by Comcast." [FN89] He explained that both factors would "limit the po-

tential audience of a transmission [and] are therefore germane in determining whether that transmission is made ‘to the public.’” [FN90]

Judge Walker's approach took place against the background of the same problem that had worried Professor Nimmer--the open-textured language of the transmit clause. The “separate places/different times” provision, taken literally, would mean that any transmission of a recorded performance could legally be “public” because the same recording of the work--if not the same copy of the recording--could be played and transmitted by someone else, to a different place, or at *530 a different time. [FN91] “Doubtless the potential audience for every copyrighted audiovisual work is the general public,” he wrote. [FN92] “As a result, any transmission of the content of a copyrighted work would constitute a public performance under the district court's interpretation.” [FN93] To preserve the distinction between private and public performances, some limitation needed to be inferred, either on the “someone else” who is doing the transmitting (i.e., the identity of the transmitter) or the “something else” that is being transmitted (i.e., the source material of the transmission).

On the “source material” option, Judge Walker improved on Nimmer's approach to the transmit clause by tying it more closely to the language of the statute. Professor Nimmer had theorized that the source material of a transmission would have to be the same copy of a recorded performance in order for the “different times” provision to take effect. [FN94] Without disagreeing, Judge Walker revisited the transmit clause and focused on the phrase --“capable of receiving the performance.” [FN95] The text specifies that a public performance occurs whenever a performance is transmitted to a place “open to the public” or “to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.” [FN96]

Cablevision's position, which was based on Nimmer's theory, dovetailed with this explicit limitation on the transmit clause. The reason only one subscriber will be capable of receiving a particular RS-DVR transmission is that each transmission will be “made using a single unique copy of a work, made by an individual subscriber, one that can be decoded exclusively by that subscriber's cable box,” wrote Judge Walker. [FN97] “This argument accords with the language of the transmit clause, which . . . directs us to consider the potential audience of a given transmission.” [FN98]

*531 This would be a reasonable enough, text-based accommodation between what Cablevision proposed to do and what the statute prescribed that it could do, except that the solution required Judge Walker to focus on the potential audience of a given transmission instead of the potential audience of a given performance. [FN99] As noted before, a transmission of a performance is a type of performance. [FN100] Even so, the two words are not interchangeable or reversible. [FN101]

*532 The transmit clause specifies that a public performance may be based on “the transmission of a performance of a work” (as Judge Walker parsed the statute) [FN102] to an audience that is dispersed in “separate places” and “different times,” provided that these qualifying “members of the public” are all “capable of receiving the performance.” [FN103] The statute does not say “capable of receiving the transmission.” Switching the words “performance” and “transmission” changed the outcome of the case because there will be viewers who will be capable of receiving a performance of a network telecast (subscribers to Cablevision's feed of HBO) but not capable of receiving particular transmissions of that performance (non-subscribers to Cablevision's RS-DVR service). This is be-

cause non-subscribers won't have access to any RS-DVR copies, and even RS-DVR subscribers will have access only to their own copies.

IX

How Far Upstream?

Hence, the studios had put their emphasis on the word “performance” rather than “transmission” and argued that

[t]he critical factor, under the Transmit Clause, is that the same performance is transmitted to different subscribers at different times. Because Cablevision (as part of the authorized real-time stream and as part of the unauthorized on-demand stream) would transmit from its head-end to its subscribers' homes the same performance, Cablevision would engage in a public performance of that program. [FN104]

Judge Walker, however, found that the words “performance” and “transmission” could not be pried apart so easily. [FN105]

He focused his concern about the perplexing couplet--performance/transmission-- on language from the same page of the studios' brief, from which he pieced together the following sentence: “The critical factor . . . is that the same performance is transmitted to *533 different subscribers at different times . . . more specifically, the performance of that program by HBO or another programming service.” [FN106] He understood the last clause to concede that the true source of Cablevision's performance was HBO's transmission of its programming to Cablevision, rather than Cablevision's retransmission to its subscribers. [FN107] The source of a broadcast, in other words, is always the content provider (in this case, HBO) rather than any of the cable companies that distribute the content concurrently through their regional networks (in this case Cablevision). [FN108]

If this is so, he wondered, why doesn't the transmit clause require the court to consider not only the audience of Cablevision's real-time transmission but also the potential audience of any transmission by anyone of the underlying HBO feed? [FN109]

Assume that HBO transmits a copyrighted work to both Cablevision and Comcast. Cablevision merely retransmits the work from one Cablevision facility to another, while Comcast retransmits the program to its subscribers. Under plaintiffs' interpretation, Cablevision would still be transmitting the performance to the public, solely because Comcast has transmitted the same underlying performance to the public. Similarly, a hapless customer who records a program in his den and later transmits the recording to a television in his bedroom would be liable for publicly performing the work simply because some other party had once transmitted the same underlying performance to the public. [FN110]

Without a limiting principle, there is no way to determine where a chain of transmissions begins and ends, and therefore there is no way of knowing whether a performance is public or private. [FN111] In a word, he asked, how far “upstream” should one go to find the source of a transmission? [FN112] That question is crucial under the transmit clause because everything “downstream” from the source might be considered part of the same performance. [FN113]

***534** The limiting principle that solved the problem for Judge Walker was to specify the identity of the transmitter. [FN114] This would allow the chain of transmissions and retransmissions to be framed into discrete segments, and liability to be allocated accordingly. [FN115]

Although the transmit clause is not a model of clarity, we believe that when Congress speaks of transmitting a performance to the public, it refers to the performance created by the act of transmission. Thus, HBO transmits its own performance of a work when it transmits to Cablevision, and Cablevision transmits its own performance of the same work when it retransmits the feed from HBO. [FN116]

This approach had the virtue of accommodating the positions of both parties in the case. The virtue, however, was a dubious one because it was agnostic as to how the case should be decided. The only way Judge Walker's digression on the "identity of the transmitter" would alter the outcome of the case would be if it were coupled with a finding that the transmitter will be someone other than Cablevision itself, namely, Cablevision's RS-DVR subscribers. Then, one could logically conclude that the RS-DVR subscribers will be transmitting their own performances of Cablevision's ***535** programming back to themselves. Such retransmissions could be considered non-infringing private performances because a transmission to oneself is not directed "to the public." [FN117] Judge Walker, however, expressly declined to decide the issue of who will be doing the transmitting. Instead he took the "arguendo" path of assuming that "even if . . . Cablevision makes the transmission when an RS-DVR playback occurs, we find that the RS-DVR playback, as described here, does not involve the transmission of a performance 'to the public.'" [FN118]

The studios, therefore, could afford to concede that each party is responsible for its own transmissions. Cablevision isn't responsible for unauthorized uses of HBO's feed by Comcast or some other cable network; and if that unauthorized use ever occurs, the studios won't complain to Cablevision. However, isn't Cablevision still responsible for its own unauthorized uses of HBO's feed? If so, the question of whether Cablevision's RS-DVR transmissions will be permissible private performances or unauthorized public ones remained unanswered.

X

A Performance of a Copy of a Work

In order to place a limit on liability for "upstream" transmissions by legal strangers, Judge Walker inferred that the transmit clause requires a new performance to begin each time the identity of the transmitter changes. [FN119] Cablevision, therefore, is responsible only for transmissions that occur "downstream" from its initial, real-time transmission. [FN120] This is a sensible way to think about what happens legally when broadcasts ripple across multiple networks, but it doesn't explain the result in Cartoon Network because all transmissions through Cablevision's RS-DVR service will be downstream from its real-time transmissions. Therefore, shielding Cablevision from liability for upstream transmissions by legal strangers doesn't shield Cablevision from liability for its own ***536** downstream transmissions. If the upstream/downstream distinction was a red herring, what was the true ratio decidendi?

Judge Walker based his holding on what he thought was the key fact in the case--that only one

subscriber (the one who ordered the RS-DVR copy) will be capable of receiving each RS-DVR transmission because only that subscriber will have access to it. [FN121] This, he concluded, makes each RS-DVR transmission a private rather than a public performance. [FN122] The studios, in contrast, had focused on what they thought was the key fact in the case--that all RS-DVR copies will be copied from Cablevision's live programming feed. This, they claimed, will make all RS-DVR transmissions into time-delayed public performances of those network telecasts rather than private performances of original source material. [FN123]

The reason that the studios were right and Judge Walker was wrong was that he derived his conclusion from a misreading of the statute. As noted before, the transmit clause specifies that "members of the public" must be "capable of receiving the performance," not "capable of receiving the transmission." [FN124] Judge Walker thought that the words "performance" and "transmission" were interchangeable in this context because the statute imposes liability on anyone who transmits an unauthorized performance to the public. [FN125] But even though the transmit clause refers, as Judge Walker put it, to "the performance created by the act of transmission," [FN126] a transmission and a performance remain, technically and legally, two distinct things. The difference between them is that a transmission is the medium through which a performance is delivered "to the public." [FN127] This is why there may be more than one transmission of the same performance, that is, why members of the public may receive a public performance at "different times."

To put this difference in the form of an example, the transmit clause says that, when HBO transmits its live programming feed of *The Sopranos* to Cablevision, it is performing *The Sopranos*. When Cablevision relays the HBO feed to its subscribers in real time, it is *537 doing the same thing-- performing *The Sopranos*. In both instances, the performance of *The Sopranos* is what the transmission transmits. To say, as Judge Walker did, that a performance is created by the act of transmission [FN128] is a compressed way of saying that the transmitter is legally responsible for compensating the copyright owner for this particular rendering of the work (i.e., the use protected by the performance right). A transmission, a lawyer can say, is constructively a legal performance, and the transmitter is constructively a performer. But this interpretation doesn't make it literally so.

When trying to assess the scope of the transmit clause, it helps to bear in mind that Congress in 1976 inherited the legal fictions that were woven into the preexisting body of judge-created doctrine dealing with performance rights. As a whole, the trend of copyright policy throughout the twentieth century was to expand the performance right to encompass technological innovations that would allow works to be experienced in remote locations and by dispersed audiences. [FN129] These new technologies were anticipated and acknowledged in the 1976 Act by the open-textured language of the "separate places/different times" provision.

The first legal fiction is that of the "mechanical copy," which maintains that activating a recording of a work on a mechanical or electronic playback device is a performance of the work as well as a performance of the recording (i.e., the copy). [FN130] This means that playing a recording of a performance in public is a public performance. This legal fiction expanded the performance right to *538 include public renditions of recorded performances, such as showing a movie in a theater or playing a phonorecord in a retail store or restaurant.

The second legal fiction is the multiple performance doctrine, which maintains that an electronic

transmission of a performance, such as showing a movie on TV or playing a phonorecord over the radio, is itself a performance, both on the part of the transmitter and the receiver. [FN131] Although receiving a radio broadcast is something more than “listening to a distant rendition of the same program,” [FN132] it is still something much less than a human performance from a script or score, or even a mechanical performance from a copy or phonorecord. What the metaphor of “transmission as performance” means is that electronic transmitters are responsible for compensating the owner of the work's performance rights as if they have actually performed the work or a copy of it.

This legal fiction is miles away from any layperson's notion of what a performer or a transmitter does, but it makes sense on its own terms in the legal context of defining what a public performance is. As such, it sets out the boundaries of the performance right but without reducing performances and transmissions to the same literal thing. Performances are ways of realizing works in perceptible form, that is, of transforming the author's intangible expression into sounds and images that will be perceptible to an audience. Transmissions, in contrast, are a mode of distribution rather than one of embodiment.

These two legal fictions reflect how broadcast technologies work--copies embody performances, and transmissions communicate them to the public. Indeed, Judge Walker took the trouble to note that performances of audiovisual works cannot be transmitted at all unless the transmitter has obtained copies of them. [FN133] This is why the question he asked of whether Cablevision will transmit a performance of a work to the public [FN134] implicitly contained the more pointed one of whether Cablevision will transmit a performance of a copy of a *539 work to the public. [FN135] It is reasonable and perhaps necessary for anyone trying to parse the transmit clause to infer that the technology of broadcasting requires the word “copy” to be read into it. This inference, however, also leads to confusion about what is being “performed” in these transmissions.

The confusion was reflected in the dispute over the RS-DVR service in Cartoon Network. Cablevision claimed that two different performances, both legally “private,” would result from two different RS-DVR transmissions, as long as the two transmissions emanated from two distinct copies. [FN136] The studios responded, however, that those two copies would be copies of exactly the same thing--the public performance of the work that had been transmitted to the public by the initial network telecast. [FN137] The perplexing problem posed by the Cartoon Network case was what the legal status of the RS-DVR performances should be. The solution, to the Second Circuit in 2008, as to the Supreme Court in 1908, appeared to depend on what is meant by the word “copy.” [FN138]

XI

“What Is Meant by a Copy?”

In legal arguments, the same facts often have a different significance depending on how they are framed in relation to each other. Context determines how the facts cohere, what they mean, and, *540 in the most basic sense, what they are. [FN139] The challenge that confronted the Cartoon Network court was to determine what would be transmitted when a recorded TV program is streamed through the network to an individual RS-DVR subscriber's cable box.

The same legal entity, the copy of a performance, can be viewed in two different ways, depending on the context in which it was created. The Second Circuit endorsed the position that Cablevision will be transmitting--that is, streaming a performance of--a unique copy of a TV program for the first time. This in-home performance of a copy for one viewer will be legally "private." [FN140] However, the court could just as plausibly have decided that Cablevision will be retransmitting a network telecast of the TV program, by whatever technical means, for the "nth" time. This performance would have to be defined legally as "public." We can put these two alternatives in question form. Does each copy of a network telecast have a distinct legal identity? Or are all copies of the telecast identical instances of the same copied thing? It's a question of drawing brackets around the copy and saying that the copy is unique because it was made to order for a particular subscriber (a narrow framing of the copy), or that it is not unique because it shares a common origin with copies made for other subscribers (a broader framing of the copy). [FN141]

If all copies of a telecast are copies of the same performance, then the streaming of a performance of any single copy through the network to an individual viewer's cable box should be deemed a public one. This is because, under the transmit clause, the multiple transmissions of that recorded performance from a central facility, to viewers who are dispersed in location and time, must be viewed together as one cumulative act of performance (a performance occurring at "different times" and in "separate places"). If, on the other hand, each copy of a telecast is unique, then any performance of that unique copy will be distinct from any performance of any other unique copy, and all such performances will be private, even if they are transmitted from one place to another, as long as they occur in *541 private, that is, at home, for a single viewer or a family circle of viewers. [FN142]

This type of legal fact framing--constructing a fact to become one thing or another depending on how widely one specifies its context--is a familiar maneuver to lawyers, who know that the choice in persuasive writing between partisan constructions usually isn't based on the intrinsic superiority of one construction over the other, but rather on independent grounds of legal principle, authority, or policy. The more basic question in the Cartoon Network case was why everyone involved seemed obliged to accept the premise that the nature of the RS-DVR copy--whether it will be original and unique or non-original and duplicative--will determine whether a performance of that copy by way of transmission over Cablevision's network will be a private or a public one.

As a case of statutory construction, Cartoon Network revolved around the meaning of the "separate places/different times" provision. The meaning of this provision, however, is complicated by the legal fictions of the mechanical copy and the multiple performance doctrine. In addition, Professor Melville Nimmer's preeminent copyright treatise proposed a theory of the transmit clause--the "same copy" theory--that has served as the template for over thirty years of transmit clause jurisprudence. These circumstances may have obscured the more important question that needed to be asked about the transmit clause.

Whether one agrees with the policy or not, [FN143] Congress enacted the transmit clause to make the performance right as broad as possible, as reflected in the open-ended phrase "by means of any device or process." [FN144] The transmit clause mandates that a transmission of a performance "to the public" is legally a public one even if the performance is received by the public in separate places and at different times. It is far from clear, however, how the drafters of the statute expected these serial and piecemeal public performances to come about. To what advance in broadcasting techno-

logy was Congress responding when it provided that a public performance *542 could be received in separate places and at different times? Surely it wasn't the specter of Maxwell's Video Showcase franchised nationwide.

XII

Interactive Services and Digital Copies

What seemed to have been overlooked in the heated argument over Cablevision's RS-DVR copies was that legal performance rights don't require the copyright owner to maintain control of tangible copies, regardless of whether the copies take physical or digital form. [FN145] When an author parts with a copy, of whatever type, even one that came into being under the principle of fair use, he or she is not conveying the right to stage public performances of the work. [FN146] To put this more directly, when HBO provides a copy of *The Sopranos* to Cablevision, the copy alone does not give Cablevision the right to perform the program publicly, that is, to broadcast it. The public performance of *The Sopranos* depends on the terms of Cablevision's license. If Cablevision pays for the right to play the program one time over its network, then that is all it may do. It may not rebroadcast the performance for its subscribers, either through another real-time network telecast or through a series of individually ordered transmissions (e.g., video on demand).

In an attempt to explain the transmit clause's enigmatic “different times” provision, Professor Nimmer proposed the “same copy” theory, a theory that was creative in its time and, in due course, illustrated in real life by the Redd Horne case. [FN147] In Redd Horne, the same copy of a videotape was repeatedly transmitted from a central bank of VCRs to private viewing booths. [FN148] These showings were deemed to be public performances because serial viewings of the same private performance amounted to a time-extended public one. [FN149] *543 Redd Horne was an oddity, however, because the contrivance of the video store's arrangement was devised to compensate for the scarcity and expense of VCRs, and it is difficult to imagine how that situation would ever recur. The “same copy” theory applied in Redd Horne can't possibly be an adequate response to the technological developments that Congress was anticipating. [FN150] At best, Redd Horne lives on as an example of how the “different times” provision was applied in the early 1980s.

On the other hand, the 1967 legislative history quoted in the *On Command Video* case --“sounds or images stored in an information system and capable of being performed or displayed at the initiative of individual members of the public” [FN151]--provides a very good hint of what Congress was likely concerned about, although it didn't have a name for it at the time. It is more than likely that Congress intended the transmit clause to extend performance rights to the “celestial jukebox” or what subsequently became known to Congress, in the context of digital sound recordings, as “interactive services” through which subscribers at “different times” could order performances for delivery to their radios or computers--a type of service, in the context of movies and TV programs, that would put VOD and RS-DVR under the same interactive umbrella. [FN152] Indeed, any other interpretation of *544 “separate places/different times” would set up a conflict between the transmit clause and the licensing scheme that Congress mapped out in the 1990s for interactive services or, at the very least, encourage interactive services to develop “copy then send” systems tailored to fit the Second Circuit's newly narrowed definition of public performance. [FN153] On the other hand, an understanding that

“separate places/different times” refers to interactive media would square the U.S. public performance right with the “Right of Communication to the Public” as defined in the WIPO Copyright Treaty of 1996. [FN154]

If all of this is true, then instead of focusing on the question of whether an RS-DVR performance will emanate from a single copy, like video on demand, or from multiple copies, like audio files stored in virtual lockers, the Cartoon Network court should have asked what type of access to the work the RS-DVR service will provide subscribers—one that will give access to the performance of a program at a time of their choice (i.e., an interactive service) or one that will give access only when a performance had been previously scheduled (i.e., a noninteractive service). By upgrading their cable subscriptions from real-time programming to the RS-DVR service, Cablevision's subscribers will be getting the option of exchanging a noninteractive viewing experience for an interactive one.

An interactive service is analogous to what a customer buys with the purchase of a copy of a recorded performance, while a noninteractive service corresponds to what the customer buys with a ticket to a live performance. When one buys a copy of a performance, one can access the performance through the copy *545 whenever one wants to, but when one buys a ticket to a performance, one can access the performance only when it is ready to be staged. Copies, in other words, are to interactivity as performances are to noninteractivity. Indeed, it can be argued that the doctrinal distinction between copies and performances was really all along “just a proxy for the actual distinction that was (and still is) economically and conceptually central to copyright law,” as Jonah Knobler put it, “the distinction between interactive and non-interactive communication of works, or in other words, between access at will and the mere passive, happenstance experiencing of works.” [FN155]

Professor Sara K. Stadler observed that tangible copies provide consumers with the “freedom . . . to experience a work unlimited times,” [FN156] which is why she alleged that copyright owners have gravitated toward business models based on performance rights instead of reproduction and distribution rights:

Perhaps the most significant way in which the performance right imposes costs on society . . . is by encouraging copyright owners to provide the public with experiences without also providing the public with tangible copies Whither physical copies? Suddenly, the name of the game is evanescence: if consumers cannot possess a copyrighted work, then rightsholders can charge consumers a royalty each time consumers experience it. [FN157]

In the Cartoon Network case, the studios would have prevailed if the court had recognized that the copies that RS-DVR creates would be short lived byproducts of a process for transmitting public performances at “different times,” [FN158] rather than true personal copies *546 held in storage for safekeeping. In fact, there will be nothing permanent or personal about the RS-DVR copies because subscribers will lose them when they run out of disk space or when they let their subscriptions lapse. Their access to the RS-DVR copies, supposedly theirs, lasts only as long as they continue to pay Cablevision's subscription fee. As I suggested earlier, the reason the arguments over performance rights focused on the concept of the copy, when there were really no copies in sight, [FN159] is that the copy has become a metaphor for what interactivity provides: on-demand access to experiences of works of authorship. This is why Nimmer's “same copy” theory remains so persuasive to judges and lawyers, even though it has little relevance to transmissions of digitally recorded performances. [FN160]

***547 XIII**

“Virtual” Time-Shifting as Fair Use?

What made Cablevision's defense compelling was that its RS-DVR will not only fulfill the same purpose as Sony's Betamax did but that it will do so in the same way, by saving individual copies of TV programs. Even though RS-DVR will be a service and Betamax was a device, Cablevision's remote storage service and the set-top storage devices it already rents to its customers will be, functionally, much the same thing. Betamax allowed purchasers of the machine to “time-shift” their TV programs by literally making videotape copies of them; RS-DVR will allow subscribers to reserve viewing time by signaling to Cablevision in advance that they intend to “time-shift” a particular program.

Cablevision's RS-DVR subscribers will never take possession of physical copies of their programs, but from the viewpoint of functionality, the process by which their time-shifting is accomplished is unimportant. If Betamax was a device for time-shifting, RS-DVR might be described as a service for “virtual” time-shifting. Because they do the same thing and their effect on the market will, in all probability, be much the same, it might seem to be elevating form over substance to disagree with the assertion that “virtual time-shifting is time-shifting too.” This is because it shouldn't matter to copyright owners whether personal copies of TV programs--programs that have already been aired in real time over the broadcast network--are stored by Cablevision at a remote location or stored by its subscribers on their set-top DVRs, or, for that matter, stored anywhere at all. Whether the copies are virtual or real--who cares if they serve the same purpose? It sounds like a classic distinction without a difference.

The way to approach this objection is to recognize that it has nothing to do with the question of whether the RS-DVR service will transmit private or public performances. The objection, in essence, is *548 that, however one characterizes the RS-DVR service or proposes to answer the legal questions it evokes, [FN161] what RS-DVR accomplishes should be found permissible as long as it does no harm to the legitimate interests of the copyright owners. The lens through which this objection must be viewed is that of fair use.

The Solicitor General was correct that Cablevision's decision to forgo a fair use defense left a gap in the record that detracted from Cartoon Network's value as a bellwether case. (Of course, Cablevision's decision was strategically correct because it prevailed without using the defense.) In any event, reserving judgment on whether the Solicitor General's advice to the Supreme Court was sound, I'd like to conclude by briefly considering what filling this gap would entail.

In policy terms, the question would be whether the consumer's fair use becomes the service provider's unfair use when a copying service is undertaken for profit by a commercial enterprise. Doctrinally, the question would be whether the decision of the Sixth Circuit in *Princeton University Press v. Michigan Document Services, Inc.* [FN162] was correct and, if so, whether it should be extended from the educational photocopying context to the entertainment time-shifting one. As I pointed out earlier, Cablevision's RS-DVR subscribers won't be uploading their own lawfully obtained copies of TV programs to Cablevision's servers, as they would be if Cablevision were maintaining a “virtual locker” for remote access, nor will Cablevision be downloading personal copies of TV programs to the cable boxes of its subscribers, as it would be if Cablevision were maintaining a

straightforward copying service. Instead Cablevision will be streaming performances that emanate from custom-made copies of real-time programming that were ordered by, but never physically or electronically delivered to, its subscribers. This is why I have been arguing that the provenance of the copy obscured the key fact on which the decision should have been based--that Cablevision's service will be interactive rather than noninteractive.

It would be easy enough, though, to suggest to Cablevision that instead of transmitting performances to its subscribers' cable boxes, it should redesign its service to deliver copies. With this change, the *549 fair use defense to direct infringement, as stated by the three dissenting opinions in Michigan Document, would be front and center.

In Michigan Document, a sharply divided Sixth Circuit held that a commercial copyshop, which created custom-made "coursepacks" by photocopying excerpts from textbooks and scholarly works, was not entitled to a fair use defense. [FN163] The copyshop, which apparently had few qualms about directly infringing the publishers' copyrights, [FN164] argued that, had the copying been done by the students themselves on machines provided by the store, the students presumably would have been entitled to a fair use defense. [FN165] Why shouldn't the copyshop stand in the shoes of its customers when it is acting on their behalf? [FN166] The copyshop didn't select the copied material (the instructor did that), and its "fee for reproducing [a page of] copyrighted materials [was] the same as [its] fee for a blank page." [FN167] The copyshop was only enabling the students to do more efficiently what they were entitled to do for themselves. As Judge Merritt put it in his dissent, "[t]here is no reason why in this instance the law should discourage high schools, colleges, students and professors from hiring the labor of others to make their copies any more than there is a reason to discourage lawyers from hiring paralegals to make copies for [their] clients and courts." [FN168]

The analogous point here would be that TV viewers, who are already allowed to copy TV programs on their set-top DVRs and VCRs, should be allowed to make their copies instead on network-based remote storage systems if that technology is more convenient *550 and efficient. The majority in the en banc decision didn't necessarily overlook the beneficial economies created by a for-profit service that allowed the students to outsource the drudgery of making photocopies to an enterprise that could do it painlessly and cheaply. But the majority, led by Judge David A. Nelson, thought that the balance of the equities shifts against fair use when someone is making money from copying copyrighted works and not sharing the profits with the copyright owners. [FN169]

These positions can be transposed from the photocopying context into the time-shifting context. Home video recording for time-shifting is a fair use under Sony in part because it wasn't palatable for the Supreme Court to turn all of those home viewers into copyright infringers and also because time-shifting on Betamax machines did little or no harm to the interests of the plaintiff copyright owners, who had already been paid for licensing the initial, real-time telecasts of their programming. [FN170] Cablevision's RS-DVR service should likewise be deemed a fair use because it is merely a more efficient *551 way of continuing to do what already has been legally done for over twenty-five years.

The argument on the other side would be that network-based storage and retrieval systems create new opportunities for exploiting copyrighted works. These opportunities are comparable to the new opportunities for exploiting scholarly and educational works created by the photocopying machines

in Michigan Document. In their amicus brief to the Supreme Court, the performing rights societies, ASCAP and BMI, highlighted the scale of Cablevision's infringements through its RS-DVR service.

So, for example, an episode of the AMC cable network program *Mad Men* might be transmitted by Cablevision on a given Sunday night at 10 p.m., in its scheduled time slot. If just 1% of Cablevision's subscribers--approximately 30,000 households--elect to use the RS-DVR system to watch the episode at a later time, 30,000 households receive transmissions from Cablevision of that episode that they watch at those later times as the program arrives by cable at their home televisions. According to the Second Circuit, these are 30,000 "private" performances of the same exact episode, all transmitted from Cablevision's central "head-end" by cable to its subscribers' households. And of course, Cablevision can charge its subscribers for the privilege of watching these supposedly "private" performances. [FN171]

Taken one by one, Cablevision's RS-DVR infringements may be negligible, but as a whole, they will likely amount to sizeable business opportunities for Cablevision and other service providers to exploit. That is why ASCAP and BMI claimed that "the Second Circuit's decision creates a loophole in the copyright law through which all sorts of commercial media companies could seek to avoid paying public performance license fees." [FN172]

The response to this claim would be that the market for RS-DVR copies and performances didn't exist until Cablevision invented it by inventing the RS-DVR. Why isn't this new use presumptively fair rather than presumptively unfair? As Judge Ryan put it in his *552 Michigan Document dissent, "[t]he argument that . . . [the copyshop's] publication of unauthorized compilations interferes with their ability to obtain licensing fees from other copyshops simply returns the publishers to their original circular argument that they are entitled to permission fees, in part, because they are losing permission fees." [FN173] The viability of the market for permission fees, in other words, depended on the scope of the publishers' copyrights. If the copyshop's unauthorized use of the publishers' books was indeed a fair one, then the publishers had no right to demand permission fees in the first place.

This is why Judge Ryan thought an initial finding that the copyshop wasn't engaged in fair use couldn't be based on its refusal to pay permission fees. The market for permission fees, he maintained, wouldn't legitimately come into being until after the copyshops found out that they were legally obliged to pay them. This lesson, carried forward to Cartoon Network, implies that the Second Circuit would have to decide for itself whether the licensing market for RS-DVR copies and performances should exist and, if so, what its boundaries should be. In that undertaking, it would have to base its decision on its own disinterested assessment of whether Cablevision's RS-DVR will be either "time-shifting" under a different guise or "video on demand" under a different guise or, if neither of the two, which one it will more closely resemble. [FN174]

Conclusion

In *Cartoon Network*, the Second Circuit was asked to review the relationship between copies and performances in the context of a direct infringement claim against Cablevision that was brought by a consortium of movie and television studios. The sequence of *553 questions raised by the facts in the case resembled a copyright law exam devised by an especially devious professor.

Will Cablevision make unauthorized copies of the studios' programming by copying its entire

programming stream into its RS-DVR intake buffer, even though these buffer copies will only persist for a matter of seconds before being erased or transferred to the personal folders of its individual subscribers? [FN175] If not, will the automated copying and storage of individual media files on behalf of its subscribers represent “volitional” copying, for which Cablevision itself should be held directly or contributorily liable? Regardless of whether Cablevision or its subscribers will be responsible for creating the RS-DVR copies, will those copies be “publicly” performed by Cablevision when Cablevision streams performances of the copies through its cable network to the subscribers who ordered them? Finally, had it been found liable, could Cablevision's infringements have been excused as a fair use?

I have narrowed my focus here to the difficulties presented by the statutory definition of public performance, particularly the “transmit clause” and its puzzling provision that says a transmission of a performance to the public qualifies as public performance even if the performance is received by the public in “separate places” and at “different times.” The Second Circuit, in my view, decided the case wrongly, at least on this issue. The principal error in the court's interpretation of the transmit clause was that it failed to see that the phrase “separate places/different times” refers to what are now known as “interactive services.” The principal error in the court's application of the transmit clause was that it substituted the word “transmission” for the word “performance” in the phrase “capable of receiving the performance,” which led it to mistakenly conclude that each RS-DVR transmission will represent a private rather than a public performance because only the subscriber whose cable box is *554 associated with that RS-DVR copy will be capable of receiving that RS-DVR transmission.

Had the court instead focused on who will be capable of receiving the performance that will be embodied in the RS-DVR copy, it would have found that every customer who has a subscription to Cablevision's linear programming schedule will be capable of receiving the performance preserved in the RS-DVR copies of that particular telecast. The transmission of a performance of an RS-DVR copy to an individual's cable box, even though that transmission will go only to one subscriber, should have been found to be a public performance because RS-DVR will be an interactive service that will enable public performances to be received by subscribers who pay for the convenience of receiving their performances (or, if you will, accessing their RS-DVR copies) in “separate places” and at “different times.”

The difficulty with which the court grappled on the public performance issue came from the coincidence of these four complicating factors:

(1)uncertainty about the statutory definition of public performance (specifically, what does the “separate places/different times” provision refer to?);

(2)the legal fictions of the “mechanical copy” and the “multiple performance” doctrines that were devised by the Supreme Court in the early twentieth century, and carried over in the Copyright Act of 1976, to accommodate the new technologies of recorded sound and radio broadcasting;

(3)an authoritative commentary by Professor Nimmer that, over the past thirty-plus years, has had the untoward effect of locking the transmit clause's jurisprudence into an anachronistic focus on single copies made in an outmoded technology; and

(4)the mystifying character of the digital copy itself, which fixes a work of authorship in perman-

ent form but does so by creating a textual form of zeros and ones that is just as intangible as the authorial expression it embodies.

Finally, behind it all, the court in *Cartoon Network* had to deal with the ongoing and inescapable fact that works of authorship may be manifested in both copies and performances, as well as in copies of performances, while, more easily than ever before and in limitless seriality, performances can be copied, and copies performed. When a copy of a performance of a work is performed, what is being performed--a work or a copy? The question sounds like a riddle, but *555 it has practical consequences. See, for example, the Second Circuit's decision in *Cartoon Network*.

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[FN1]. Benjamin Kaplan, [Publication in Copyright Law: The Question of Phonograph Records](#), 103 U. Pa. L. Rev. 469, 473 (1955).

[FN2]. Reproduction and distribution together compose the familiar copyright concept of “publication.” Publication might be thought of as the core right of copyright, as well as, traditionally, the primary interest of the copyright owner. Performances of works may also be “published,” i.e., physically distributed, either in the form of copies (“phonorecords” for musical works and films, tapes, DVDs, etc., for audiovisual works) or through electronic transmission (radio, cable, Internet, etc.).

When a performance is transmitted, its transient sounds and images are made perceptible to the listener or viewer through a receiving device, but they are not necessarily fixed by the device for subsequent retrieval. A performance that is transmitted over radio or television or that is streamed over the Internet, therefore, usually doesn't implicate the reproduction right, but see *infra* note 80, although what is performed usually emanates from the playing of a “mechanical” (nowadays, electronic) or machine-readable copy. Even in the case of live performances, the performers are presumably reading from a copy of the work that they are performing, unless the work is improvised by the performers themselves.

[FN3]. 536 F.3d 121 (2d Cir. 2008), cert. denied, 129 S. Ct. 2890 (2009). *Cartoon Network* is a cable channel controlled by Time Warner, Inc., and CSC Holdings is the name of Cablevision's operating company. The Second Circuit reversed Judge Denny Chin's decision in the district court. See [Twentieth Century Fox Film Corp. v. Cablevision Sys. Corp.](#), 478 F. Supp. 2d 607 (S.D.N.Y. 2007). In the Supreme Court, the appeal of *Cartoon Network* was filed as Petition for Writ of Certiorari, [Cable News Network, Inc. v. CSC Holdings, Inc.](#), 129 S. Ct. 2890 (2009) (No. 08-448), 2008 WL 4484597. The content providers involved in the final stage of the litigation, who were listed for the Supreme Court as petitioners (i.e., the “studios”), were Twentieth Century Fox Film Corp., Universal City Studios Productions LLLP, Paramount Pictures Corp., Disney Enterprises, Inc., CBS Broadcasting, Inc., American Broadcasting Co., Inc., NBC Studios, Inc., *Cartoon Network, Inc.*, *Cable News Network, Inc.*, *Turner Broadcasting Sys., Inc.*, *Turner Network Sales, Inc.*, *Turner Classic Movies, Inc.*, and *Turner Network Television, Inc.* See *id.* at iii-vi.

[FN4]. See [Cartoon Network](#), 536 F.3d at 123.

[FN5]. [Id.](#) at 124.

[FN6]. [464 U.S. 417 \(1984\).](#)

[FN7]. [Id.](#) at 442-47. Sony was absolved from contributory infringement principally because its Betamax VCR was found to have “substantial noninfringing uses,” viz., it could be used to record unprotected material. [Id.](#) at 418. Because the VCR is a multi-use technology rather than one that is useful only for infringing, Sony's awareness of the potential infringing home uses of its machine was no more than “equivocal.” [Id.](#); cf. [Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.](#), [545 U.S. 913, 932-33 \(2005\)](#) (noting that Sony “absolves the equivocal conduct of selling an item with substantial lawful as well as unlawful uses”). In addition, there was no underlying direct infringement by the home viewers who purchased Sony's VCRs because their “time-shifting” of broadcast television programming was by and large excusable as fair use. [Sony](#), [464 U.S.](#) at 447-57.

[FN8]. The studios did not charge Cablevision with contributory infringement, perhaps assuming that Sony shielded [Cablevision from this claim](#). [Cartoon Network](#), [536 F.3d](#) at 124. For its part, Cablevision did not assert a fair use defense. [Id.](#) In opposing the studios' attempt to get a hearing by the Supreme Court, the Solicitor General, Elena Kagan, argued that the omission of these “two critical issues” was an “artificial truncation of the possible grounds for decision” and made the case “an unsuitable vehicle for clarifying the proper application of copyright principles to technologies like the one at issue here.” Brief for the United States as Amicus Curiae at 6, [Cable News Network, Inc. v. CSC Holdings, Inc.](#), [129 S. Ct. 2890 \(2009\) \(No. 08-448\)](#), [2009 WL 1511740](#) [hereinafter S.G. Brief]. However, Kagan recognized that network-based services raise important copyright issues that are likely to recur in other contexts, and she left the door open to changing the government's position if a circuit split later develops. See [id.](#) at 7 & n.3. For two obvious reasons, the studios probably would not have gotten very far on a theory of contributory infringement: (1) the likelihood that there will be no underlying direct infringement because the time-shifting by Cablevision's subscribers will be a permissible fair use, and (2) Sony's expansive safe harbor for new technology with substantial, non-infringing uses. The Second Circuit hinted, however, that it might have viewed the “volitional copying” issue more favorably for the studios had they framed it as a contributory rather than a direct infringement claim because of a fact that distinguished the case from Sony--the “ongoing relationship” between Cablevision and its RS-DVR subscribers. See [Cartoon Network](#), [536 F.3d](#) at 132-33 (citing [Sony](#), [464 U.S.](#) at 437-38). (The “volitional copying” issue is briefly explained in [infra](#) note 81.)

On the other hand, it was possible that a Cablevision fair use defense might have succeeded, although Cablevision would have had to overcome the problem that the Second Circuit had rejected a similar tactic ten years earlier. See [Infinity Broadcast Corp. v. Kirkwood](#), [150 F.3d 104, 108-12 \(2d Cir. 1998\)](#) (retransmission of radio broadcasts by operator of telephone monitoring service was not a fair use).

A related question was whether Cablevision, if denied a fair use defense on its own behalf, could have asserted that it was acting for the benefit of its subscribers. This too, however, would have been a long shot because for-profit businesses are generally not allowed to stand in the shoes of their customers for the purposes of fair use. See, e.g., [Princeton Univ. Press v. Mich. Document Servs., Inc.](#), [99 F.3d 1381, 1389 \(6th Cir. 1996\)](#) (en banc). In any event, Cablevision--as it turned out, wisely--chose not to assert a fair use defense of any type, and the studios obviously couldn't do it on Cablevision's behalf. See [infra](#) text accompanying notes 161-74, for a discussion of the fair use issue.

[FN9]. See Gérard Genette, *The Work of Art: Immanence and Transcendence* 91-99 (G.M. Goshgarian trans., Cornell Univ. Press 1997) (1994).

[FN10]. 17 U.S.C. § 102(a) (2006).

[FN11]. See Sara K. Stadler, *Performance Values*, 83 *Notre Dame L. Rev.* 697, 700, 708-10 (2008) (describing origins of performance rights in live performances from textual copies).

[FN12]. See 17 U.S.C. § 101 (2006). The statute defines “audiovisual works” as “works that consist of a series of related images which are intrinsically intended to be shown by the use of machines, or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds.” *Id.* (emphasis added).

[FN13]. *Id.* The statute defines “sound recordings” as “works that result from the fixation of a series of musical, spoken, or other sounds.” *Id.* Although this definition is broad enough to cover recordings of sounds that aren't also performances of works (such as bird calls or street noises), a copyrighted sound recording in the music industry is almost invariably a reproduction of a performance that consists of an underlying work (usually a musical composition) and a performance of that work.

[FN14]. *Id.* (emphasis added). The legislative history elaborates on this definition.

[T]he concepts of public performance and public display cover not only the initial rendition or showing, but also any further act by which that rendition or showing is transmitted or communicated to the public. Thus, for example: a singer is performing when he or she sings a song; a broadcasting network is performing when it transmits his or her performance (whether simultaneously or from records); a local broadcaster is performing when it transmits the network broadcast; a cable television system is performing when it retransmits the broadcast to its subscribers; and any individual is performing when whenever he or she plays a phonorecord embodying the performance or communicates the performance by turning on a receiving set.

H.R. Rep. No. 94-1476, at 63 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5678 (emphasis added).

[FN15]. See Jeffrey Malkan, *What is a Copy?*, 23 *Cardozo Arts & Ent. L.J.* 419, 425 n.24 (2005). This is only true of textual copies, that is, copies of literary and dramatic works (as well as scores of musical works). *Id.* The case is different for pictorial, graphic, and sculptural works. *Id.* For those artworks (leaving aside the special cases of serially produced prints or sculptures cast from molds), the only authentic copy is the first one made by the artist; the rest are reproductions. *Id.*

[FN16]. See *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 126 (2d Cir. 2008). This raised the peripheral question of whether the court could decide against Cablevision without taking sides in a contest between competing technology platforms. The network vs. device question was put to the Second Circuit in an amicus brief by Professor Timothy Wu of Columbia Law School. Brief of Amicus Curiae Professor Timothy Wu in Support of Reversal, *Cartoon Network*, 536 F.3d 121 (2d Cir. 2008) (No. 07-1480-cv(L)), 2007 WL 6101597. He argued that the court should not handicap the technology race between networked “cloud” computing and dispersed “desktop” computing by penalizing a storage and retrieval process that could be performed more efficiently on a network. See *id.* at 12-17. The flip side to this rationale was the studios' objection that Cablevision's technology is, in fact, inefficient: there is no technical benefit to making and storing thousands of personal copies of its

linear programming, rather than using one master copy to satisfy all customer orders. See Brief of Plaintiffs-Counter-Defendants-Appellees Twentieth Century Fox Film Corp., et al. at 26 n.3, [Cartoon Network](#), 536 F.3d 121 (2d Cir. 2008) (No. 07-1480-cv(L)), 2007 WL 6101619 [hereinafter Fox Brief]. They argued that the only reason for Cablevision to save all of these duplicative copies would be the legal one of distinguishing RS-DVR from VOD. See *id.*

[FN17]. Brief and Special Appendix for Defendants-Counterclaimants-Appellants at 57, [Cartoon Network](#), 536 F.3d 121 (2008) (No. 07-1480-cv(L)) [hereinafter Cablevision Brief].

[FN18]. See [Cartoon Network](#), 536 F.3d at 126. The system will make buffer copies of Cablevision's entire programming stream, and then select particular programs to preserve in the form of RS-DVR copies for subscribers who ordered them. See *id.* at 124-25. Cablevision argued that the buffer copies will be too transient to qualify as “fixed,” and that the RS-DVR copies will be made by the subscribers themselves, through the remote operation of their cable boxes, rather than by Cablevision. See *id.* at 129-30. The Second Circuit accepted both of these defenses, *id.* at 127-33, but intimated that the latter issue might have gone in favor of the studios had they framed it in terms of contributory rather than direct infringement, see *id.* at 132-33.

[FN19]. See Brief of Plaintiffs-Counterclaim-Defendants-Appellees at 27-47, [Cartoon Network](#), 536 F.3d 121 (2008) (No. 07-1480(cv)(L)). The question of who will “perform” the copies--Cablevision or the home viewer--mirrored the question of who will “reproduce” the copies. On this issue, the most important difference between the reproduction and performance rights is that one party (Cablevision) or the other (the home viewer) must be assigned responsibility for copying the televised broadcast, that is, for being the direct infringer. The options are mutually exclusive. (It would have been possible, of course, to find that only the home viewer will directly infringe, but that Cablevision will contributorily infringe by facilitating the infringement.) In contrast, both the Cablevision and the home viewer could have been found fully responsible for performing the work when a program is transmitted to a viewer through a network-Cablevision by transmitting it and the home viewer by receiving it (that is, “playing” it on a radio or TV set).

This is because transmitting a performance and receiving a transmission are both recognized to be legal performances of the work, under the “multiple performance” doctrine, first articulated by Justice Louis Brandeis in 1931, see [Buck v. Jewell-LaSalle Realty Co.](#), 283 U.S. 191, 198 (1931), and rejuvenated by the definition of public performance in the Copyright Act of 1976, see *supra* note 14. (In the interim between 1931 and 1976, the doctrine's viability had been thrown into doubt by the Supreme Court's decisions in [Fortnightly Corp. v. United Artists Television, Inc.](#), 392 U.S. 390, 396 n.18 (1968), and [Teleprompter Corp. v. Columbia Broadcasting System, Inc.](#), 415 U.S. 394, 406-10 (1974)).

The Second Circuit in [Cartoon Network](#) declined to answer the question of who will be performing the RS-DVR copies, but warned rather cryptically that even if the subscriber, rather than Cablevision, will be doing the “copying,” it does not necessarily follow that the subscriber, rather than Cablevision, will also be doing the “performing” because “[t]he definitions that delineate the contours of the reproduction and public performance rights vary in significant ways.” [Cartoon Network](#), 536 F.3d at 134.

[FN20]. [Cartoon Network](#), 536 F.3d at 135-36.

[FN21]. *Id.* at 136.

[FN22]. 17 U.S.C. § 101 (2006).

[FN23]. See *id.*

[FN24]. See 2 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 8.14 [C][3] (2006).

[FN25]. See Ann Bartow, *The Hegemony of the Copyright Treatise*, 73 U. Cin. L. Rev. 581, 595-96 (2004).

[FN26]. See 2 Nimmer & Nimmer, *supra* note 24, at § 8.14[C][2]-[3].

[FN27]. *Id.* at § 8.14[C][3].

[FN28]. *Id.* at § 8.14[C][3]. Nimmer's example failed to illustrate the point he was trying to make because the phrase "separate places/different times" is quoted from the "transmit clause," and a phonograph record played at home isn't a transmission of a performance, even under the Copyright Act's expansive definition of "transmit." See *id.* This is because the recording would be considered a mechanical copy of the work rather than any kind of performance of it. The composer accordingly would be entitled only to the compulsory license fees for mechanical copies specified by section 115. See 17 U.S.C. § 115(a) (2006). Subsequently, the composer might receive performances royalties if the recording is publicly performed by transmission to the public or by being played in a public place, but he or she would not receive royalties for private performances, such as, in Nimmer's example, when the purchaser of a phonograph record plays it at home. See *id.* at § 115(a)(1).

One of the first comments published on the Cartoon Network case provided a better illustration of Nimmer's point about "separate places/different times." "It is fairly obvious to say that if I make my own VCR recording of Top Chef and watch it again in my own home, then that would not be a public performance, as it would not fall under either clause of what is considered a public performance." Cindy Abramson, Note and Recent Development, *Where's the Remote? The Importance of the Location of the Remote Control (and the One Who Uses It) in Determining Liability for Copyright Infringement for Remote Storage DVRs*, 27 Cardozo Arts & Ent. L.J. 145, 158 (2009). This statement is correct, but not obviously so because the literal reading supposed by Nimmer would find it significant that other members of the viewing public will likely be making their own copies of the transmission and viewing them at "separate places" and "different times." Even so, the transmit clause wouldn't apply here because the homemade video would be considered a personal copy made under the privilege of fair use, rather than a time-delayed transmission of the telecast. See *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 441, 446-56 (1984). The subsequent "performance" of the personal copy at home, for a single viewer or a family circle, would be a private one.

[FN29]. 2 Nimmer & Nimmer, *supra* note 24.

[FN30]. See *id.*

[FN31]. What makes the clause open-ended is the phrase "transmit or otherwise communicate." 17 U.S.C. § 101 (emphasis added). As expansive as this language is, it would seem to exclude hand delivery of a physical copy. The legislative history speaks to all conceivable forms of "wired or wire-

less communications media.” See [David v. Showtime/The Movie Channel, Inc.](#), 697 F. Supp. 752, 758-59 (S.D.N.Y. 1988) (quoting H.R. Rep. No. 94-1476, at 64 (1996)); see also [Columbia Pictures Indus., Inc. v. Prof'l Real Estate Investors, Inc.](#), 866 F.2d 278, 281-82 (9th Cir. 1989) (interpreting “otherwise communicate” to refer only to processes that involve electronic transmission devices). Nimmer understood Professional Real Estate Investors to “implicitly establish[] that videodisk or videotape rental simpliciter is nonactionable.” See 2 Nimmer & Nimmer, *supra* note 24.

[FN32]. *Id.* (citations omitted). Of course, the penny arcade itself would easily have qualified as a “place open to the public” under the first clause of the statutory definition of public performance. See *supra* text accompanying note 22.

[FN33]. 749 F.2d 154 (3d Cir. 1984).

[FN34]. *Id.* at 156-57.

[FN35]. *Id.*

[FN36]. *Id.* at 157. The viewers could not be unrelated; i.e., they would have to come into the store together. *Id.*

[FN37]. *Id.* at 156-57.

[FN38]. *Id.* at 158-59.

[FN39]. *Id.* In other words, he chose to frame the site of the disputed “performance” broadly, which made it a public place, rather than narrowly, which would have made it a private one. See *infra* note 139 and accompanying text.

[FN40]. The judge in [On Command Video Corp. v. Columbia Pictures Industries](#) thought that a “performance occurs where it is received,” that is, in the case of a movie video, “only when it is visible and audible.” 777 F. Supp. 787, 789 (N.D. Cal. 1991). This would mean in *Redd Horne* that the performance of the videos occurred only in the viewing booths. However, this conclusion would be inconsistent with the legislative history, see *supra* note 14, and generally with the multiple performance doctrine, according to which a work is “performed” on both ends of a transmission--both by the sender and the receiver, see text accompanying *infra* note 132.

[FN41]. [Redd Horne](#), 749 F.2d at 159. In fact, the “transmit clause” dictum provides a better ratio decidendi than the court's principal holding, which was not very persuasive. An old-fashioned telephone booth, the obvious analogue, is open to any member of the public who wants to use it, but once in use, the person inside is entitled to a reasonable expectation of privacy. [Katz v. United States](#), 389 U.S. 347, 352 (1967) (delineating a Fourth Amendment privacy right). The same was no doubt true of Maxwell's viewing booths, which, unlike telephone booths, presumably did not have transparent doors.

[FN42]. [Redd Horne](#), 749 F.2d at 159.

[FN43]. *Id.* A public performance in “different times,” one might note, but not in “separate places.”

[FN44]. 800 F.2d 59, 60 (3d Cir. 1986).

[FN45]. *Id.* at 61.

[FN46]. *Id.*

[FN47]. *Id.* at 63.

[FN48]. Nimmer nevertheless thought Aveco was correctly decided because “the defendant has usurped the copyright owner's right to authorize public performances merely by furnishing the public viewing facility.” 2 Nimmer & Nimmer, *supra* note 24 (assuming the “viewing facility” was public). Nimmer also thought that, even though the tapes weren't played and transmitted by Aveco, the store might still be liable as a contributory infringer. *Id.* (assuming Aveco's customers were infringers).

[FN49]. 866 F.2d 278 (9th Cir. 1989).

[FN50]. 777 F. Supp. 787 (N.D. Cal. 1991).

[FN51]. *Prof'l Real Estate Investors*, 866 F.2d at 279.

[FN52]. *Id.* at 281-82.

[FN53]. *Id.* at 281.

[FN54]. *Id.*

[FN55]. Perhaps the line did need drawing. In *Video Views, Inc. v. Studio 21, Ltd.*, the Seventh Circuit approved the district court's jury instruction that “adult films” shown in private viewing booths would infringe the public performance right if the video arcades in which the booths were located were found to be “open to the public.” 925 F.2d 1010, 1019 (7th Cir. 1991). The court stated that it was following *Redd Horne* and advised that it was disagreeing with *Professional Real Estate Investors* to the extent that the Ninth Circuit's definition of public performance couldn't be harmonized with the Third's. *Id.* at 1020. (Of course it could be harmonized by the fact that a hotel room, unlike a viewing booth, is a dwelling place, albeit a transient one.)

[FN56]. On *Command Video Corp. v. Columbia Pictures Industries*, 777 F. Supp. 787, 788 (N.D. Cal. 1991).

[FN57]. *Id.* at 788.

[FN58]. *Id.* at 789-90.

[FN59]. *Id.*

[FN60]. See *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 135 (2d Cir. 2008).

[FN61]. On *Command Video Corp.*, 777 F. Supp. at 790 (quoting H.R. Rep. No. 90-83, at 29 (1967)).

[FN62]. *Columbia Pictures Indus., Inc. v. Redd Horne, Inc.*, 749 F.2d 154, 157 (3d Cir. 1984).

[FN63]. A final descendant of Redd Horne provides an illegal example of VOD. In *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, the district court in New Jersey held that a video clip compiler, who maintained a network for streaming movie previews from the Web sites of video retailers to the home computers of their retail customers, was publicly performing, without permission, the movies from which the previews were taken. 192 F. Supp. 2d 321, 332 (D.N.J. 2002), *aff'd*, 342 F.3d 191 (3d Cir. 2003).

[FN64]. A transmission of a performance is a type of performance. See *supra* note 14. Of course, not all transmissions are performances; other things can be transmitted--most relevantly, copies of works via a digital "download." See *infra* note 80 for a discussion of downloads.

[FN65]. Reply Brief for Defendants-Counterclaimants-Appellants at 41, *Cartoon Network*, 536 F.3d 121 (2d Cir. 2008) (No. 07-1480-cv(L)), 2007 WL 6101594 [hereinafter *Cablevision Reply Brief*].

[FN66]. *Id.* at 42 (citations omitted) (quoting 2 Nimmer & Nimmer, *supra* note 24, at § 8.14[C][2]).

[FN67]. Fox Brief, *supra* note 16, at 11-12.

[FN68]. *Cablevision Reply Brief*, *supra* note 65, at 44-45 (citations omitted).

[FN69]. Brief in Opposition at 30, *Cable News Network, Inc. v. CSC Holdings, Inc.*, 129 S. Ct. 2890 (2009) (No. 08-448), 2008 WL 5168381.

[FN70]. *Id.* Michael Robertson claimed that the Second Circuit's ruling in the *Cartoon Network* case "set a definitive legal precedence [sic] for other responsibly run media storage and delivery services like MP3tunes." Michael Robertson, *Cloud Video Is Legal, How About Cloud Music?*, (Aug. 5, 2008), http://michaelrobertson.com/archive.php?minute_id=270; cf. Brad Stone & Claire Cain Miller, *Music Business Heads into Virtual World*, N.Y. Times, Dec. 16, 2009, <http://www.nytimes.com/2009/12/16/technology/internet/16tune.html> (reporting Apple's acquisition of music streaming/storage service Lala). Robertson's company, MP3.com, was found liable for copyright infringement in *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 350 (S.D.N.Y. 2000). See *infra* note 83.

[FN71]. See Fox Brief, *supra* note 16, at 25-27.

[FN72]. *Id.*

[FN73]. *Id.* at 24.

[FN74]. *Id.*

For example, *Cablevision* would transmit HBO's telecast of "The Wire" Episode 48 at 11:00 PM on June 30, 2007 (a) to thousands of its subscribers who pay for HBO at 11:00 PM on June 30, 2007; and (b) those subscribers who pay an additional fee for RS-DVR at any times of their choosing after 12:00 AM on July 1, 2007, e.g., to Subscriber X at 8:00 PM on July 1, 2007 and 7:00 PM on July 5, 2007 and to Subscriber Y at 9:00 PM on August 1, 2007.

Id. at 24-25.

[FN75]. Brief in Opposition, *supra* note 69.

[FN76]. *Id.*

[FN77]. Fox Brief, *supra* note 16, at 27.

[FN78]. *Id.* at 27-28.

[FN79]. *Id.* (citation omitted).

[FN80]. The leading case on this point is [United States v. American Society of Composers, Authors & Publishers \(ASCAP\)](#), 485 F. Supp. 2d 438 (S.D.N.Y. 2007). In what the district court termed an issue of first impression, it held that the downloading of a digital musical file is not a performance of the song embodied in that file. *Id.* at 443. “In order for a song to be performed,” Judge William C. Connor stated, “it must be transmitted in a manner designed for contemporaneous perception.” *Id.*; see also Jonah M. Knobler, [Performance Anxiety: The Internet and Copyright's Vanishing Performance/Distribution Distinction](#), 25 *Cardozo Arts & Ent. L.J.* 531, 568 (2007) (questioning the post-Internet viability of the distinction between performing and mechanical rights); W. Jonathan Cardi, [Uber-Middleman: Reshaping the Broken Landscape of Music Copyright](#), 92 *Iowa L. Rev.* 835, 852-66 (2007) (describing technical differences between digital downloading and streaming); Jesse Rendell, Comment, [Copyright Law in the New Millennium: Digital Downloads and Performance Rights](#), 81 *Temp. L. Rev.* 907, 918-26 (2008) (suggesting, contrary to ASCAP, that digital downloads may implicate performance rights).

If downloading a copy doesn't trigger performance rights, can the converse be true--can streaming a performance trigger reproduction rights? In response to the Second Circuit's ruling, the music publishers asked the Supreme Court to review the *Cartoon Network* case, arguing that the court's holding on the “buffer copy” issue interfered with rulemaking on the issue proceeding under the auspices of the Copyright Office. See Brief of National Music Publishers' Ass'n, Inc. as Amicus Curiae in Support of Petitioners at 10-22, [Cable News Network, Inc. v. CSC Holdings, Inc.](#), 129 S. Ct. 2890 (2009) (No. 08-448), 2008 WL 4843618; [Compulsory License for Making and Distributing Phonorecords, Including Digital Phonorecord Deliveries](#), 73 *Fed. Reg.* 40,802, 40,802-13 (July 16, 2008). After accepting comments about the *Cartoon Network* case, the Copyright Office determined that the opinion, while not definitive, had caused sufficient uncertainty to make it inadvisable to engage in rulemaking activity on the issue of whether buffer copies fall within the [§ 115 compulsory license](#). See 73 *Fed. Reg.* 66,173, 66,173-82 (Nov. 7, 2008).

[FN81]. See *supra* note 7. Whether the RS-DVR copies will be lawfully made reproductions was the threshold issue in the *Cartoon Network* case. See [Cartoon Network LP v. CSC Holdings, Inc.](#), 536 F.3d 121, 127-33 (2d Cir. 2008). The reproduction claim involved two sub-issues: first, whether Cablevision will make infringing copies by buffering the data from its programming stream in the form of transient copies, *id.* at 127-30, and second, whether Cablevision will make infringing copies by providing the RS-DVR service to its subscribers (i.e., whether its copying will be “volitional” or merely automatic and involuntary), *id.* at 130-33.

[FN82]. When RS-DVR was first announced, in fact, some tech-savvy consumers expressed their skepticism about whether Cablevision really did plan to save personal copies of programs, rather than master copies of its entire broadcast schedule. “They're not actually [sic] going to record anything for anybody They will record everything once and give subscribers the illusion of scheduling their

own recordings, when actually all they've really got is 80 hours worth of program pointers." Unverified, Comment to Cablevision to Rollout Remote-Storage DVR Service, engadget, Mar. 27, 2006, <http://www.engadget.com/2006/03/27/cablevision-to-rollout-remote-storage-dvr-service/#comments>. Another commenter stated:

I'm sure that everyone doesn't actually GET 80 real hours of recording space. Maybe starting out, when the user group is small and many disparate shows are being recorded (no dupes by any of the users), sure everyone has their own partition, but eventually, as the user base grows, while any single user has "access to" or a hypothetical 80-hour storage limit, what would likely be going on behind the scenes is stored show sharing.

Dhodory, Comment to Cablevision to Rollout Remote-Storage DVR Service, engadget, Mar. 27, 2006, <http://www.engadget.com/2006/03/27/cablevision-to-rollout-remote-storage-dvr-service/#comments>.

Three years later, the Wall Street Journal speculated that the studios might eventually agree to allow Cablevision and others to forgo the storage of personal RS-DVR copies--the very condition upon which the Second Circuit had based its decision in *Cartoon Network*--if Cablevision would put curbs on ad-skipping technology and allow the studios to refresh their ads on the programming. See Vishesh Kumar and Sam Schechner, *High Court Boosts Remote DVR*, Wall St. J., June 30, 2009, at B5, available at http://online.wsj.com/article/NA_WSJ_PUB:SB124628574640368173.html#articleTabs%3Darticle.

[FN83]. Presumably it would be illegal, under the transmit clause, for Cablevision to simply allow subscribers to access its own video collection. The case of the MP3.com music service was a cautionary tale for Cablevision. The defendant in that case streamed performances to its subscribers from a collection of sound recordings that it had purchased itself and copied onto its own servers. *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 350 (S.D.N.Y. 2000). Even though MP3.com verified that its subscribers owned their own copies of these CDs and portrayed its service as the "functional equivalent" of storing them for remote access, it was held liable for copyright infringement. *Id.* The UMG Recordings court, however, did not address the issue of performance rights, but rather held that MP3.com's copying was done illegally; the opinion was principally concerned with whether MP3.com was entitled to a fair use defense for making these unauthorized copies. See *id.* at 350-53.

[FN84]. See Knobler, *supra* note 80, at 579-80.

[FN85]. Cablevision Brief, *supra* note 17.

[FN86]. *Id.*

[FN87]. See *Twentieth Century Fox Film Corp. v. Cablevision Systems Corp.*, 478 F. Supp. 2d 607, 609 (S.D.N.Y. 2007).

[FN88]. Judges Robert D. Sack and Debra Ann Livingston. *Cartoon Network LP v. CSC Holdings, Inc.*, 536 F.3d 121, 123 (2d Cir. 2008).

[FN89]. *Id.* at 138.

[FN90]. *Id.*

[FN91]. *Id.* at 135-36.

[FN92]. *Id.* at 136-37.

[FN93]. *Id.* at 136.

[FN94]. See 2 Nimmer & Nimmer, *supra* note 24.

[FN95]. See *Cartoon Network*, 536 F.3d at 134.

[FN96]. *Id.* at 134 (emphasis added) (quoting 17 U.S.C. § 101 definition of public performance).

[FN97]. *Id.* at 135.

[FN98]. *Id.*

[FN99]. *Id.* at 136.

[FN100]. See *supra* note 19; see also *infra* text accompanying note 131.

[FN101]. This is how Judge Walker justified substituting “transmission” for “performance”:

This plain language instructs us that, in determining whether a transmission is “to the public,” it is of no moment that the potential recipients of the transmission are in different places, or that they may receive the transmission at different times. The implication from this same language, however, is that it is relevant, in determining whether a transmission is made to the public, to discern who is “capable of receiving” the performance being transmitted. The fact that the statute says “capable of receiving the performance,” instead of “capable of receiving the transmission,” underscores the fact that a transmission of a performance is itself a performance.

Cartoon Network, 536 F.3d at 134 (emphasis added) (citing *Buck v. Jewell-La Salle Realty Co.*, 283 U.S. 191, 197-98 (1931)). The problem is with the last sentence. Although a transmission is a type of performance, the word “transmission” cannot be exchanged for the word “performance,” or vice versa, without changing the meaning of the statement. Otherwise “performing a transmission” and “transmitting a performance” would mean the same thing, which they don’t. The former phrase refers to the act of transmitting and the latter to what is transmitted (a performance).

In the next paragraph of his opinion, Judge Walker quoted a passage in the legislative history:

[A] performance made available by transmission to the public at large is “public” even though the recipients are not gathered in a single place, and even if there is no proof that any of the potential recipients was operating his receiving apparatus at the time of the transmission. The same principles apply whenever the potential recipients of the transmission represent a limited segment of the public, such as the occupants of hotel rooms or the subscribers of a cable television service.

Id. at 135 (quoting H.R. Rep. No. 94-1476, at 64-65 (1996)). He saw this as additional evidence that the phrases “capable of receiving the performance” and “capable of receiving the transmission” were intended by Congress to be interchangeable. See *id.* at 136. What the passage says, however, is that a transmission of a performance to the public at large is a public performance even if (1) there is no proof that the transmission was ever received by anyone who was capable of receiving it and (2) the “public at large” is in fact only a “limited segment” of it, such as hotel guests or cable subscribers.

These caveats don't raise the standard for what qualifies as a public performance, but lower it. The caveats say that the standard could be satisfied by as little as a single transmission sent out to—but not necessarily received by—a limited audience of hotel guests or cable subscribers. They don't imply that the same performance can't be transmitted more than once, and hence received by members of the public at “different times,” much less that transmitting encrypted rebroadcasts of copyrighted programming to individual cable boxes has the effect of converting what were once public performances into private ones.

[FN102]. *Id.* at 134 (“Accordingly, we ask whether these facts satisfy the second, ‘transmit clause’ of the public performance definition: Does Cablevision ‘transmit ... a performance ... of the work ... to the public’?” (quoting 17 U.S.C. § 101)).

[FN103]. *Id.*

[FN104]. Fox Brief, *supra* note 16, at 27.

[FN105]. See *id.*

[FN106]. *Cartoon Network*, 536 F.3d at 136 (alterations in original) (quoting Fox Brief, *supra* note 16, at 27); see also *supra* text accompanying note 79.

[FN107]. See *id.*

[FN108]. See *id.*

[FN109]. See *id.*

[FN110]. *Id.*

[FN111]. See *id.*

[FN112]. See *id.*

[FN113]. See *id.* (“[W]e believe it would be inconsistent with our own transmit clause jurisprudence to consider the potential audience of an upstream transmission by a third party when determining whether a defendant's own subsequent transmission of a performance is ‘to the public.’”).

The “transmit clause jurisprudence” to which Judge Walker referred was the Second Circuit's decision in *National Football League v. PrimeTime 24 Joint Venture (NFL)*, 211 F.3d 10 (2d Cir. 2000). *Id.* NFL dealt with a satellite uplink of a U.S. broadcast that was then downlinked, without permission, to TV viewers in Canada. *Id.* at 11. The court held that the U.S.-based uplink was an infringing public performance, even though the Canadian downlink wasn't, because it was “a step in the process by which NFL's protected work wends its way to a public audience.” *Id.* at 13. This rationale bootstrapped a finding of infringement in the United States on a non-infringing performance in Canada, based on the happenstance that the Canadian broadcast was preceded by the U.S.-based uplink. See *id.* NFL was criticized by Nimmer's treatise, which pointed out that the public performance in Canada did not “derogate [] from U.S. copyright interests” and therefore “eventuated in non-actionable conduct as far as U.S. copyright law is concerned.” See 2 Nimmer & Nimmer, *supra* note 24, at § 8.14[C][2].

In any event, the upstream/downstream distinction that Judge Walker derived from NFL didn't support his conclusion that Cablevision won't be liable for the unauthorized transmissions made through its RS-DVR service. See [Cartoon Network, 536 F.3d at 137](#). This is because all RS-DVR transmissions will be “downstream” from Cablevision's real-time telecasts, which are undoubtedly public performances. *Id.* In addition, Cablevision's RS-DVR transmissions won't be made by unrelated third parties, but, on its own account, by Cablevision's own subscribers availing themselves of facilities and equipment provided by Cablevision. See *id.*

[FN114]. See [Cartoon Network, 536 F.3d at 137](#).

[FN115]. *Id.* at 136.

[FN116]. *Id.*

[FN117]. Of course, transmissions of Cablevision's programming from its subscribers back to themselves would be “downstream” from the initial network telecasts, and these subscribers are hardly “legal strangers.”

[FN118]. *Id.* at 134 (emphasis added). Why didn't the court try to answer the question of who will be the transmitter? See *supra* note 19.

[FN119]. See *id.* at 136.

[FN120]. *Id.*

[FN121]. *Id.* at 137-38.

[FN122]. *Id.* at 139.

[FN123]. *Id.* at 136.

[FN124]. 17 U.S.C. § 101.

[FN125]. [Cartoon Network, 536 F.3d at 134](#).

[FN126]. *Id.* at 136.

[FN127]. See 17 U.S.C. § 101.

[FN128]. [Cartoon Network, 536 F.3d at 136](#).

[FN129]. See, e.g., Stadler, *supra* note 11, at 727-28.

[FN130]. This legal fiction dates back to the legislative response to [White-Smith Music Publishing Co. v. Apollo Co., 209 U.S. 1 \(1908\)](#). The court in *White-Smith* held that piano rolls (“mechanical copies”) of musical compositions were not legally copies of musical works because they weren't legible to human musicians, but only readable by mechanical devices (i.e., player pianos). *Id.* at 17. Therefore, the unauthorized publication of the piano rolls did not violate the copyright held by the authors of the sheet music. *Id.* at 18.

In section 1(e) of the 1909 Act, Congress worked around White-Smith by providing a compulsory license for recordings of performances of musical compositions (known as the “mechanical license”). Cf. 17 U.S.C. § 115 (present-day compulsory license provision for making and distributing phonorecords). Although the ghost of White-Smith lingers in the 1976 Act’s distinction between “copies” and “phonorecords,” the current statute, in its § 101 definition of “to ‘perform,’” expressly recognizes that the authors of musical compositions are entitled to performance rights for the public rendition of such recordings (viz., rendition “by means of any device or process”). 17 U.S.C. § 101.

[FN131]. See [Buck v. Jewell-LaSalle Realty Co.](#), 283 U.S. 191, 197-98 (1931).

[FN132]. *Id.* at 199. “We are satisfied that the reception of a radio broadcast and its translation into audible sound is not a mere audition of the original program. It is essentially a reproduction.” *Id.* at 199-200. A better word would have been “rendition” because “reproduction” in copyright parlance implies the creation of a copy.

[FN133]. [Cartoon Network](#), 536 F.3d at 137-38 (“[N]o transmission of an audiovisual work can be made, we assume, without using a copy of that work: to transmit a performance of a movie, for example, the transmitter generally must obtain a copy of that movie.”).

[FN134]. See *supra* note 102.

[FN135]. This may also be why Judge Walker was so receptive to Professor Nimmer’s “same copy” theory of the “different times” provision. He commented that “[u]nfortunately, neither the Redd Horne court nor Prof. Nimmer explicitly explains why the use of a distinct copy affects the transmit clause inquiry” and offered his own explanation that “the use of a unique copy may limit the potential audience of a transmission.” [Cartoon Network](#), 536 F.3d at 138.

[FN136]. *Id.* at 135.

[FN137]. *Id.* at 136.

[FN138]. The question is quoted from the White-Smith case, in which the Supreme Court wrestled unsuccessfully with a puzzling new entity--mechanical copies of performances, or what falls within the category of work that the statute now defines as “sound recordings.” See [White-Smith Music Publ’g Co. v. Apollo Co.](#), 209 U.S. 1, 17 (1908).

It may be true that in a broad sense a mechanical instrument which reproduces a tune copies it; but this is a strained and artificial meaning. ... In no sense can musical sounds which reach us through the sense of hearing be said to be copies, as that term is generally understood, and as we believe it was intended to be understood in the statutes under consideration.

Id.

[FN139]. See Mark Kelman, [Interpretive Construction in the Substantive Criminal Law](#), 33 *Stan. L. Rev.* 591, 593-96 (1981) (summarizing interpretive frameworks).

[FN140]. [Cartoon Network](#), 536 F.3d at 139.

[FN141]. The “performance” embodied in the copy likewise could be narrowly or broadly framed. A narrow framing would view each transmission to an individual viewer as a separate and distinct per-

formance, while a broader framing would view these multiple transmissions as the same performance received by “members of the public” at “different times.”

[FN142]. What would make a performance “private” can be inferred from what would make it “public”: “to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances are gathered.” See 17 U.S.C. § 101 (defining public performance).

[FN143]. See, e.g., Stadler, *supra* note 11, at 718-28 (critiquing the policy).

[FN144]. See 17 U.S.C. § 101.

[FN145]. Joseph P. Liu, [Owning Digital Copies: Copyright Law and the Incidents of Copy Ownership](#), 42 Wm. & Mary L. Rev. 1245, 1283 (2001) (“The public performance and display rights ... account for a separate model of economic exploitation of a copyrighted work, a model that is in no way dependent upon the idea of a physical copy or the notion of fixation.”).

[FN146]. The “first sale” doctrine applies only to distribution rights, not to performance rights or any others. See 17 U.S.C. § 109(a) (2006).

[FN147]. Or at least by its dicta. See *supra* text accompanying notes 33-43.

[FN148]. [Columbia Pictures Indus., Inc. v. Redd Horne, Inc.](#), 749 F.2d 154, 156-57 (3d Cir. 1984).

[FN149]. *Id.* at 162.

[FN150]. See [Cartoon Network LP v. CSC Holdings, Inc.](#), 536 F.3d 121, 138 (2d Cir. 2008) (distinguishing *Redd Horne*).

[FN151]. *Id.* at 135. See *supra* text accompanying note 61. Professor Patry commented that the only notable change made by the statutory language that this report explains was to the definition of public performance, which expanded the definition to include the “separate places/different times” provision. “With the exception of a minor amendment to the definition of ‘to perform a work ‘publicly’ in 1974, the 1966 House Judiciary Committee bill’s language on Section 106(4) and the relevant definitions in [Section 101](#) were adopted in the 1976 Act.” 4 William F. Patry, *Patry on Copyright* § 14:16 (2010).

[FN152]. Congress first defined “interactive service” in the Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336 (1995), and broadened that definition three years later in the Digital Millennium Copyright Act (DMCA), Pub. L. No. 105-304, 112 Stat. 2860 (1998).

An “interactive service” is one that enables a member of the public to receive a transmission of a program specially created for the recipient, or on request, a transmission of a particular sound recording, whether or not as part of a program, which is selected by or on behalf of the recipient.

17 U.S.C. § 114(j)(7) (2006); see also Steven M. Marks, [Entering the Sound Recording Performance Right Labyrinth: Defining Interactive Services and the Broadcast Exemption](#), 20 Loy. L.A. Ent. L. Rev. 309, 313-20 (2000) (arguing that any programming of sound recordings that is customized for an individual listener falls under the DMCA definition of “interactive service”).

[FN153]. Anticipating this criticism, the Second Circuit suggested that such “copy then send” systems might be curbed if copyright owners assert their reproduction rights in lieu of performance rights. [Cartoon Network](#), 536 F.3d at 139-40. The owner of a work's performance rights, however, might not also own the work's reproduction rights because the rights are divisible. In addition, a composer who relies on performing rights societies, such as ASCAP or Broadcast Music, Inc. (BMI), to collect performance royalties might not have the means or the ability to enforce a claim for unlawful copying or contributory infringement.

[FN154]. World Intellectual Property Organization (WIPO) Copyright Treaty, art. 8, Dec. 20, 1996, 2186 U.N.T.S. 152, 155, available at <http://treaties.un.org/doc/Publication/UNTS/Volume%202186/v2186.pdf>.

[A]uthors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.

Id. (emphasis added)).

[FN155]. Knobler, *supra* note 80, at 589-90.

[FN156]. Stadler, *supra* note 11, at 736.

[FN157]. Id. at 735; cf. Jeremy Rifkin, *The Age of Access: The New Culture of Hypercapitalism, Where All of Life is a Paid-for Experience* 3-136 (2000) (critiquing social and economic trends). Professor Ginsburg offered a more positive view:

Access controls make it possible for authors to offer end-users a variety of distinctly-priced options for enjoyment of copyrighted works. Were delivery of works not secured, novel forms of distribution would be discouraged, and end-users would continue to be charged for all uses, whatever the level in fact of their consumption.

Jane C. Ginsburg, [From Having Copies to Experiencing Works: The Development of an Access Right in U.S. Copyright Law](#), 50 J. Copyright Soc'y U.S.A. 113, 124-25 (2003).

[FN158]. Judge Walker's substitution of “transmission” for “performance” in his reading of the transmit clause caused the Solicitor General to worry that the Second Circuit might be jeopardizing the protected status of VOD and other interactive services:

Some language in the court of appeals' opinion could be read to suggest that a performance is not made available “to the public” unless more than one person is capable of receiving a particular transmission Such a construction could threaten to undermine copyright protection in circumstances far beyond those presented here, including with respect to VOD services or situations in which a party streams copyrighted material on an individualized basis over the Internet.

S.G. Brief, *supra* note 8, at 20-21. Despite this concern, the Solicitor General told the Supreme Court that Judge Walker's reasoning didn't necessarily apply to VOD because, unlike VOD, each RS-DVR transmission will be made using a distinct copy and transmitted only to the subscriber who ordered that copy. Id. at 21. This assurance, of course, is only comforting if one accepts Cablevision's position on the public performance issue in its entirety.

[FN159]. The concept of the copy is of questionable relevance even to video on demand because it is

difficult to say how many copies Cablevision maintains of its VOD programming. It may have many digital copies of each VOD program, or it may have nothing that could be identified as a single, discrete copy. This is because the VOD system works by dividing a digital copy into tiny segments and distributing the segments over different servers so that multiple transmissions of performances can be made simultaneously. See Susan Karlin, *How It Works; Video on Demand Is Ready, but the Market Is Not*, N.Y. Times, Oct. 10, 2002, <http://www.nytimes.com/2002/10/10/technology/how-it-works-video-on-demand-is-ready-but-the-market-is-not.html>. As for Cablevision's linear broadcast schedule, presumably Cablevision could relay an HBO transmission through its network without making any copies of the programming stream, as was done by the old-fashioned cable TV systems in the *Fortnightly* and *Teleprompter* cases. See *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390, 392 (1968); *Teleprompter Corp. v. Columbia Broad. Sys., Inc.*, 415 U.S. 394, 399-404 (1974).

[FN160]. There may be an additional, policy-based reason why the “same copy” theory provides an intuitively attractive explanation of the transmit clause. The limitation on the distribution right known as the first sale doctrine, see 17 U.S.C. § 109(a) (2006), allows brick-and-mortar video stores like Blockbusters to rent out the same copy of a DVD over and over again without paying any fee to the copyright holder, see *supra* text accompanying note 31. Nevertheless, these video stores are obliged to purchase a substantial number of copies of each title because each DVD can be rented by only one customer at a time and can be viewed only until it becomes too shopworn to play. So their business model is actually based on the performance of multiple rather than singular copies (albeit not as many as if they were selling the copies rather than renting them). In contrast, video streaming services do not have to replenish their copies because they have the capacity to rent out the same digital copy concurrently to an indefinite number of VOD customers, and their digital copies never wear out. The “separate places/different times” provision in the transmit clause might be said to level the playing field between physical and VOD rentals by tacking a virtual public lending right on to the public performance right.

[FN161]. Whether Cablevision's RS-DVR will infringe the studios' reproduction or performance rights and, for the performance rights, whether the unauthorized performances will be public or private.

[FN162]. 99 F.3d 1381, 1389 (6th Cir. 1996) (en banc).

[FN163]. See *id.* at 1389.

[FN164]. See *id.* at 1384 (“Mr. Smith has been something of a crusader against the system under which his competitors have been paying agreed royalties, or ‘permission fees’ as they are known in the trade.”).

[FN165]. *Id.* at 1400 (Ryan, J., dissenting) (“The question that must ultimately be answered is whether that which is a fair use for a student-- copying--is not a fair use if done for the student by another, and for a profit.”).

[FN166]. *Id.* at 1395 (Merritt, J., dissenting) (“Neither the District Court nor our Court provides a rationale as to why the copyshops cannot ‘stand in the shoes’ of their customers in making copies for noncommercial, educational purposes where the copying would be fair use if undertaken by the pro-

fessor or the student personally.”). But see [id. at 1386 n.2](#) (“[I]f the fairness of making copies depends on what the ultimate consumer does with the copies, it is hard to see how the manufacture of pirated editions of any copyrighted work of scholarship could ever be an unfair use.”).

[FN167]. [Id. at 1398](#) (Ryan, J., dissenting).

[FN168]. [Id. at 1395](#) (Merritt, J., dissenting).

[FN169]. [Id. at 1389](#) (majority opinion). The court wrote,

As to the proposition that it would be fair use for the students or professors to make their own copies, the issue is by no means free from doubt. We need not decide this question, however, for the fact is that the copying complained of here was performed on a profit-making basis by a commercial enterprise.

[Id.](#)

In addition, the dissenters overlooked what the majority saw as a significant fact in the case--the advantage gained by the copyshop that didn't pay permission fees over its competitors that did. “As noted above, most of the copyshops that compete with [Michigan Document Services] in the sale of coursepacks pay permission fees for the privilege of duplicating and selling excerpts from copyrighted works. The three plaintiffs together have been collecting permission fees at a rate approaching \$500,000 a year.” [Id. at 1387](#).

The policy arguments against fair use based on the feasibility of monitoring compliance and collecting fees from a commercial copying service (as opposed to individual users)--considerations that were not directly addressed in *Michigan Document* by Judge Nelson--were laid out by the Second Circuit in [American Geophysical Union v. Texaco, Inc.](#), 60 F.3d 913, 929-32 (2d Cir. 1994), a case that Judge Nelson cited approvingly. See [Michigan Document](#), 99 F.3d at 1387.

[FN170]. See [Sony Corp. of America v. Universal City Studios, Inc.](#), 464 U.S. 417, 449-50 (1984). The court stated,

[W]hen one considers the nature of a televised copyrighted audiovisual work and that time-shifting merely enables a viewer to see such a work which he had been invited to witness in its entirety free of charge, the fact that the entire work is reproduced does not have its ordinary effect of militating against a finding of fair use.

[Id.](#) (citations omitted).

[FN171]. Brief for Amici Curiae Broadcast Music, Inc. and American Society of Composers, Authors & Publishers in Support of Petitioners at 7 [Cable News Network, Inc. v. CSC Holdings, Inc.](#), 129 S. Ct. 2890 (2009) (No. 08-448), 2008 WL 4843617.

[FN172]. [Id. at 6](#); see also Michael Robertson, Cartoon Network Opens Door for Wave of New Business Opportunities, *Michael's Minute* (July 27, 2009) http://michaelrobertson.com/archive.php?minute_id=299 (“This favorable ruling on behalf of Cablevision also opens the door to a wide range of potential new features and services which can smartly record media.”).

[FN173]. 99 F.3d at 1408-09.

[FN174]. See Cablevision Reply Brief, *supra* note 65, at 43-45. Cablevision pointed out that RS-

DVR's functionality will be more limited than VOD's because the RS-DVR subscriber will have to select in advance the programming to be recorded, and will be restricted in choice to content that was originally telecast on the network's linear programming schedule. *Id.* These may or may not be distinctions that make a legal difference in the context of fair use.

One could respond that it makes just as much sense to treat copies made through Cablevision's RS-DVR service differently from copies made on "set-top" DVRs as it does to treat VOD video rentals differently from hard copy video rentals. The function in both cases is the same (RS-DVR time-shifting is a type of time-shifting, just as VOD video rentals are a type of video rental), but the implementing technology is different, and perhaps that means the copyright consequences should be different as well.

[FN175]. See Aaron K. Perzanowski, Fixing RAM Copies, 104 Nw. U. L. Rev. (forthcoming 2010), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1441685. So far, the buffer copy issue in Cartoon Network has attracted more scholarly interest than the public performance one. This may be because it appears to have opened a circuit split between the Second Circuit and Ninth Circuit. Cf. *MAI Systems Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 518-19 (9th Cir. 1993) (holding that random access memory (RAM) into which copyrighted software has been loaded may contain an infringing, fixed copy, despite its apparent transience). Also, of course, the buffer copy issue is relevant to the question of whether streaming music services must pay composers and music publishers for § 115 mechanical licenses (discussed in *supra* note 80).

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EXHIBIT 4

In Search of Copyright's Lost Ark: Interpreting the Right to Distribute in the Internet Age

Peter S. Menell*

ABSTRACT

Prior to the emergence of file-sharing technology, the Copyright Act's distribution right was largely dormant. Most enforcement actions were premised upon violations of the reproduction right and the relatively rare cases invoking the distribution right involved arcane scenarios. During the past several years, direct enforcement of the Copyright Act against file-sharers has brought the scope of the distribution right to center stage. Whereas the 1909 Act expressly protected the rights to "publish" and "vend," the 1976 Act speaks of a right to "distribute." Interpreting "distribute" narrowly, some courts have held that copyright owners must prove that a sound recording placed in a share folder was actually downloaded to establish violation of the distribution right. Other courts held that merely making a sound recording available violates the distribution right. The ramifications for copyright enforcement in the Internet age are substantial. Under the narrow interpretation, the relative anonymity of Internet transmissions in combination with privacy concerns make enforcement costly and difficult. A broad interpretation exposes millions of file-sharers to potentially crushing statutory damages.

Parsing the voluminous legislative history – spanning 21 years – that produced the Copyright Act of 1976 and tracing its roots back to the 1790 Copyright Act, this article uncovers a trove of critical documents from when the distribution right was crafted that reveal why Congress replaced the historic right to "publish" with the 1976 Act's right to "distribute." A second set of "lost" materials dating to the early 1970s – when the Geneva Phonogram Convention was negotiated and the Sound Recording Amendments Act of 1971 was passed – shows that Congress intended to establish a "making available" right and expanded the definition of "publication" in what would become the Copyright Act of 1976 to encompass "offers" to distribute. Furthermore, these documents indicate that Congress specifically drafted the Copyright Act's exclusive rights in broad terms so that authors' rights would not lose their value because of "unforeseen technical advances" "10, 20 or 50 years" into the future. Drawing upon these materials, the article systematically interprets the distribution right using the tools of modern statutory interpretation. In so doing, it exposes the critical errors in the treatises, prior scholarship, briefing of the file-sharing cases, and decisions of the courts that have considered the scope of the distribution right. Thus, the "lost ark" of legislative materials holds important clues for how Congress intended courts to interpret the Copyright Act as technology evolves.

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In Search of Copyright's Lost Ark: Interpreting the Right to Distribute in the Internet Age

During the past decade, copyright law has gone through perhaps the most tumultuous period of its 300 year existence.¹ In the mid-1990s, the major content industries and emerging Internet companies set about planning a smooth transition to the digital age. The Digital Millennium Copyright Act's² grand compromise – providing Internet intermediaries limited safe harbors from liability in conjunction with an efficient notice-and-takedown procedure as well protection against circumvention of technical protection measures – was seen as the primary mechanism to expand online access to copyrighted works while curtailing unauthorized distribution.³ But barely a year after the DMCA's passage, the release of Napster – the first widely distributed file-sharing protocol – thrust the music marketplace into turmoil. The genie of relatively anonymous, rampant, unauthorized distribution of sound recordings was out of the bottle. As society entered the Internet age, copyright law entered the digital enforcement age⁴: the past decade has tested the limits of copyright enforcement against online service providers, software vendors, and file-sharers.

The introduction of Napster's peer-to-peer system barely eight months after passage of the DMCA immediately overtook Congress's efforts to update copyright for the “digital millennium.” By mid 2000, less than a year after Napster's release, its user base had likely distributed more music than the entire record industry from its inception a century earlier.⁵

Although some saw file-sharing as a way of increasing opportunities for musicians,⁶ the effects on revenue proved devastating.⁷ While the record industry eventually succeeded in

¹ 2010 marked the 300th anniversary of the Statute of Anne, the British precursor of the U.S. copyright law. See 8 Anne c. 19, 1710.

² See Pub. L. No. 105-304, § 404, 112 Stat. 2860 (1998) (hereinafter cited as (“DMCA”).

³ See Robert P. Merges, Peter S. Menell, and Mark A. Lemley, *Intellectual Property in the New Technological Age* 672-81 (5th ed. 2010) (summarizing the DMCA's principal provisions).

⁴ Peter S. Menell, *Envisioning Copyright Law's Digital Future*, 46 N.Y.L. Sch. L. Rev. 63, 63, 103-99 (2003).

⁵ See Joseph Menn, *All the Rave* 161 (2003) (quoting a venture capitalist's back-of-the-envelope calculation: “You've distributed more music than the whole record industry since it came into existence”).

⁶ See Raymond Shih Ray Ku, *The Creative Destruction of Copyright: Napster and the New Economics of Digital Technology*, 69 U. Chi. L. Rev. 263 (2002) (suggesting that “[c]opyright is no longer needed to encourage distribution because consumers themselves build and fund the distribution channels for digital content”).

⁷ See Stan J. Liebowitz, *Filing Sharing: Creative Destruction or Just Plain Destruction?*, 49 J.L. & Econ. 1 (2006); Rafael Rob & Joel Waldfogel, *Piracy on the High C's: Music Downloading, Sales Displacement, and Social Welfare in a Sample of College Students*, 49 J.L. & Econ. 29 (2006); International Federation of the Phonographic Industry, *IFPI Digital Music*

shutting down Napster's central server-based peer-to-peer network,⁸ new decentralized platforms quickly sprouted in its place.⁹ The RIAA set its sights on this generation of peer-to-peer technologies in the *Grokster* litigation.¹⁰ After Judge Stephen Wilson in the Central District of California ruled on summary judgment that Grokster could not be held liable for indirect infringement because its software was "capable of substantial non-infringing use,"¹¹ the RIAA decided that it had no choice but to pursue directly those using peer-to-peer software illegally for the first time.¹² In an effort to deter unauthorized distribution of its product, the record industry filed thousands of actions across the country beginning in 2003.¹³ It was committed to seeing if a direct enforcement campaign could staunch the rampant unauthorized distribution of sound recordings through peer-to-peer channels. The campaign would eventually target more than 35,000 alleged file-sharers as defendants.¹⁴ And although the record industry eventually reversed course and halted new direct enforcement actions,¹⁵ it continued to prosecute those cases already in the pipeline. Furthermore, other copyright owners in the film

Report 2010 7, 18-22 <<http://www.ifpi.org/content/library/DMR2010.pdf>> (reporting a 30% decline in total music sales from 2004-09; quoting Teemu-Brunila, former lead singer for The Crash: "One year the band played Valmiera, the biggest music festival in Latvia. We drove from the airport and heard our songs on the radio. We headlined the festival and the 10,000-strong crowd roared out our songs. When we came off stage I asked our label representative how many records we sold in Latvia. The answer was a slap in the face. 200."); Bono, Ten for the Next Ten, N.Y. Times Jan. 2, 2010 (observing that "[a] decade's worth of music file-sharing and swiping makes clear that the people it hurts are the creators").

⁸ See John Borland and Cecily Barnes, Judge Issues Injunction Against Napster, CNet News (Jul. 26, 2000) <<http://news.cnet.com/2100-1023-243698.html>>

⁹ See Menell, *supra* n.4, at 150.

¹⁰ See John Borland, File Swapping in the Legal Crosshairs, CNet News (Dec. 2, 2002) <http://news.cnet.com/File-swapping-in-the-legal-crosshairs/2100-1027_3-975618.html>

¹¹ See Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 259 F.Supp.2d 1029 (C.D.Cal. 2003).

¹² Although the Supreme Court would later reverse Judge Wilson's decision on the alternative ground that Grokster could be liable for inducing unauthorized reproduction of copyright works, See Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913 (2005), and Judge Wilson eventually found Grokster liable, Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 454 F.Supp.2d 966 (C.D.Cal. 2006), leading to its shutdown, by that point, other peer-to-peer file-sharing operations were established, the prospects of proving inducement against these actors were less clear, and thousands of direct infringement actions were underway.

¹³ See Amy Harmon, The Price of Music: The Overview: 261 Lawsuits Filed on Music Sharing, N.Y. Times, September 9, 2003, at A1.

¹⁴ See Copy-wrong! Unpacking the \$1.92M Downloading Verdict WSJ Blog (Jun. 27 2009) (hereinafter cited as "Copy-wrong!") <<http://blogs.wsj.com/law/2009/06/27/copy-wrong-unpacking-the-192m-downloading-verdict/>>

¹⁵ See Sarah McBride and Ethan Smith, Music Industry to Abandon Mass Suits, Wall St. J. (Dec. 19, 2008) <<http://online.wsj.com/article/SB122966038836021137.html>>

area have filed direct copyright enforcement actions targeting more than 200,000 alleged file-sharers.¹⁶

The overwhelming majority of the RIAA suits settled, with payments of \$3000 to \$5000,¹⁷ but several defendants sought to defeat these lawsuits by arguing that it is not enough for the copyright owners to prove that a forensic investigator hired by the copyright owner had located one of its sound recordings in the defendant's share folder and downloaded the file. Rather, they maintained that the Copyright Act's distribution right cannot be established without proof that a third party – i.e., someone other than authorized forensic investigator – had actually downloaded the file from that defendant's share folder. Given the architecture of the Internet and privacy concerns, such proof would substantially raise the cost of pursuing such enforcement actions.

As Part I of this article explains, judicial construction of the distribution right is all over the map. The first district courts to address this issue, in the context of motions to dismiss, took a broad view of the distribution right, holding in essence that merely making a copyrighted work available without authorization violates the Copyright Act.¹⁸ Later courts, faced with the prospect of jury trials in which individuals could be held liable for statutory damages of up to \$150,000 per work, took a more narrow view, instructing the jury that the copyright owner must prove actual distribution of the copyrighted works.¹⁹ As Part II explores, legal scholarship has done little to resolve this controversy. Like the courts, commentators are scattered across the interpretive landscape.

Parsing the voluminous legislative history – spanning 21 years – that produced the Copyright Act of 1976 and tracing its roots back to the 1790 Copyright Act, Part III uncovers a trove of critical documents from when the distribution right was crafted in the early to mid 1960s that reveal why Congress replaced the historic right to “publish” with the 1976 Act's right to “distribute.” A second set of “lost” materials dating to the early 1970s – when the Geneva Phonogram Convention was negotiated and the Sound Recording Amendments Act of 1971 was passed – shows that Congress intended to establish a “making available” right and expanded the definition of “publication” in what would become the Copyright Act of 1976 to encompass “offers” to distribute. Furthermore, these documents indicate that Congress specifically drafted the Copyright Act's exclusive rights in broad terms so that authors' rights would not lose their value because of “unforeseen technical advances” “10, 20 or 50 years” into the future.

¹⁶ See Sarah Jacobsson Purewal, Copyright Trolls: 200,000 BitTorrent Users Sued Since 2010, PC World (Aug. 9, 2011); Eriq Gardner, New Litigation Campaign Quietly Targets Tens of Thousands of Movie Downloaders (Mar. 30, 2010) <<http://thesq.hollywoodreporter.com/2010/03/new-litigation-campaign-targets-tens-of-thousands-of-bittorrent-users.html>>

¹⁷ See Copy-wrong!, *supra* n.14.

¹⁸ See *infra* text accompanying notes 59-66.

¹⁹ See *Capitol Records, Inc. v. Thomas*, 579 F.Supp.2d 1210 (D.Minn. 2008); *London-Sire Records, Inc. v. Doe 1*, 542 F.Supp.2d 153 (D.Mass. 2008).

Drawing upon these materials, Part IV systematically interprets the distribution right using the tools of modern statutory interpretation. In so doing, it exposes the critical errors in the treatises, prior scholarship, briefing of the file-sharing cases, and judicial decisions.

I. The Distribution Right in the Courts

Prior to the emergence of file-sharing technology, the Copyright Act's distribution right was largely dormant. Most enforcement actions were premised on violations of the reproduction right. The relatively few cases invoking the distribution right involved arcane scenarios. During the past several years, direct enforcement of the Copyright Act against file-sharers has brought the scope of the distribution right to center stage. District courts throughout the United States have been called upon to determine whether placing a copyrighted work into a share folder accessible to a computer network without authorization violates Section 106(3) of the Copyright Act: the copyright owner has "the exclusive right[] to do and to authorize * * * the following: (3) to distribute copies or phonorecords to the public by sale or other transfer of ownership, or by rental, lease, or lending."²⁰

The consequences of the interpretation of this right are substantial. Record companies brought thousands of copyright infringement suits against individuals alleging willful infringement of dozens of copyright works and requesting statutory damages. Based upon the Digital Theft Deterrence and Copyright Damages Improvement Act of 1999,²¹ the range of potentially recoverable statutory damages for each infringed work extends to \$150,000.²² Thus, in a case alleging infringement of 30 works, the defendant faces potential exposure of \$4.5 million.

Perhaps not surprisingly, the courts have struggled mightily with the scope of the distribution right. As background for understanding this controversy, this Part begins by surveying the relatively few pre-file-sharing distribution right cases. After scoping that terrain, it then turns to the file-sharing cases, which roughly fall into two temporal and procedural categories. The early cases arose in the context of default judgments and motions to dismiss. The more recent cases, which have involved more vigorous defense and amicus advocacy, have confronted the issue on the eve of, or following, trial.

A. Early (Pre-Digital) Distribution Right Cases

During the first two decades following the enactment of the Copyright Act of 1976, few plaintiffs alleged violation of the distribution right apart from violation of the reproduction right. The reason is that the two rights tended to go hand-in-hand in the analog age. For example, if a rogue publisher were to print and offer to sell unauthorized copies of a popular novel, the

²⁰ 17 U.S.C. § 106.

²¹ Pub. L. No. 106-160, 113 Stat. 1774.

²² 17 U.S.C. § 504(c)(2).

copyright owner could adequately establish a copyright violation based on the making of copies. Hence, few cases delineated what constitutes a violation of the distribution right. If the rogue publisher had merely prepared the unauthorized copies, would that violate the right to distribute if no copies were actually sold? There was little reason to address this issue once the reproduction right violation was established. As a result, the case law surrounding the distribution right remained inchoate at the dawn of the Internet Age.

Two early distribution right precedents have attracted the most attention in the file-sharing era: *National Car Rental Sys., Inc. v. Computer Assocs. Int'l, Inc.*²³ and *Hotaling v. Church of Latter-Day Saints*.²⁴ Both arose in arcane circumstances far removed from the file-sharing context and neither case considered the legislative history surrounding the distribution right nor referenced sources providing a rigorous foundation for interpreting the Copyright Act.

In *National Car*, the Eighth Circuit discussed the scope of the distribution right in the context of determining whether the Copyright Act preempts a state law breach of contract claim. Computer Associates (“CA”) had licensed an enterprise computer software system to National Car Rental Systems subject to a limitation that the software be used “only for the internal operations of Licensee and for the processing of its own data.” CA subsequently determined that National had been using the programs to process the data of third parties. After CA threatened to sue, National brought a declaratory judgment action in which it admitted having “the Licensed Software in its business activities . . . including the activities relating to Tilden and Trucks [Lend Lease],” but requested a declaration that its use of the programs neither breached the license agreement nor infringed CA’s copyright. CA asserted two counterclaims – first, that National’s use of the programs for the benefit of Tilden and Lend Lease breached the license agreement and second, that National infringed its copyright by making an unauthorized copy of the software. National moved for judgment on the pleading by asserting that CA’s first counterclaim was preempted under Section 301(a) of the Copyright Act. The district court agreed, holding that the breach of contract cause of action was “equivalent” to the exclusive copyright right of distribution of copies of the work.²⁵

On appeal, the Eighth Circuit reversed, offering the following cursory analysis of the right to distribute:

Given our standard of review, we do not believe that CA’s complaint may be read to allege that National actually distributed the program. The copyright holder’s distribution right is the right to distribute copies. See 17 U.S.C. § 106(3). Section 106(3) grants the copyright owner the ‘exclusive right publicly to sell, give away, rent or lend any *material embodiment* of his work.’ 2 Nimmer on Copyright § 8.11[A], at 8-123 (emphasis added). An examination of CA’s

²³ 991 F.2d 426, 434 (8th Cir.), *cert. denied*, 510 U.S. 861 (1993).

²⁴ 118 F.3d 199 (4th Cir. 1997).

²⁵ See *National Car Rental System, Inc. v. Computer Associates Intern., Inc.*, 22 U.S.P.Q.2d 1375 (D.Minn. 1992)

pleadings demonstrates that they cannot reasonably be read to complain about wrongful distribution. First, the contract provisions CA alleges are at issue place limits upon the way those in rightful possession of a copy of the program can use that copy. The provisions do not prohibit National or EDS from giving a copy of the program to anyone else. Second, CA does not specifically allege that National gave a copy of the program to Lend Lease or Tilden. CA alleges that ‘National has used and permitted the use of the Licensed Programs for the processing of data for the benefit of third parties.’ CA did not allege use by Lend Lease and Tilden, but instead alleged use for their benefit.²⁶

Thus, the court focuses entirely on an excerpt from *Nimmer on Copyright* summarizing the distribution right by reference to the definition of “copies.”²⁷ The court goes on to note that the “only potential allegation of unauthorized distribution comes in CA’s contention that National ‘permitted the use’ of the programs.”²⁸

National pressed the distribution violation further, contending that use of a program for another “is in fact an allegation that it distributed the ‘functionality’ of the program.”²⁹ In dismissing this contention – which makes little sense on its face – the Eighth Circuit states that “the distribution right is only the right to distribute *copies* of the work. As Professor Nimmer has stated, ‘[i]nfringement of [the distribution right] requires an actual dissemination of either copies or phonorecords.’ 2 *Nimmer on Copyright* § 8.11[A], at 8-124.1.”³⁰

Neither the Eighth Circuit nor the *Nimmer* treatise analyze the statutory text or legislative history of the pertinent provisions. Yet, this offhand statement – that “infringement of the distribution right requires an actual dissemination of either copies or phonorecords” – would become the central pillar for many decisions to come.³¹ It gets picked up by treatises,³² which reinforce its impact.

²⁶ See *National Car*, 991 F.2d at 430 (footnote omitted).

²⁷ Section 106(3) speaks of the exclusive right to “distribute copies” of the copyrighted work. Section 101 defines “copies” as “material objects . . . in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. . . .” 17 U.S.C. § 101. It is well-established that fixation of a copyrighted work on a computer medium – such as a hard drive or even random access memory (for more than transitory duration) – constitutes a “copy.” See *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 518-519 (9th Cir. 1993).

²⁸ See *National Car*, 991 F.2d at 430.

²⁹ See *id.* at 434.

³⁰ See *id.* (emphasis in original).

³¹ The full paragraph from which the Eighth Circuit quoted that sentence is set forth below. See Part II(A)(1) *infra*. As explicated there, that paragraph simply states that there is no violation of the distribution right when the substance of the copyrighted work has been

The principal authority to the contrary – that the distribution right can be violated merely by making a copyrighted work available – arose in another unusual circumstance where the court offers only superficial analysis. In *Hotaling v. Church of Latter-Day Saints*,³³ plaintiffs compiled genealogical research materials, of which the Mormon Church made a number of unauthorized microfiche copies. In response to plaintiffs’ objection, the defendant destroyed those infringing reproductions – except for the one that plaintiffs discovered in the Church’s main library after the statute of limitations had already expired for the reproduction violations. Hence, the copyright owner alleged violation of the distribution right. As to whether that remaining copy constituted an independent violation of the distribution right, the majority of a Fourth Circuit panel reasoned that:

[w]hen a public library adds a work to its collection, lists the work in its index or catalog system, and makes the work available to the borrowing or browsing public, it has completed all the steps necessary for distribution to the public. At that point, members of the public can visit the library and use the work. Were this not to be considered distribution within the meaning of § 106(3) [and were further evidence required that a patron actually checked out the subject work], a copyright holder would be prejudiced by a library that does not keep records of public use, and the library would unjustly profit by its own omission.³⁴

The court offered no examination of the text or legislative history of the Copyright Act.³⁵

B. The Early Digital Distribution Cases

The distribution right issue first surfaced in the Internet context in several cases brought by adult magazines against Internet newsgroups hosting and selling copyrighted adult images.³⁶ The courts in these cases did not address whether actual distribution of the works in question had to be proved. Furthermore, the treatment of the distribution right was dicta in that the courts

intangibly dispersed, via performance; to violate the distribution right, instead, *tangible* copies must be at issue.

³² See *infra* Part II(C).

³³ 118 F.3d 199 (4th Cir. 1997).

³⁴ See *id.* at 203.

³⁵ The court hedges its analysis by noting that “[i]f, as the [defendant] Church says, actual use by the public must be shown to establish distribution, no one can expect a copyright holder to prove particular instances of use by the public when the proof is impossible to produce because the infringing library has not kept records of public use.” *Hotaling*, 118 F.3d at 204.

³⁶ *Playboy Enters., Inc. v. Webbworld, Inc.*, 991 F.Supp. 543, 551 (N.D.Tex. 1997) (concluding that defendant “distributed” copyrighted works by allowing its users to download and print copies of electronic image files); *Playboy Enters., Inc. v. Frena*, 839 F.Supp. 1552 (M.D.Fla.1993) (finding that copyrighted photographs posted on internet website implicated Playboy’s exclusive right of distribution).

found violation of the reproduction right. Moreover, after these cases were handed down, Congress enacted the DMCA's safe harbor provisions – which shifted the liability landscape for online service providers.³⁷ As a consequence, these cases retain little, if any, precedential value.³⁸

Construction of the distribution right rose to the fore in the first wave of file-sharing cases – those focused on indirect liability. In affirming the district court's finding that copyright owners established prima facie evidence of direct copyright infringement in the *Napster* case, the Ninth Circuit blithely held that “Napster users who upload file names to the search index for others to copy violate plaintiffs’ distribution rights.”³⁹

In later proceedings in the *Napster* matter, the district court examined the issue more closely.⁴⁰ After noting the Eighth Circuit's *National Car* precedent and distinguishing the Fourth Circuit's decision in *Hoteling* on the grounds that Napster merely hosted an index of copyrighted works and not the works themselves, Judge Patel looked to the Supreme Court's decision in *Harper & Row, Publishers, Inc. v. Nation Enterprises*:⁴¹ “While conceding that the statute lacks any express definition of ‘distribution,’ the Court observed that the legislative history of the 1976 Act equates the term with the right of ‘publication,’ which it defines as a copyright owner's ‘right to control the first public distribution of an authorized copy of his work.’”⁴² From this clue, Judge Patel turned to the Copyright Act's definition of “publication,” which requires either “the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending,” or alternatively, “[t]he offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display.”⁴³ She noted that the first clause plainly requires actual distribution, whereas the second clause contemplates an offer of distribution for “further distribution.”⁴⁴ Based on these sources, Judge Patel concluded that a “copyright owner seeking to establish that his or her copyrighted work was distributed in violation of section 106(3) must

³⁷ See 17 U.S.C. § 512.

³⁸ See *CoStar Group, Inc. v. LoopNet, Inc.*, 373 F.3d 544, 549 (4th Cir. 2004); *ALS Scan, Inc. v. RemarQ Communities, Inc.*, 239 F.3d 619, 622 (4th Cir. 2001); cf. *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 907 F.Supp. 1361, 1368-73 (N.D.Cal. 1995) (anticipating DMCA § 512 in holding that an Internet provider which serves, without human intervention, as a passive conduit for copyrighted material, is not liable as a direct infringer).

³⁹ *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1014 (9th Cir. 2001).

⁴⁰ *In re Napster, Inc. Copyright Litigation*, 377 F.Supp.2d 796, 802-05 (N.D.Cal. 2005).

⁴¹ 471 U.S. 539 (1985).

⁴² *Id.* at 552 (quoting H.R.Rep. No. 94-1476, at 62) (original alteration omitted); see also *Ford Motor Co. v. Summit Motor Prods., Inc.*, 930 F.2d 277, 299 (3d Cir.) (noting that “[p]ublication’ and the exclusive right protected by section 106(3) . . . are for all practical purposes [] synonymous”), *cert. denied*, 502 U.S. 939 (1991).

⁴³ 17 U.S.C. § 101.

⁴⁴ *In re Napster, Inc. Copyright Litigation*, 377 F.Supp.2d 796, 803-04 (N.D.Cal. 2005).

prove that the accused infringer either (1) actually disseminated one or more copies of the work to members of the public or (2) offered to distribute copies of that work for purposes of further distribution, public performance, or public display.”⁴⁵

The scope of the distribution right arose again in *Perfect 10, Inc. v. Amazon.com, Inc.* Relying exclusively on Judge Patel’s analysis in *In re Napster*,⁴⁶ the district court had held that Copyright Act’s “distribution” right required an “actual distribution” of a copy.⁴⁷ On appeal, the Ninth Circuit noted that the district court’s “conclusion on this point is consistent with the language of the Copyright Act.”⁴⁸ But the court goes on, confusingly, to state that:

Perfect 10 incorrectly relies on *Hotaling v. Church of Jesus Christ of Latter-Day Saints* and *Napster* for the proposition that merely making images “available” violates the copyright owner’s distribution right. *Hotaling v. Church of Jesus Christ of Latter-Day Saints*, 118 F.3d 199 (4th Cir.1997); *Napster*, 239 F.3d 1004. *Hotaling* held that the owner of a collection of works who makes them available to the public may be deemed to have distributed copies of the works. *Hotaling*, 118 F.3d at 203. Similarly, the distribution rights of the plaintiff copyright owners were infringed by Napster users (private individuals with collections of music files stored on their home computers) when they used the Napster software to make their collections available to all other Napster users. *Napster*, 239 F.3d at 1011-14.

This “deemed distribution” rule does not apply to Google. Unlike the participants in the Napster system or the library in *Hotaling*, Google does not own a collection of Perfect 10’s full-size images and does not communicate these images to the computers of people using Google’s search engine. Though Google indexes these images, it does not have a collection of stored full-size images it makes available to the public. Google therefore cannot be deemed to distribute copies of these images under the reasoning of *Napster* or *Hotaling*. Accordingly, the district court correctly concluded that Perfect 10 does not have a likelihood of success in proving that Google violates Perfect 10’s distribution rights with respect to full-size images.⁴⁹

The Ninth Circuit’s opinion does not shed any light on the origins or legislative history of the distribution right.

C. The End-User File-Sharing Cases

⁴⁵ See *id.* at 805.

⁴⁶ See *In re Napster, Inc. Copyright Litigation*, 377 F.Supp.2d 796, 802-05 (N.D.Cal. 2005).

⁴⁷ See *Perfect 10 v. Google, Inc.*, 416 F.Supp.2d 828, 844-45 (C.D.Cal. 2006).

⁴⁸ See *Perfect 10 v. Amazon.com, Inc.*, 508 F.3d 1146, 1162 (9th Cir. 2007).

⁴⁹ *Id.* at 1162-63.

The distribution right would move to center stage as enforcement litigation shifted in 2003 to end -users of peer-to-peer technologies. The catalyst for this shift was the district court's decision in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*⁵⁰ A little background is necessary to set the stage.

Napster's technology stored the addresses of indexed files on a central server.⁵¹ After the district court ruled that Napster was required to take down any links to files identified by copyright owners as infringing, the resulting raft of take-down requests ultimately led to Napster's demise.⁵² As this litigation unfolded, decentralized peer-to-peer technologies – including KaZaA, Morpheus, and Grokster – emerged in the marketplace. Since these systems stored only the addresses of client computers and utilized links among nodes within the peer-to-peer network to enable searches for files, file names never passed through the system servers. Hence, the operators of these networks could not be subject to the barrage of take-down notices that doomed Napster. When copyright owners sued Grokster, the district court held that it could not be held contributorily liable for infringing activities of its users because its technology was capable of substantial non-infringing use and hence immune under the *Sony Betamax* safe harbor for staple articles of commerce.⁵³

Although the Supreme Court later reversed this decision in 2005⁵⁴ and Grokster would be held liable for inducing infringement,⁵⁵ the district court's 2003 decision led the recording industry to launch a widespread litigation campaign targeting end -users – those who directly engage in file-sharing activities.⁵⁶ Beginning in 2003, record companies filed lawsuits against approximately thousands of individuals whom forensic investigators determined to be active uploaders of copyrighted works.⁵⁷ The overwhelming majority of those cases would settle for between \$3,000 and \$5,000,⁵⁸ but several alleged file-sharers denied liability, and these cases proceeded to active litigation.

The principal substantive defense in these cases focused on the scope of the distribution right. Although forensic investigators could readily establish that copyrighted files were available from particular Internet Protocol addresses, they could not directly show that these files

⁵⁰ 259 F.Supp.2d 1029 (C.D.Cal. 2003).

⁵¹ See Peter S. Menell, *Envisioning Copyright Law's Digital Future*, 46 New York Law School Law Review 63, 116 (2003).

⁵² See Brad King, *The Day the Napster Died* (May 15, 2002), at <http://www.wired.com/news/mp3/0,1285,52540,00.html>.

⁵³ See *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 259 F.Supp.2d 1029, 1043, 1046 (C.D.Cal. 2003).

⁵⁴ See *Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd.*, 545 U.S. 913 (2005).

⁵⁵ See *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 454 F.Supp.2d 966 (C.D.Cal. 2006).

⁵⁶ See Harmon, *supra* n.13; see *Copy-wrong!*, *supra* n.14.

⁵⁷ See *Copy-wrong!*, *supra* n.14.

⁵⁸ See *id.*

were being downloaded by entities other than themselves. Because the forensic investigators had authorization from their clients to download files, defendants argued that merely placing copyrighted works in a file-share folder did not constitute actionable distribution absent evidence that someone without authorization downloaded the file.

The first wave of cases to address this defense held that merely making copies of copyrighted works available without authorization violated the distribution right. Relying on *Hotaling* and the Ninth Circuit's *Napster* decision, the district court in *Universal City Studios Prods. LLP v. Bigwood*,⁵⁹ held that defendants violated plaintiff's exclusive right to distribute copyrighted works by "by using KaZaA to make copies of the Motion Pictures available to thousands of people over the internet."⁶⁰ The district court in *Warner Bros. Records, Inc. v. Payne*⁶¹ invoked the Supreme Court's equation of "publication" with "distribution" in *Harper & Row* to find that "[l]isting unauthorized copies of sound recordings using an online file-sharing system constitutes an offer to distribute those works, thereby violating a copyright owner's exclusive right of distribution."⁶² The court further observed that:

listing copyrighted works on an online file-sharing system contemplates "further distribution. . . . Making an unauthorized copy of a sound recording available to countless users of a peer-to-peer system for free certainly contemplates and encourages further distribution, both on the Internet and elsewhere. Therefore, the Court is not prepared at this stage of the proceedings to rule out the Plaintiffs' "making available" theory as a possible ground for imposing liability.⁶³

⁵⁹ See *Universal City Studios Prods. LLP v. Bigwood*, 441 F. Supp. 2d 185 (D. Me. 2006)

⁶⁰ *Id.* at 190.

⁶¹ No. W-06-CA-051, 2006 WL 2844415 (W.D. Tex. July 17, 2006); see also *Interscope Records v. Duty*, No. 05-CV-3744, 2006 WL 988086, at *2 (D. Ariz. Apr. 14, 2006) (holding that the "mere presence of copyrighted [works] in [defendant's] share file may constitute copyright infringement").

⁶² *Id.* at , at *3. See also *Arista Records LLC v. Greubel*, 453 F.Supp.2d 961, 969 (N.D.Tex. 2006) (observing that "the right of distribution also has been identified as synonymous with the publication of a copyrighted work"). The court bolstered this conclusion by reference to *Hotaling* and the Ninth Circuit 2001 *Napster* decision. It distinguished Judge Patel's 2005 *Napster* ruling on the erroneous ground that the present case alleged direct infringement whereas *Napster* involved indirect infringement. Indirect liability must be premised on a finding of direct infringement. Thus, the court in *Napster* proceeded on the theory that users committed direct infringement for which *Napster* was indirectly liable.

⁶³ 2006 WL 2844415, at *4 (W.D. Tex. July 17, 2006). See also *Elektra Entertainment Group, Inc. v. Barker*, 551 F.Supp.2d 234, 243 (S.D.N.Y. 2008) (concluding based on the text of the Copyright Act that Congress intended to treat "distribute" and "publication" "synonymous[ly]," rejecting plaintiff's "contourless 'make available' right," and reading distribute strictly in conformity with the Copyright Act's definition of "publication").

The district court in *Motown Record Co., LP v. DePietro*⁶⁴ determined that “[a] plaintiff claiming infringement of the exclusive-distribution right can establish infringement by proof of actual distribution or by proof of offers to distribute, that is, proof that the defendant ‘made available’ the copyrighted work.”⁶⁵ The court based its conclusion on its reading of the statute, the Ninth Circuit’s decision in *Napster*, and “the opinion offered by the Register of Copyrights, Marybeth Peters, in a letter related to Congressional hearings on piracy of intellectual property on peer-to-peer networks, [] (“[M]aking [a work] available for other users of [a] peer to peer network to download ... constitutes an infringement of the exclusive distribution right, as well as the production right.”).⁶⁶

In 2008, the pendulum swung in the opposite direction. *Atlantic Recording Corp. v. Brennan* cast doubt on the “making available” theory, observing that “‘without actual distribution of copies . . . there is no violation [of] the distribution right.’”⁶⁷ A little more than a month later, Judge Gertner issued a detailed analysis of the scope of the distribution right. *London-Sire Records, Inc. v. Doe*⁶⁸ cast doubt on the *Hotaling* interpretation and inclined toward a requirement of actual distribution, observing that “[m]erely because the defendant has ‘completed all the steps necessary for distribution’ does not necessarily mean that a distribution has actually occurred.”⁶⁹ In response to the argument that Section 106(3) “distribution” right encompasses the statute’s definition of “publication,” Judge Gertner explained that although the Supreme Court in *Harper & Row* “‘recognized for the first time a distinct statutory right of first publication’ and quoted the legislative history as establishing that § 106(3) gives a copyright holder ‘the right to control the first public distribution of an authorized copy ... of his work,’ [t]hat is a far cry from squarely holding that publication and distribution are congruent.”⁷⁰ She then offered the textual argument that since the definition of “publication” in the statute incorporates the word “distribute” and not all publications are distributions to the public, the terms are not identical.⁷¹ She concluded that

Congress’ decision to use the latter term when defining the copyright holder’s rights in 17 U.S.C. § 106(3) must be given consequence. In this context, that

⁶⁴ No. 04-CV-2246, 2007 WL 576284 (E.D. Pa. Feb. 16, 2007).

⁶⁵ *Id.* at *3.

⁶⁶ *Id.* at *3, n.38.

⁶⁷ 534 F. Supp. 2d 278, 282 (D. Conn. 2008) (quoting Patry on Copyright § 13:9 (2007) and citing the Ninth Circuit’s decision in *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1162 (9th Cir.2007)).

⁶⁸ 542 F.Supp.2d 153 (D.Mass. 2008).

⁶⁹ *Id.* at 168 (footnote omitted).

⁷⁰ *Id.* at 168 (quoting *Harper & Row*, 471 U.S. at 552(omitting internal quotation and H.R. Rep. 94-1476 at 62 (reprinted in 1976 U.S.C.C.A.N. at 5675) (alteration in *Harper & Row*)).

⁷¹ See *id.*

means that the defendants cannot be liable for violating the plaintiffs' distribution right unless a 'distribution' actually occurred.⁷²

Shortly after the *London-Sire* decision, Judge Wake squarely rejected the “making available” theory in *Atlantic Recording Corp. v. Howell*.⁷³ He began his analysis by noting that the leading copyright treatises⁷⁴ state that infringement of the distribution right requires actual dissemination of copies or phonorecords.⁷⁵ He then noted that the *Hotaling* case lacked clear support in the Copyright Act and that the “great weight of authority” requires proof of actual distribution.⁷⁶ Following Judge Gertner’s reasoning in *London-Sire Records*, Judge Wake rejected the argument that “distribution” encompasses “publication.”⁷⁷ He emphatically concluded that “[i]t is untenable that the definition of a different word in a different section of the statute was meant to expand the meaning of ‘distribution’ and liability under § 106(3) to include offers to distribute.”⁷⁸

The scope of the distribution right was propelled to major headlines as the first file-sharing case against an individual made its way to trial. Capitol Records accused Jammie Thomas of sharing more than 1,000 copyrighted songs through the KaZaA file-sharing network in 2005. After Ms. Thomas declined the RIAA’s settlement offer, Capitol Records filed suit for willful violation of copyright law. The case attracted tremendous media attention – pitting the RIAA seeking \$150,000 for each of 24 copyrighted sound recordings against a defiant single

⁷² *Id.* Judge Gertner also rejected the proposition that use of the phrase “to authorize” in the opening clause of Section 106 extends liability to circumstances in which a defendant authorizes infringement, even if no infringement occurs. *Id.* at 166 (citing *Venegas-Hernandez v. Ass’n De Compositores & Editores de Música Latinoamericana*, 424 F.3d 50, 57-58 (1st Cir.2005) and H.R. Rep. 94-1476, the House Report accompanying the 1976 Act (noting that Congress’s intent in adding “authorize” to the statute was to “avoid any questions as to the liability of contributory infringers”)).

⁷³ 554 F. Supp.2d 976 (D. Ariz. 2008).

⁷⁴ As in *National Car*, there was no acknowledgment of the larger context in the which the phrase quoted from *Nimmer on Copyright* actually appeared. See *supra* text accompanying n.26.

⁷⁵ See *id.* at 981 (citing *Nimmer on Copyright* § 8.11[A], at 8-149 (2007) (“Infringement of [the distribution right] requires an actual dissemination of either copies or phonorecords.”); *Patry on Copyright* § 13:9, at 13-13 (2007) (“Without actual distribution of copies of the [work], there is no violation of the distribution right.”); *Goldstein on Copyright* § 7.5.1, at 7:125 to 7:126 (3d ed. 2005) (“[A]n actual transfer must take place; a mere offer for sale will not infringe the right.”)).

⁷⁶ See *id.* at 983.

⁷⁷ See *id.* at 984-85.

⁷⁸ *Id.* at 985. The victory for the defendant on the requirements to prove violation of the distribution right would prove Pyrrhic as Judge Wake ruled that the actual distribution element could be established merely by showing that a copyrighted work was downloaded by a record company investigator. See *id.*

mother of modest means represented by pro bono counsel. The pretrial process consumed immense resources as Ms. Thomas denied liability, destroyed her computer hard drive so that it would not be available as evidence, and asserted a raft of objections and defenses. Following the close of evidence, Judge Davis instructed the jury that merely “making available” the copyrighted works infringed the distribution right. Following five minutes of deliberation, the jury returned a verdict of \$9,250 per work, totaling \$222,000. Based on Thomas’s post-trial motion, Judge Davis ordered a new trial on the ground that he misinstructed the jury as to the scope of the distribution right.⁷⁹

The Thomas-Rasset⁸⁰ retrial took place in June 2009. This time, the judge instructed the jury that, in order to find infringement, it had to find either violation of the reproduction right as a result of Ms. Thomas-Rasset’s “downloading copyrighted sound recordings on a peer-to-peer network, without license from the copyright owners” or violation of the distribution right through Ms. Rasset-Thomas “distributing copyrighted sound recordings to other users on a peer-to-peer network, without license from the copyright owners.” After five hours of deliberation, the jury found Ms. Thomas-Rasset liable for willful copyright infringement of all 24 sound recordings at issue and awarded the plaintiffs statutory damages of \$80,000 per song, resulting in a total award of \$1.92 million. On post-trial motions, Judge Davis determined that the damage award was “monstrous and shocking” and remitted the jury award to \$54,000 (treble the minimum willful statutory damage level (\$750 per work) time 24 works)).⁸¹ The plaintiffs offered Ms. Thomas-Rasset the opportunity to settle the matter by donating \$25,000 to a musician’s charity of her choosing, which she declined.⁸² The jury in the third trial award \$1.5 million in statutory damages, which Judge Davis again reduced to \$54,000 as “maximum award consistent with due process.”⁸³

The second end- user file-sharing trial took place in Judge Gertner’s courtroom in July 2009.⁸⁴ Like the Thomas case, this case attracted tremendous publicity as Joel Tenenbaum, a graduate student at Boston University, and his appointed counsel, Harvard Law School Professor Charles Nesson, sought to turn the trial into a referendum on copyright policy. During pretrial proceedings, Mr. Tenenbaum denied any wrongdoing and even suggested that the files in question might have been shared by others, including a visitor to the family home, family friend

⁷⁹ See *Capitol Records, Inc. v. Thomas*, 579 F.Supp.2d 1210, 1216-25 (D.Minn. 2008) (largely tracking Judge Wake’s reasoning in *Howell*).

⁸⁰ Ms. Thomas was married in the interim.

⁸¹ See *Capitol Records Inc. v. Thomas-Rasset*, 680 F.Supp.2d 1045, 1049 (D.Minn. 2010).

⁸² See Greg Sandoval, *Jammie Thomas Rejects RIAA’s \$25,000 Settlement Offer*, CNET (Jan. 27, 2010) <http://news.cnet.com/8301-31001_3-10442482-261.html>

⁸³ See *Capitol Records, Inc. v. Thomas-Rasset*, --- F.Supp.2d ----, 2011 WL 3211362 (D.Minn. 2011) (holding that an award above three times the statutory damages minimum of \$750 per work violates the Due Process Clause of the U.S. Constitution).

⁸⁴ See Greg Sanoval, *Joel Tenebaum Follows in Jammie Thomas’ Footsteps*, CNet News (Jul 28, 2009) <http://news.cnet.com/8301-1023_3-10298079-93.html>

(possibly a visitor from Burkina Faso), foster son, or burglar.⁸⁵ After much jockeying over the scope of the distribution right, the fair use defense, and a slough of other issues, Mr. Tenenbaum ultimately confessed to uploading and downloading copyrighted sound recordings on various peer-to-peer networks.⁸⁶ As a result, Judge Gertner directed a verdict on liability, leaving for the jury only the issue of statutory damages.⁸⁷ The jury awarded \$675,000 (based on \$22,500 per 30 works litigated). Judge Gertner later reduced the amount to \$67,500 on the grounds that the jury award violated due process.⁸⁸

D. Statutory Interpretation Chaos

As the foregoing demonstrates, courts are deeply divided on the scope of Copyright's distribution right. Some courts have read the right broadly to encompass merely making copies available, congruent with the Copyright's Act definition of "publication." Other courts have imposed a strict requirement that the plaintiff prove not merely that the defendant has made the work available, but that the work was in fact distributed to third parties. But some of these courts have largely negated this requirement by allowing proof that the work was downloaded by the plaintiff's forensic investigator.

There are three interrelated factors behind this chaos. First, the term "distribute" in the 1976 Copyright Act is open to a range of plausible interpretations. Second, the briefs filed in these cases provide little guidance as to why Congress chose the term "distribute." Third, the judges were likely concerned by the enormous potential damages – up to \$150,000 per work – and the uncertainties inherent in jury damage determinations – the proverbial "elephant in the room."

The scope of the distribution right has critical ramifications for copyright enforcement in the Internet age. Under the narrow interpretation, the relative anonymity of peer-to-peer transmissions in combination with privacy concerns makes enforcement costly and difficult. By contrast, a broad interpretation exposes millions of uploaders to potentially large statutory damages. The next section explores copyright treatises, academic research, and the views of Copyright Office personnel in the search for answers to the scope of the distribution right.

⁸⁵ See Affidavit in Support of Motion to Dismiss and in Support of Motion for Summary Judgment at 2, *Sony BMG Music Entertainment v. Tenenbaum*, Civil Action No.07-CV-11446 (D. Mass.) (filed Nov. 16, 2007) <<http://joelfightsback.com/wp-content/uploads/487.pdf>>

⁸⁶ See Ben Sheffner, "Tenenbaum takes the stand: I used P2P and lied about it," *ars technica* (Jul. 30, 2009) <<http://arstechnica.com/tech-policy/news/2009/07/tenenbaum-takes-the-stand-i-used-p2p-and-lied-about-it.ars>>

⁸⁷ See Ben Sheffner, *Copyrights & Campaigns*, Plaintiffs Win Tenenbaum Case; Court Considers Rule 50 Ruling; Grants Directs Verdict on Copyright Liability (Jul. 31, 2009) <<http://copyrightsandcampaigns.blogspot.com/2009/07/plaintiffs-win-tenenbaum-case-court.html>>

⁸⁸ See *Sony BMG Music Entertainment v. Tenenbaum*, 721 F.Supp.2d 85, 116 (D. Mass 2010).

II. The Scholarly Vacuum

In view of the complexity of modern copyright law, it is not surprising that jurists divide on their interpretation of the law. This section explores what legal scholars and copyright specialists have had to say about the distribution right. None of these sources have provided comprehensive, systematic analysis of the origins, rationale, and basis for copyright's distribution right. With one exception, they have not gone back to the most pertinent sources. And that one exception overlooked key elements of the legislative history and misapprehended the basis for the distribution right. Copyright scholars and specialists have tended to rehash the same superficial analyses.

A. Copyright Treatises

In determining that violation of copyright's distribution right requires proof of actual distribution of a copyrighted work, Judge Wake found comfort in "the great weight of authority" indicating that actual distribution must be established.⁸⁹

1. *Nimmer on Copyright*⁹⁰

After quoting the pertinent language from Section 106(3), *Nimmer* emphasizes that the distribution right concerns "public" distribution.⁹¹ It then observes that "[t]he term 'distribution' rather than 'publication' was used merely 'for the sake of clarity.'"⁹² The accompanying footnote observes:

The language of this clause is virtually identical with that in the definition of 'publication' in section 101, but for the sake of clarity we have restated the concept here." Reg. Supp. Rep., p. 19. But note that an offer to distribute copies or phonorecords to the public may in itself constitute a 'publication' (see § 4.04 *supra*), while the right of distribution apparently is not infringed by the mere offer to distribute to members of the public. (Nonetheless, if the *offer* to distribute matures into an actual *authorization*, liability may be found. See § 12.04[A] *infra*.) The comparable right to vend under § 1(a) of the 1909 Act was not infringed by the act of offering for sale. *Greenbie v. Noble*, 151 F. Supp. 45 (S.D.N.Y. 1957). The distribution right under the current Act is broader than the

⁸⁹ See *Atlantic Recording Corp. v. Howell*, 554 F.Supp.2d 976, 981 (D.Ariz. 2008).

⁹⁰ The discussion that follows is based upon the version of *Nimmer on Copyright* that was available to jurists and practitioners through August 2011. After reading this article, Professor Nimmer asked me to co-author a complete revision of the sections of *Nimmer on Copyright* relating to the scope of the distribution right and the definition of "publication." Consequently, Release 85 of *Nimmer on Copyright* adopts the analysis of this article. See *Nimmer on Copyright* §§4.01, 8.11 (forthcoming 2011).

⁹¹ See *Nimmer on Copyright* §8.11[A].

⁹² See *id.*

right to vend under the 1909 Act. See *Encyclopaedia Britannica Educ. Corp. v. Crooks*, 558 F. Supp. 1247 (W.D.N.Y. 1983).⁹³

The treatise later asserts that “[i]nfringement of this right requires actual dissemination of either copies or phonorecords.”⁹⁴ But two aspects of that assertion bear emphasis. First, Judge Wake overread that sentence when applying it to the peer-to-peer context. The full paragraph from *Nimmer on Copyright* in which the subject sentence appears⁹⁵ reads as follows:

Infringement of this right requires an actual dissemination of either copies or phonorecords. A public performance of a work is not a publication and hence, even if unauthorized does not infringe the distribution right. Given that transmissions qualify as public performances, liability for that conduct lies outside the distribution right.⁹⁶

That language, written before the emergence of peer-to-peer technology, did not attempt to address its implications for copyright law. It merely contrasted distribution, which requires the dissemination of a copy, with *performance*, in which no copy need be disseminated. In context, the paragraph simply means that there is no violation of the distribution right when the substance of the copyrighted work has been *intangibly* dispersed via performance. To violate the distribution right, instead, *tangible* copies must be at issue. In the peer-to-peer context, uploading followed by downloading results in a “copy” resident on the second peer’s computer, meaning that the tangibility requirement has been met.⁹⁷

Nonetheless, before absolving *Nimmer* from all responsibility for the manner in which it was cited, the treatise’s accompanying footnote should also be quoted:

National Car Rental Sys., Inc. v. Computer Assocs. Int’l, Inc., 991 F.2d 426, 434 (8th Cir.) (Treatise quoted), cert. denied, 510 U.S. 861, 114 S. Ct. 176, 126 L. Ed. 2d 136 (1993); Perfect 10 v. Google, Inc., 416 F. Supp. 2d 828, 844 (C.D. Cal. 2006) (Treatise quoted), aff’d in part, rev’d on other grounds sub nom. Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146 (9th Cir. 2007).⁹⁸

It is clear from this citation that *Nimmer* was merely extrapolating from prior jurisprudence rather than examining the origins of the distribution right. To this extent, the treatise left open how the original understanding of the distribution right applies to the peer-to-peer context.

⁹³ See *id.* at n.2 (emphasis in original).

⁹⁴ See *id.*

⁹⁵ The Eighth Circuit’s quotation in *National Car Rental* was equally truncated. See *supra* text accompanying n.26.

⁹⁶ *Nimmer on Copyright* § 8.11[A] (footnotes omitted).

⁹⁷ See n. 30 *supra*.

⁹⁸ See *id.* at n.4.7.

2. Goldstein on Copyright

Goldstein on Copyright also begins its treatment of the distribution right with the text of Section 106(3).⁹⁹ It then addresses the scope of the distribution right:

The crux of the distribution right lies in the transfer, not the receipt, of a copy or phonorecord. Consequently, someone who simply buys or otherwise acquires a copy or phonorecord does not infringe the distribution right. Further, an actual transfer must take place; a mere offer of sale will not infringe the right.^{FN15}

^{FN15} See, e.g., *Obolensky v. G.P. Putnam's Sons*, 628 F. Supp. 1552, 1555 (S.D.N.Y.), *aff'd without op.*, 795 F.2d 1005 (2d Cir. 1986); *Greenbie v. Noble*, 151 F. Supp. 45, 63-64, (S.D.N.Y. 1957). But cf. *Hotaling v. Church of Jesus Christ of Latter-Day Saints*, 118 F.3d 199, 201 (4th Cir. 1997) (library publicly distributes copy "[w]hen it places an unauthorized copy of the work in its collection, includes the copy in its catalogue or index system, and makes the copy available to the public"); *Wildlife Internationale, Inc. v. Clements*, 591 F. Supp. 1542, 1546-1547 (S.D. Ohio 1984) (stating in dicta that "the distribution, through the sale or offer of sale to the public or otherwise, of copies of any of the 22 listed works of art acquired by defendant" infringed plaintiff's copyrights in the works).¹⁰⁰

The critical conclusions – that "actual transfer must take place" and "a mere offer of sale will not infringe the right" – rely on the *Obolensky* and *Greenbie* cases. These cases, however, do not offer any insight into the text or intent underlying Section 106(3) of the 1976 Copyright Act.

In *Obolensky*, the plaintiffs, holder of a copyright in a book, had negotiated with the defendant to distribute the book.¹⁰¹ In reliance on terms set forth in an offer letter, defendant listed the book in its catalog and presented the book at a sales conference. Following the collapse of negotiations, defendant immediately notified its sales force to stop selling the book, informed its largest customers that the book had been de-listed, and cancelled all outstanding orders. Nonetheless, the book appeared in two of defendant's catalogs following termination of negotiations. The record established that the "defendant never copied the Book, in whole or in part, never sold any copies of the Book, and never had possession, custody, or control of any copies of the Book."¹⁰² Nonetheless, the plaintiffs alleged that the mere listing of the book in the defendant's catalog constituted a violation of the distribution right. Relying solely on *Greenbie v. Noble*,¹⁰³ a 1909 Copyright Act case, *Obolensky* ruled that a sale must be completed to violate

⁹⁹ Paul Goldstein, *Goldstein on Copyright* §7.5.1 (Vol. II 3d ed. 2009) (2009 Supplement).

¹⁰⁰ See *id.* at 7:125-26 (footnote 14 and parallel citations omitted).

¹⁰¹ *Obolensky v. G.P. Putnam's Sons*, 628 F.Supp. 1552 (S.D.N.Y. 1986).

¹⁰² See *Id.* at 1555.

¹⁰³ 151 F.Supp. 45 (S.D.N.Y. 1957).

the “vend” right, from which the court inferred that an actual sale must occur to violate the distribution right under these circumstances.¹⁰⁴ Of course, the case can also be understood to mean that one cannot violate the distribution right without “possession, custody, or control” of the work in question.

Goldstein’s basis for interpreting “distribute” to require actual distribution becomes all the more tenuous upon reviewing the *Greenbie* case. That case’s analysis comes in one sentence: “Although the word ‘vend’ may include the act of offering or sale, a mere offer without more does not constitute vending. See *Minter v. Williams*, 111 Eng.Rep. 781, 4 Adol. & El. 63.”¹⁰⁵ Thus, the case answers the critical question of whether the distribution right under the 1976 Copyright Act requires actual distribution by advertizing to an 1835 English patent case,¹⁰⁶ which upon inspection contradicts the use to which it is being put.¹⁰⁷ Furthermore, *Greenbie* indicates that this narrow interpretation of “vend” is not essential to the court’s conclusion.¹⁰⁸ Thus, *Goldstein*’s jurisprudential basis for concluding that “distribution” requires actual distribution boils down to dicta based on an inapt 175 year old English patent case interpreting English patent law. Furthermore, the *Goldstein* acknowledges that the *Hotaling* and *Wildlife Internationale* cases point to the opposite conclusion.¹⁰⁹

Goldstein then notes that “[c]ourts have historically read section 106(3) to require that, for the public distribution right to be infringed, copies or phonorecords must actually be distributed.”¹¹⁰ The accompanying footnote refers to the Ninth Circuit’s *Perfect 10* case, the Eighth Circuit’s *National Car* decision, and the 2005 *Napster* decision. As noted earlier, none of these decisions fully analyze the development of the distribution right. On this basis, *Goldstein* endorses Judge Gertner’s “meticulous” analysis leading to her rejection of a “making available”

¹⁰⁴ *Obolensky v. G.P. Putnam's Sons*, 628 F.Supp. 1552, 1555 (S.D.N.Y. 1986).

¹⁰⁵ 151 F.Supp. at 63-64.

¹⁰⁶ *Minter v. Williams*, 111 Eng. Rep. 781, 4 Adol. & El. 63 (Nov. 20, 1835). *Minter v. Williams* can be found in William Carpmael, Esq., *Law Reports of Patent Cases*, Vol. I 647-50 (1843).

¹⁰⁷ *Minter* supports the notion that extant English copyright law holds liable those who merely offer a protected work for sale. The majority opinion differentiated the patent statute under construction from the Statute of Anne, 8 Anne, c.19, under which “exposing to sale had been made a distinct offense.” *Id.* at 647.

¹⁰⁸ See 151 F.Supp. at 64 (noting that “[i]n any event, the offer of sale emanated from Illinois and the sales were consummated in Illinois when Sears mailed the books to its members. Consequently, Sears’ alleged violation of plaintiff’s rights to publish and vend her book gave rise to a cause of action in Illinois and is controlled by the Illinois statute of limitations . . .” (citations omitted)).

¹⁰⁹ The *Goldstein* treatise notes that *Hotaling* can be read narrowly based on the failure of the defendant to maintain records of public use of the works at issue. See *Goldstein*, *supra* n.99 §7.5.1 at 7:127(citing 118 F.3d at 204).

¹¹⁰ See *id.*

right in *London-Sire Records*.¹¹¹ Like *Nimmer*, *Goldstein* does not trace the origins of the distribution right.

3. Patry on Copyright

Patry on Copyright provides the following explanation for the “distribution right”:

During the process of drafting the 1976 Act, the Copyright Office regarded the enumeration of rights in section 1(a) of the 1909 Act (“printing, reprinting, publishing, copying, and vending”) as redundant and reducible to one right: the right to reproduce the work in copies.^{FN1} Accordingly, the Register’s 1961 report recommended that a separate distribution right not be included in the new statute. For unexplained reasons,^{FN2} two years later the Copyright Office changed its position, and in its 1963 preliminary draft bill, the following separate distribution right was proposed:

Section 5 EXCLUSIVE RIGHTS COMPRISED IN COPYRIGHT.

Subject to the provisions of sections 6 through 12, copyright under this title shall consist cumulatively of the following exclusive rights: ...

(b) The right to distribute copies and sound recordings. Copyright shall include the exclusive right to sell or otherwise transfer ownership of, rent, lease, or lend one or more copies or sound recordings of the work.^{FN3}

In 1964, in the first legislative bills, copyright owners were granted the right “to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease or lending.”^{FN4} No changes in this formulation were made in the intervening 12 years before enactment in 1976.¹¹²

^{FN1} Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong., 1st Sess. 21 (House Comm. Print 1961).

^{FN2} In discussions on this section, the Copyright Office merely noted that the proposed new right “would cover everything that’s covered in section 1(a) of the present law by reference to the terms ‘publish’ and ‘vend’ – broadened ... to avoid any questions as to whether ‘publish’ or ‘vend’ is used in such a narrow sense that there might be forms of distribution not covered. ... [T]he draft covers virtually all forms of distribution.” Copyright Law Revision Part 3: Preliminary Draft for Revised U.S. Copyright Law and Discussions and Comments on the

¹¹¹ See *id.* at 7:129-30.

¹¹² See Patry on Copyright §13.8.

Draft 110 (Sept. 1964) (remarks of Copyright Office General Counsel Abe Goldman).

^{FN3} Copyright Law Revision Part 3 at 4 (§ 5(b)).

^{FN4} S. 3008 § 5(a) (3), 88th Cong., 2d Sess. (July 20, 1964). The current numbering of the exclusive rights as § 106 occurred in 1965. See H.R. 4347 S. 1006 § 106, 89th Cong., 1st Sess. (1965).

Patry further notes that although the statute does not separately define “distribution,” the Register of Copyrights’ 1965 Supplementary Report made reference to the definition of “publication” in a discussion of the distribution right:¹¹³

The language of [section 106(3)] is virtually identical with that in the definition of “publication” in section 101, but for the sake of clarity, we have restated the concept here. And, lest there be any possible misunderstanding because of the language of the preceding clauses, the right of public distribution would apply to all types of copyrighted works, including derivative works.¹¹⁴

It concludes, however, that “[t]he Register’s remarks should not be interpreted as stating that distribution is synonymous with publication” on the grounds that “the definition of ‘publication’ was included in the 1976 Act to assist in determining when a copyright notice had to be affixed.”¹¹⁵ *Patry* reaches this conclusion by reference to the text of Section 106(3) (“distribute copies or phonorecords”) and the *National Car*, *Howell*, *London-Sire*, and *Obolensky* decisions. Yet, as we will see below,¹¹⁶ *Patry* overlooks substantial legislative history showing that the Register fully intended to encompass the 1909 Act’s publish and vend rights within the 1976 Act’s distribute right. Moreover, the crafting of the definition of publication – in both 1965 and 1971 – illuminates interpretation of “distribute.” Furthermore, *National Car*, *Howell*, *London-Sire*, and *Obolensky* pay no heed to the legislative history or contextual meaning of “distribute.”

* * * * *

The distribution right attracted little attention prior to the emergence of end- user file-sharing cases less than a decade ago. For that reason, the requirements for proving violation of the distribution right received little attention. None of the treatises provide a clear basis for interpreting the Copyright Act’s distribution right. Nor do they explain why Congress shifted from the 1909 Act’s right to publish to the 1976 Act’s right to distribute.

B. Law Review Commentary and Policy Papers

¹¹³ See *Patry* on Copyright §13.9.

¹¹⁴ Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, 89th Cong., 1st Sess. 19 (House Comm. Print 1965) (hereinafter cited as “1965 Supplementary Report”).

¹¹⁵ See *Patry* on Copyright §13.9.

¹¹⁶ See *infra* Part III.

Prior to the deluge of file-sharing cases, the scope of the distribution right did not attract any significant attention in law review articles.¹¹⁷ But as the file-sharing cases moved through the litigation pipeline, the tide of student notes and commentary rose to flood levels. Most conclude that the scope of the distribution right is ambiguous and unsettled,¹¹⁸ with some opposing a “making available” right¹¹⁹ and others supporting liability even without proof of actual distribution.¹²⁰ For the most part, these articles merely “remix” the same authorities explored by the courts without adding any new ingredients or examining the scope of the distribution right on the basis of independent review of the underlying history by which the language was formulated or via first principles of statutory construction.

The scope of the distribution right also attracted attention from digital advocacy and policy groups. Through a series of amicus briefs and position papers, the Electronic Frontier Foundation (“EFF”) advocated a narrow conception of the distribution right based on a strict textualist reading of the statute: “The distribution right encompasses only the distribution of certain things (‘copies or phonorecords’), to certain people (‘the public’), in certain ways (‘by sale or other transfer of ownership, or by rental, lease, or lending’).”¹²¹ Thus, in EFF’s view, the copyright owners must prove actual distribution to third parties.

¹¹⁷ See David O. Carson, Making the Making Available Right Available, 33 Colum. J.L. & Arts 135, 135 (2010) (observation by the General Counsel of the Copyright Office that “very little had been written” about the distribution right as of the fall of 2008).

¹¹⁸ See, e.g., Joe Weissman, Distribution, I Presume: A Role for Presumptions in Establishing the “Making Available” Right, 27 Cardozo Arts & Ent. L.J. 737, 739 (2010); Vincent J. Galluzzo, When ‘Now Known or Later Developed’ Fails its Purpose: How P2P Litigation Has Turned the Distribution Right Upside-Down, 61 Fla. L. Rev. 1165 (2009); Ken Nicholds, The Free Jammie Movement: Is Making a File Available to Other Users over a Peer-to-peer Computer Network Sufficient to Infringe the Copyright Owner’s 17 U.S.C. § 106(3) Distribution Right? 78 Fordham L. Rev. 983, 1001- (2009); William Henslee, Money for Nothing and Music for Free? Why the RIAA Should Continue to Sue Illegal File-sharers, 9 J. Marshall Rev. Intell. Prop. L. 1 (2009).

¹¹⁹ See, e.g., Galuzzo, *supra* n.118; Shana Dines, Actual Interpretation Yields ‘Actual Dissemination’: An Analysis of the ‘Make Available’ Theory Argued in Peer-to-Peer File Sharing Lawsuits, and Why Courts Ought To Reject It, 32 Hastings Comm. & Ent. L.J. 157 (2009).

¹²⁰ See, e.g., Nicolds, *supra* n.118 (arguing that there is no “making available” right, but that “making available” may be considered as circumstantial evidence of distribution); Henslee, *supra* n.118.

¹²¹ See Brief Amici Curiae of Electronic Frontier Foundation, Public Knowledge, United States Internet Industry Association, and Computer & Communications Industry Association in Support of Defendant Jammie Thomas, Thomas, 579 F. Supp. 2d 1210 (No. 06-1497) at 6; <Howell brief>.

On the opposite side, the Progress and Freedom Foundation (“PFF”), a “market-oriented,” “classically conservative” think tank,¹²² argued for judicial recognition of a “making available” right. In a series of press releases, papers, and amicus briefs, Thomas Sydnor II, Director of PFF’s Center for the Study of Digital Property, placed primary emphasis on deference to eleven international agreements that require the United States to provide a making available right.¹²³ Sydnor also called attention to various aspects of the legislative history of the Copyright Act as well as doctrines of statutory construction. He provides the most thorough exploration of the legislative history, but his analysis comes across as strident and unbalanced.¹²⁴

C. Copyright Office and Copyright Office Personnel Views

Given the importance of the distribution right to copyright enforcement in the Internet age, it is not surprising that the Copyright Office and its key staff would be asked to weigh in on the scope of the distribution right. Over the years, the Copyright Office has been involved in the debate over the scope of the distribution right on several levels, reflecting its multiple roles: administering the Copyright Act, advising Congress on legislation, and working with the Administration on treaty matters.

Marybeth Peters, Register of Copyrights since 1994, first addressed the “making available” in 1995, before the diplomatic conference leading to the WIPO Internet treaties. At that time, she testified to Congress that “the Copyright Act in its present form can and should be read to encompass within the author’s exclusive rights the right to transmit the work

¹²² See The Progress & Freedom Foundation, Our Mission <<http://www.pff.org/about/>>

¹²³ See Thomas D. Sydnor III, *The Making-Available Right under U.S. Law*, Vol. 16, Issue 7, *Progress on Point* (The Progress & Freedom Foundation March 2009) (calling attention to *Murray v. Charming Betsy*, 6 U.S. 64, 118 (1804) (requiring courts to defer to reasonable interpretations of U.S. statutes that implement U.S. international obligations); see also Restatement (third) of Foreign Relations Law of the U.S. § 114 (1987) (“Where fairly possible, a United States statute is to be construed so as not to conflict with international law or an international agreement of the United States.”)).

¹²⁴ For example, Sydnor points to the scope of the term “distribute” in child pornography cases, see *Sydnor*, supra n. ___, at 43-44, as a guide for interpreting copyright’s distribution right. Yet those cases operate under a specific definition of “distribution” set forth in the Federal Sentencing Guidelines. See 18 U.S.C. § 2G2.2, Application Note 1 (“‘Distribution’ means any act, including possession with intent to distribute, production, transmission, advertisement, and transportation, related to the transfer of material involving the sexual exploitation of a minor. Accordingly, distribution includes posting material involving the sexual exploitation of a minor on a website for public viewing but does not include the mere solicitation of such material by a defendant.”); *U.S. v. Clawson*, 408 F.3d 556, 558 (8th Cir. 2005). Sydnor’s article does not provide the full context for this analogy. More generally, Sydnor fails to fully expose counter-arguments to his position.

electronically to individual members of the public.”¹²⁵ At the time, the only issue before Congress was whether electronic transmission could constitute a distribution. Register Peters also observed that the definition of “publication” was written to parallel the language of the distribution right and should be read to be “coextensive.”¹²⁶

In 1997, as Congress was considering the Digital Millennium Copyright Act (“DMCA”), the Register spoke directly to whether the distribution right encompasses making a work available over the Internet. The DMCA began as an effort to implement the 1996 WIPO Internet treaties,¹²⁷ which provide that “authors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the *making available* to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.”¹²⁸

Congress asked Register Peters her views on whether U.S. Copyright Law comported with the WIPO Internet treaties. She testified that “[a]fter an extensive analysis the Copyright Office concluded that existing protections are adequate to fulfill all but two of the substantive treaty obligations,” and neither of those were related to the making-available right.¹²⁹ She further stated that the implementation bill “fully and adequately implements the obligations of the [new WIPO] treaties.”¹³⁰ She later testified that “making [a work] available for other users

¹²⁵ See National Information Infrastructure Copyright Protection Act of 1995: Hearing on H.R. 2441 and S. 1284 Before the Subcomm. On Courts and Intellectual Property of the H. Comm. on the Judiciary, 104th Cong. 44 (1995) (statement of Marybeth Peters, Register of Copyrights).

¹²⁶ See *id.* at 45.

¹²⁷ Those two treaties encompass the WIPO Copyright Treaty and the WIPO Performance and Phonograms Treaty. See Nimmer on Copyright §12A.02[B].

¹²⁸ See WIPO Copyright Treaty Art. 8 (adopted in Geneva on Dec. 20, 1996) (emphasis added); see also WIPO Performance and Phonograms Treaty Art. 8 (adopted in Geneva on Dec. 20, 1996)(similar language).

¹²⁹ See Online Copyright Liability Limitation Act Hearing on H.R. 2281 and H.R. 2280 Before the Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary, 105th Cong. 43-44 (1997) (statement of Marybeth Peters, Register of Copyrights).

¹³⁰ See *id.* at 27-28 (alteration in original) (quoting WIPO Copyright Treaties Implementation Act; and Online Copyright Liability Limitation Act Hearing on H.R. 2281 and H.R. 2280 Before the Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary, 105th Cong. 43 (1997) (statement of Marybeth Peters, Register of Copyrights)).

Title I of the DMCA is called the “WIPO Copyright and Performances and Phonograms Treaties Implementation Act of 1998,” and the Conference Committee Report states that Title I “implements two new intellectual property treaties, the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, signed in Geneva, Switzerland in December 1996.” [Digital Millennium Copyright Act Title I, 17 U.S.C. § 512 (1998); H.R. Rep. No. 105-796, at 63 (1998) (Conf. Rep.). The House Judiciary Committee’s report on the DMCA states that “[t]he

of [a] peer to peer network to download . . . constitutes an infringement of the exclusive distribution right.”¹³¹

The Principal Legal Advisor at the Copyright Office acknowledged the confusion over the scope of the distribution right in a 2008 article and argued that the violation of the distribution right in the file-sharing cases could usefully be addressed through the standards governing circumstantial evidence.¹³² This approach elides the interpretive question and provides an alternative mechanism for proving actual distribution – at least probabilistically. But this approach has the problem of opening the prima facie liability determination to a contested trial. More recently, the Copyright Office’s General Counsel argued that international treaties, cases, and commentary support finding a “making available” right under U.S. copyright law, but did not delve significantly into the legislative history of the distribution right.¹³³

* * * * *

Thus, like the courts, the commentators are scattered across the interpretive landscape. *Nimmer* and *Goldstein* offered little analysis and no legislative background on this long dormant and now salient issue. Legal scholarship in the area is divided and politicized. The most extensive treatise account is provided by *Patry*—although that treatment overlooks key pieces of legislative history and relies upon unpersuasive cases.¹³⁴ The Copyright Office personnel are inclined toward a broad interpretation of the distribution right, but do not substantiate their view with definitive evidence from the 1976 Act’s legislative history.

III. Rediscovering the Lost Ark: Exploring the Legislative History of the Copyright Act of 1976

In interpreting statutes, courts generally seek to determine and effectuate the legislature’s intent. When the plain meaning of statutory terms can be clearly determined from the text of the statute, the task usually ends there. But when the statutory text is amenable to a range of interpretations, courts typically look to the origins and evolution of the term in question and the larger statutory context, as well as prior judicial interpretations. When the choice of the statutory term was the result of a broad consensus, the rationale for the term was clearly explained in

treaties do not require any change in the substance of copyright rights or exceptions in U.S. law.” H.R. Rep. No. 105-551 at 9 (1998).

¹³¹ Letter from Marybeth Peters, Register of Copyrights, to Rep. Howard L. Berman, Subcomm. on Courts, the Internet and Intellectual Prop. 1 (Sept. 25, 2002), reprinted in *Piracy of Intellectual Property on Peer-to-Peer Networks*, Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 107th Cong. 114 (2002)).

¹³² See Robert Kasunic, *Making Circumstantial Proof of Distribution Available*, 18 *Fordham Intell. Prop. Media & Ent. L.J.* 1145 (2008).

¹³³ See David O. Carson, *Making the Making Available Right Available*, 33 *Colum. J.L. & Arts* 135 (2010).

¹³⁴ See *infra* text accompanying notes 167-69.

contemporaneous hearings and reports, and the process for its selection was transparent and documented, legislative history provides critical information for construing a facially ambiguous statutory term's meaning. Furthermore, when a statutory term derives from more than a century of jurisprudence, courts usually pay attention to the specialized meaning that has developed.¹³⁵

As explored in Part I, none of the courts to confront the meaning of the Copyright Act's distribution right traced the critical term back to its origins or explored specialized or settled meaning from practice or jurisprudence. The distribution right cases pose several fundamental and critical statutory interpretation questions: (1) Why did Congress enunciate a right to "distribute" against a backdrop of prior legislation which referred to rights to "publish" and "vend"?; (2) Did Congress intend to encompass those prior rights within the right to "distribute" or to narrow the scope of protection?; (3) Did Congress view the distribution right in a narrow, technical way (such as might support proof of "actual distribution") or did it intend a broad and flexible provision?; and (4) If the distribution right encompasses the antecedent law's right to publish, what was the scope of the publication right? Any judge interpreting the distribution right would presumably want to know the answers to these critical questions. Thus far, the judges who have confronted the scope of the distribution right have operated in a total vacuum as no brief, treatise, or scholarly article has yet discovered and explicated the critical documents.

Perhaps, as suggested by some of the scholarship reviewed in Part II, these questions are unanswerable. Or perhaps the answers have been lost, like the holy ark depicted in the first Indiana Jones blockbuster. As explained below, the copyright ark does in fact exist and its contents directly answer the critical questions just posed. To put these materials in context, section A explains the larger legislative context, which illuminates why these documents have remained entombed. Section B traces the statutory precursors to the distribution right: the rights to "publish" and "vend" found in 1909 Act and the right to "publish" found in the 1790 Act. With this background in place, section C traces the evolutionary process that produced the 1976 Act's distribution right.

A. The Making of the Copyright Act of 1976

Litigants and jurists have entirely overlooked critical passages from the legislative history of the Copyright Act of 1976 explaining the meaning and scope of the distribution right. How can this occur in the information age – with easy access to vast legal databases and Boolean

¹³⁵ *Neder v. U.S.* 527 U.S. 1, 21-22 (1999) (noting the "well-established rule of construction" that "[w]here Congress uses terms that have accumulated settled meaning under ... the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms" (quoting *Nationwide Mut. Ins. Co. v. Darden*, 503 U.S. 318, 322 (1992) (quoting *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 739 (1989))); see also *United States v. Morrisette*, 342 U.S. 246, 250 (1952) (observing that "where Congress borrows terms of art in which are accumulated the legal tradition and meaning of centuries of practice, it presumably knows and adopts the cluster of ideas that were attached to each borrowed word in the body of learning from which it was taken and the meaning its use will convey to the judicial mind unless otherwise instructed").

search technology? Given the stakes involved, one would expect that the litigants would have exhaustively navigated this terrain.

One reason it might have been overlooked is it required looking back further than 1976, as the critical developments took place more than a decade earlier. This puzzle cannot be understood without explicating two complex and related aspects of copyright law – the pre-1976 Act “publication” right from which the distribution right derives and the convoluted evolution of the 1976 Act. Congress set out to update the 1909 Copyright Act at various points during the first half of the twentieth century without success.¹³⁶ In 1955, Congress revived the reform effort, authorizing appropriations over the next three years for comprehensive research and preparation of studies by the Copyright Office as the groundwork for general revision. It was expected that this reform would be completed by the early to mid-1960s. The end of the story is well-known – the long and complex Copyright Act of 1976. What is glossed over, and is critical to understanding the distribution right (as well as termination rights¹³⁷ and other copyright conundrums), is what happened between 1961 and 1965 – a critical stage in the development of the modern act. Due to various logjams unrelated to the distribution right issue, the statute was constructed in phases, with the ultimate product finally emerging in 1976. Various issues, however, were fully resolved long before final passage.

Of particular importance to the present inquiry, the distribution right was hammered out between 1961 and 1965. The 1964 hearings and the detailed 1965 Supplementary Report prepared by the Register of Copyrights expressly explain why Congress replaced the 1909 Act “publish” and “vend” rights with the right to “distribute” as well as the overarching intent surrounding this right. By 1965, the specific statutory provision in question was fully developed as it would later be enacted in 1976. No further discussion of the distribution right occurs during the ensuing 11 years. Instead, the drafting process became bogged down in contentious debates about compulsory licenses for cable television and juke boxes as well as other issues. By the time that the cable television and other issues had been worked out, the reasons behind the distribution right had lost their salience and did not get repeated in the final House and Senate reports accompanying the 1976 Act.¹³⁸ Yet nothing in the intervening years addresses the clear explanations set forth in the contemporaneous documents. And since the legislative language survived to the passage of the 1976 Act, the 1964 hearing transcript and the 1965 Supplementary Report provide the best evidence of what the drafters of the legislation understood and intended.

¹³⁶ See Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law x (July 1961).

¹³⁷ See Peter S. Menell and David Nimmer, Pooh-Poohing Copyright Law’s ‘Inalienable’ Termination Rights, 57 *Journal of the Copyright Society* 799 (2010).

¹³⁸ It should also be noted that the committee staffs had experienced substantial turnover between 1965 and 1976 and the distribution right was not salient at the time of ultimate passage. Hence, it is not surprising that the legislative history surrounding this provision is not reiterated in the 1976 House and Senate reports.

Unfortunately, this wisdom has been entirely overlooked by the courts as well as most scholars in the contemporary debate over scope of the distribution right. But the judges have a good excuse. The briefs presented, as well as the scholarly treatises that explore this issue, neglected or in some cases misrepresented the important passages of the legislative record. The reason for this oversight relates to the long gestation of the Copyright Act of 1976 and the relative inaccessibility of the critical documents. The volumes in which these reports and transcripts reside are not readily accessible in digital libraries.¹³⁹ Given this lacuna in the historical record, it is worth tracing the development of the distribution right provision in detail. But before we undertake this task, we need to lay some groundwork.

B. Precursors to the Distribution Right: The Rights to Publish and Vend

Modern jurists are split on whether the 1976 Act's distribution right encompasses or diverges from the prior law's rights to publish and vend.¹⁴⁰ Their analyses only scratch the surface – pointing to textual clues and snippets from the legislative history – but failing to navigate the complex jurisprudence relating to “publication” and its connection to the 1976 Act's distribution right. Understanding this landscape is crucial to interpreting the scope of the distribution right.

1. The 1790 Act: The Right to Publish and Ramifications of Publication

Our journey begins with the first federal copyright act, the Copyright Act of 1790,¹⁴¹ by which Congress established the foundation of copyright protection in the newly formed United States: “[A]ny person or persons who shall print or *publish* any manuscript, without the consent and approbation of the author or proprietor thereof . . . shall be liable . . .”¹⁴² Thus, copyright protection featured two keystone rights: the right to print (which would evolve into the modern right to reproduce) and the right to publish. The legislative history of the 1976 Act confirms the importance of these rights, observing that the “twofold right to make and to publish copies” is the “historic basis of copyright and pertains to all categories of copyrighted works.”¹⁴³

¹³⁹ They are part of the two compilations of legislative history of the Copyright Act of 1976 – Alan Latman and James F. Lightstone (eds.), *Kaminstein Legislative History Project : A Compendium and Analytical Index of Materials Leading to the Copyright Act of 1976* (1981) (6 volumes) and George S. Grossman, *Omnibus Copyright Revision Legislative History* (2001) (17 volumes). Both can be found in the major research libraries and Heinonline archive, but are quite large and not easily searchable. In addition, they cannot be adequately understood through keyword searching. They require good, old-fashioned reading.

¹⁴⁰ See *supra* text accompanying notes 59-79.

¹⁴¹ Act of May 31, 1790, Ch. 15, 1 Stat. 124.

¹⁴² *Id.* at § 6 (emphasis added). Section 1 of the 1790 Act states that authors of maps, books, or charts already printed within the United States shall have “the sole right and liberty of printing, reprinting, publishing and vending” such work for the term of protection.

¹⁴³ See 1961 Register's Report at 22.

Publication played a second important role in early American copyright law: publication triggered the loss of common law protection – which was perpetual – for the statutory term of protection.¹⁴⁴ Publication would come to serve a more momentous and potentially calamitous role under the 1909 Act, wherein Congress decreed that publication without proper notice injected the work into the public domain.¹⁴⁵ The jurisprudential confusion resulting from this provision ultimately played a critical role in the choice of the word “distribute” in the 1976 Act.¹⁴⁶

Since the scope of “publish” and “publication” prove critical to understanding the scope of the modern right to distribute, it is worthwhile exploring the understanding of these terms in this formative period of history. Noah Webster’s landmark 1828 “American Dictionary of the English Language” defines “publish” as follows:

PUB’LISH, v.t. [L.*publico*. See *Public*.]

1. To discover or make known to mankind or to people in general what before was private or unknown; to divulge, as a private transaction; to promulgate or proclaim, as a law or edict. We publish a secret, by telling it to people without reserve. Laws are published by printing or by proclamation. Christ and his apostles published the glad tidings of salvation.

Th’ unwearied sun, from day to day,
Does his Creator’s power display;
And publishes to every land
The work of an Almighty hand.

2. To send a book into the world; or to sell or offer for sale a book, map or print.

3. To utter; to put off or into circulation; as, to publish a forged or counterfeit paper.

4. To make known by posting, or by reading in a church; as, to publish banns of matrimony. We say also, the persons intending marriage are published; that is, their intention of marriage is published.¹⁴⁷

¹⁴⁴ See *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834); Eaton S. Drone, *A Treatise on the Law of Property in Intellectual Productions* 100, 116-21 (1879).

¹⁴⁵ See *infra* text accompanying notes 159-61.

¹⁴⁶ See *infra* text accompanying note 175.

¹⁴⁷ Noah Webster, *American Dictionary of the English Language* (1828) (hereinafter cited as “Webster’s 1828 Dictionary”) available at <<http://1828.mshaffer.com/>>

Thus, as understood in the early 18th century, “publish” derives from the Latin root “publico” or “publicus,” connoting “of the people, public, open to all.”¹⁴⁸ Webster’s first definition of “publish” focuses on making known. It encompasses both physical printing as well as proclamation. Webster’s second definition comports most directly to the copyright context: “[t]o send a book into the world; or to sell or *offer* for sale a book, map or print.” These definitions do not require actual distribution. They plainly encompass the making available of a work to the public.

Webster’s definition of “publication” reinforces the breadth of the “making available” concept.

PUBLICA’ION, n. [L. publicatio, from publico, from publicus.]

1. The act of publishing or offering to public notice, notification to a people at large, either by words, writing or printing; proclamation; divulgation; promulgation; as the publication of the law at mount Sinai; the publication of the gospel; the publication of statutes or edicts.
2. The act of offering a book or writing to the public by sale or by gratuitous distribution. The author consented to the publication of his manuscripts.
3. A work printed and published; any pamphlet or book offered for sale or to public notice; as a new publication; a monthly publication.¹⁴⁹

The first definition emphasizes the offering to the public. The second definition, which relates most directly to the copyright context, encompasses “[t]he act of offering a book or writing to the public by sale or by gratuitous distribution,” as in “[t]he author consented to the publication of his manuscripts.” This definition is clearly not limited to actual distribution or receipt of the work – publication occurs through the mere offering to the public.

Thus, the “right to publish” would have been understood by legislators and judges in the formative period of copyright law to encompass making a work available to the public, whether or not copies were actually distributed.¹⁵⁰ The copyright jurisprudence on the scope the right to publish comports with this meaning. Eaton Drone, a leading authority on 19th century copyright in the United States and England, defines publication in the following terms in his 1879 treatise:

¹⁴⁸ University of Notre Dame, Latin Dictionary and Grammar Aid
<http://www.archives.nd.edu/cgi-bin/lookit.pl?latin=publico>

¹⁴⁹ See “Webster’s 1828 Dictionary,” *supra* n.147.

¹⁵⁰ Other contemporary dictionaries concur. See, e.g., 2 Thomas Sheridan, *A Complete Dictionary of the English Language* (3rd ed. 1790) (defining “to publish” as “[t]o discover to mankind, to make generally and openly known; to put forth a book into the world”).

What is a Publication. – In one sense a work of literature or art is published when it is communicated to the public in whatever manner this may be done; whether by the circulation of copies, oral delivery, representation, or exhibition. At common law the word publication may have this comprehensive signification. But to determine its meaning under the statute, it is necessary to ascertain in what sense the legislature used the word. In the case of books, maps, charts, drawings, engravings, photographs, lithographs, and chromos, the only kind of publication recognized by the statute is the circulation of copies. Hence a literary composition is not published within the meaning of the statute, when it is orally communicated to the public; nor a pictorial production, excepting perhaps a painting, when it is publicly exhibited.¹⁵¹

When a Book is Published. – A book is published when printed copies are sold unconditionally to the public. A sale naturally imports publication. *But sale is not essential.* A work may be published by the gratuitous circulation of copies. The question of publication cannot depend on the number of copies sold because a sale of ten copies or even of one is as clearly a publication as is the sale of ten thousand. Nor can it be essential that a single copy shall be disposed of before the work can be said to be published. The requirements of the law are met when the book is *publicly offered* for sale. *Then the opportunity is given to the public to avail themselves of its advantages and if they fail to do so even to the extent of obtaining one copy it is through no fault of the author or publisher. But to constitute a publication it is essential that the work shall be exposed for sale or gratuitously offered to the general public so that the public without discrimination as to persons may have an opportunity to enjoy that for which protection is granted.*¹⁵²

According to Drone, publication could occur by the mere “exposing” (or offering) for sale or “gratuitous” offering to the public.

Thus, New York’s highest court held in 1898 that:

It will be observed that the general rule . . . asserts, first, that to expose for sale is to constitute publication. It is not necessary that the book be actually sold; it is sufficient if it be offered to the public. The act of publication is the act of the author, and cannot be dependent upon the act of the purchaser. The actual sale of a copy is evidence that it has been offered to the public, but that fact may also be shown by other evidence.¹⁵³

¹⁵¹ See Drone, *supra* n.144, at 285 (footnotes omitted; emphasis added).

¹⁵² See *id.* at 291 (footnotes omitted; emphasis added).

¹⁵³ See *Jewelers’ Mercantile Agency, Ltd., v. Jewelers’ Weekly Publishing Co.*, 155 N.Y. 241, 49 N.E. 872, 875 (Ct. App. 1898); see also *Ladd v. Oxnard*, 75 F. 703, 729-30 (C.C. Mass. 1896) (holding that making copies of a book available to subscribers on loan, even with the

The next year, the federal district court in Missouri stated that:

In its ordinary acceptance, the word ‘publication’ means ‘the act of publishing a thing or making it public; offering to public notice; or rendering it accessible to public scrutiny.’ In copyright law, it is ‘the act of making public a book; that is, offering or communicating it to the public by sale or distribution of copies.’¹⁵⁴

E.J. MacGillivray’s copyright treatise summarizes the understanding of “publication” under U.S. law at the turn of 20th Century as follows:

The essence of publication consists in a disclosure of the thing itself so that the public without discrimination of persons have an opportunity of enjoying its use. The most usual method of publication of a literary or artistic work is the offering for sale selling or giving away of copies. *It is not necessary that a copy of the book be actually sold, it is sufficient if it be offered to the public. . . . Gratuitous distribution to members of the public or leaving copies in a place to which the public have access, such as an hotel, is publication. . . .*¹⁵⁵

Thus, publication was in no manner tied to actual distribution. A mere offer to the general public sufficed.

2. 1909 Act: The Right to Publish and Forfeiture for Publication without Proper Notice

The 1909 Act and its jurisprudence provide critical context for understanding the 1976 Act’s distribution right. First, Section 1(a) of the 1909 Act accorded copyright owners the exclusive rights to copy, publish, and vend, among other rights.¹⁵⁶ The legislative history notes that this section “adopts without change the phraseology of [prior law . . . which] the committee felt []was safer to retain without change [because it had] been so often construed by the courts.”¹⁵⁷ Thus, the scope of these rights remained the same and no judicial decision under the 1909 Act required a copyright owner to prove actual distribution in order to establish violation of the right to publish or vend.

restriction that it should not be passed to others, was a general publication since there was no limit placed on the extent or number of persons to whom the book might be distributed).

¹⁵⁴ See *D’Ole v. Kansas City Star Co.*, 94 F. 840, 842 (C.C.Mo. 1899); see also *Chapman v. Ferry*, 9 Sawy. 395, 18 F. 539, 541 (C.C.Or. 1883) (indicating that offering for sale to the public would constitute publication under copyright law).

¹⁵⁵ See E.J. MacGillivray, *A Treatise Upon the Law of Copyright* 261-62 (1902) (emphasis added).

¹⁵⁶ See § 1, 1909 Act.

¹⁵⁷ See House Report 1 on the Copyright Act of 1909 at 4 (1909).

Second, the 1909 Act provided that failure to provide proper notice upon publication of a work resulted in forfeiture of copyright protection.¹⁵⁸ Thus, publication that did not meet the strict notice requirements of the 1909 Act carried a double whammy – the act of publication forfeited common law copyright protection for the work and improper notice forfeited statutory protection. The net effect of publication without proper notice was to inject the work into the public domain.

Prior to the passage of the 1909 Act, courts distinguished between: (1) general publication (offers to the public) – which abrogated common law copyright protection; and (2) limited publication (distribution within a limited group), which did not, so as to limit forfeiture of common law copyright protection.¹⁵⁹ The 1909 Act intensified the pressure on courts to ameliorate the severe consequences upon authors and publishers of publication without proper notice.

Jurists developed doctrines to avoid such harsh effects. Judge Frank observed in *American Visuals Corp. v. Holland* that:

courts apply different tests of publication depending on whether plaintiff is claiming protection because he did not publish and hence has a common law claim of infringement – in which case the distribution must be quite large to constitute ‘publication’ – or whether he is claiming under the copyright statute – in which case the requirements for publication are quite narrow. In each case the courts appear so to treat the concept of ‘publication’ as to prevent piracy.¹⁶⁰

This jurisprudence led Professor Benjamin Kaplan to lament that the “[t]he concept of publication has been seriously distorted and now bedevils much of the law of copyright.”¹⁶¹

* * * * *

As Congress embarked on the omnibus revision of copyright law in the mid-1950s, the right to “publish” was understood to encompass the offering of copyrighted works to the public. No court recognized a requirement to prove actual distribution of copies. Even gratuitous offers

¹⁵⁸ See §§ 10, 19, 1909 Act; see also House Report on the Copyright Act of 1909 (1909) (stating that the “notice now required by law [] must be very strictly followed in order to prevent forfeiture of the copyright”).

¹⁵⁹ See MacGillivray, *supra* n.155, at 262.

¹⁶⁰ *American Visuals Corp. v. Holland*, 239 F.2d 740, 744 (2d Cir. 1956).

¹⁶¹ Benjamin Kaplan, *Publication in Copyright Law: The Question of Phonograph Records*, 103 U. Pa. L. Rev. 469, 488-89 (1955); see also Melville Nimmer, *Copyright Publication*, 56 Colum. L. Rev. 185, 185 (1956) (observing that “[t]he concept of publication has acquired an importance and complexity in the American law of copyright far greater than in any foreign jurisdiction. It has, indeed, become a legal word of art, denoting a process much more esoteric than is suggestion by the lay definition of the term.”).

of a work to the public fell within the right to publish. There was neither disagreement with these contours nor confusion about their scope. But courts and commentators lamented strains in the interpretation of “publication” for purposes of abrogating common law copyright and triggering injection of works into the public domain as a result of defective notice. The judiciary’s efforts to avoid the harshness of forfeiture produced dubious distinctions. As we will see in the next section, these considerations – fully appreciated by the judges, scholars, and litigators of that era – would lead Congress to introduce the term “distribute” into the 1976 Act. Yet, contrary to the inferences made by some jurists in file-sharing cases, the legislative history of the 1976 Act makes clear that Congress intended in the 1976 Act to encompass the broad right to publish recognized in prior law. The passage of time, fading of memories, and jettisoning of the harsh forfeiture provisions¹⁶² have confused modern copyright litigators and some jurists into believing the 1976 Act narrowed the scope of protection. The lost ark – legislative reports and hearings from the period (1961 to 1965) when Section 106(3) was crafted – reveals the true meaning, logic, and intent of this now critical provision of copyright law. Other clues from the legislative history of the 1976 Act as well as parallel developments in the protection of sound recordings against piracy reinforce this understanding.

C. The Origins of and Contemporaneous Explanation of the Distribution Right

The Copyright Act of 1976 began with a study phase in 1955.¹⁶³ Congress appropriated funds for the preparation of studies under the auspices of the Copyright Office. These studies provided the backdrop for the 1961 Report of the Register of Copyrights on the Revision of the U.S. Copyright Law setting forth the initial blueprint for copyright reform. The Register convened a series of four public meetings and received extensive comments in 1961 and 1962. On the basis of this input, the Copyright Office proposed a preliminary draft of copyright legislation in late 1962. After a second series of eight public meetings and receipt of comments in 1963 and early 1964 followed by six months of revisions, H.R. 11947 (“A Bill for the General Revision of Copyright Law”) emerged containing the precise text regarding Section 106(3) that would ultimately appear in the Copyright Act of 1976.

As background for understanding the scope of the distribution right in the Copyright Act, we retrace the historical record. In deciphering the scope of copyright’s distribution right, three statutory terms stand out: (1) “distribute”; (2) the scope of the term “authorize” in the preamble to the Section 106 rights; and (3) the definition of “publication” in Section 101. In addition, because of the delay in enacting omnibus copyright reform, Congress amended the 1909 Act in 1971 to provide federal protection for sound recordings. That legislative history sheds further light on the scope of the distribution right.

1. Section 106(3)’s Exclusive Right “to Distribute”

¹⁶² See Berne Convention Implementation Act, Pub. L. No. 100-568, § 13(a), 102 Stat. 2853, 2861 (1988).

¹⁶³ See 1965 Supplementary Report, *supra* n.114, at ix - xvi (summarizing the program for general revision of the Copyright Act).

None of the preparatory studies leading up to the 1961 Register Report directly focused on the right to publish. The 1961 Register Report states that the drafting committee proposed “to retain the exclusive rights given to copyright owners under the present [1909] law – to make and *publish* copies, to make new versions, to give public performances, and to make recordings.”¹⁶⁴

As background for the proposed bill, the 1961 Register Report characterized the rights of the present law in the following manner:

Section 1(a) of the present law provides for the exclusive right of the copyright owner to print, reprint, *publish*, copy, and *vend* the copyrighted work. These various terms are redundant. Printing and reprinting are modes of copying, and vending is a mode of publishing. As to vending, it is well settled that when publication has been authorized, the right to vend pertains only to the initial sale of a copy; the purchaser of the copy is then free to resell or otherwise dispose of it. On the other hand, when publication is not authorized, any vending of a copy is an infringement of the right to publish. In substance, as several courts have observed, the right embraced in the repetitive terms of section 1(a) is the twofold right to make and to *publish* copies. *This right is the historic basis of copyright and pertains to all categories of copyrighted works. The copying embraced in this right is a broad concept. . . .*¹⁶⁵

This passage emphasizes that the right to publish is fundamental to the copyright system. The Report goes on to recommend that “Subject to certain limitations and exceptions to be discussed below, the statute should continue to accord to copyright owners the exclusive rights to exploit their works by (1) making and *publishing* copies, (2) making new versions, (3) giving public performances, and (4) making records of the work.”¹⁶⁶ Thus, as of 1961, the drafters intended to retain a right to publish in the copyright reform act.

As previously noted, *Patry* asserted that the 1961 Report recommended *against* a separate distribution right.¹⁶⁷ That characterization misreads the passage just quoted. The comment that the terms in the 1909 Act are redundant does not indicate that they reduce to a single term. Read in its entirety, the passage suggests that they reduce to two – making and publishing. The 1961 Report specifically recommends that “the statute should continue to accord to copyright owners the exclusive rights to exploit their works by (1) making and *publishing* copies, (2) making new versions, (3) giving public performances, and (4) making records of the work.”¹⁶⁸ Thus, this language does not indicate an intention to drop the publishing

¹⁶⁴ See Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law x (July 1961) (emphasis added) (hereinafter cited as “1961 Register Report”).

¹⁶⁵ See 1961 Register Report, *supra* n.164, at 21-22 (emphasis added).

¹⁶⁶ See *id.* at 24 (emphasis added).

¹⁶⁷ See *supra* text accompanying n.112.

¹⁶⁸ See 1961 Register Report, *supra* n.164, at 24 (emphasis added).

right. *Patry* suggests that the Register proposed creation of a conjunctive right. The implication would be that making copies would not violate a revised law unless the copies were published and that one who came into possession of unauthorized copies would not violate copyright law by distributing them. There is nothing in the legislative history to support such a dramatic and counterintuitive departure from prior law. To the contrary, all indications point to retaining both reproduction and publication rights in the revised law, which is in fact what transpired.

In the nine months following issuance of the 1961 Register's Report, the Copyright Office convened four meetings of interested parties and received comments.¹⁶⁹ There is no discussion of the Register's recommendation regarding the publishing right. Following this process, the Copyright Office released its "Preliminary Draft for Revised U.S. Copyright Law" in late 1962.¹⁷⁰ It is in Section 5 of the Preliminary Draft that the right to "distribute" first appears:

§ 5 EXCLUSIVE RIGHTS COMPRISED IN COPYRIGHT. Subject to the provisions of sections 6 through 19, copyright under this title shall consist cumulatively of the following exclusive rights:

(a) the right to copy or record. * * *

(b) *The right to distribute copies and sound records.* Copyright shall include the exclusive right to sell or otherwise transfer ownership of, rent, lease, or lend one or more copies or sound recordings of the work. * * *¹⁷¹

This formulation – substituting "distribute" for the 1909 Act rights to "publish" and "vend" – raises the obvious question that has confused judges in the file-sharing cases: Why did Congress introduce a new term, especially in view of the 1961 Register's Report recommendation to retain the 1909 right to publish?

The answer emerges at the February 1963 hearing.¹⁷² The meeting convened at the Library of Congress included 62 government copyright officials, industry representatives, and copyright scholars. The key players in the pertinent discussion were: Abraham Kaminstein, Register of Copyrights and Chairman of the drafting committee; Abe Goldman, the General Counsel of the Copyright Office and the staff person responsible for Section 5 of the Preliminary Draft; and Edward Sargoy, representative of the American Bar Association.

¹⁶⁹ See Copyright Law Revision, Part 2: Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law (H. Comm. on the Judiciary Print) (Feb. 1963).

¹⁷⁰ See Copyright Law Revision, Part 3: Preliminary Draft for Revised U.S. Copyright Law and Discussions and Comments on the Draft (H. Comm. on the Judiciary Print) (1964) (hereinafter cited as "Preliminary Draft").

¹⁷¹ See *id.* at 4 (emphasis in original).

¹⁷² See Transcript of Meeting on Preliminary Draft for Revised U.S. Copyright Law: Discussions of §§5-8, contained in Preliminary Draft, *supra* n.170, at 107-79.

Register Kaminstein opened the hearing by introducing Abe Goldman and asking him to explain Section 5 of the Preliminary Draft. Mr. Goldman began by stating that:

The draft purports in general to follow the broad recommendation of the [1961] Register's Report: that the rights recognized in section 1 of the present [1909] statute be retained in substance with, as I will point out, some extensions and clarifications.

Subsection (a), "The right to copy or record," includes, I believe, everything that is covered in the following provisions of the present statute:

– The references in section 1(a) to "print, reprint, and copy;" * * *

*Subsection (b), I believe, would cover everything that's covered in section 1(a) of the present law by reference to the terms "publish" and "vend" – broadened, I would say, to avoid any questions as to whether "publish" or "vend" is used in such a narrow sense that there might be forms of distribution not covered. I think the draft covers virtually all forms of distribution. * * **¹⁷³

Mr. Goldman unequivocally stated that the term right to "distribute" encompasses and **broadens** the 1909 Act rights to "publish" and "vend." But he did not articulate why the term "publish" was omitted in favor of "distribute." Edward Sargoy, echoing the concerns raised by Professor Kaplan,¹⁷⁴ provides the rationale a few minutes later:

I am heartily in accord with the omission of the use of the words 'published' or 'publication.' I think that the use of the words 'publication' or 'published,' in hundreds of common law and statutory cases, dissertations, and otherwise, has made the terms archaic today in the light of our recent technological progress. Reference to such materials where the word derived its meaning from conditions existing in the 18th, 19th, and early part of the 20th century, will only lead to confusion. I think it is an excellent idea to use the word "distribute" and, just as the draft here has done, have 'distribute' expressly include the right 'to sell,' (which is strictly one of the rights of publication), 'or otherwise transfer ownership of, rent, lease, or lend one or more copies or sound recordings of the work.'¹⁷⁵

The distribution right takes the following form in the 1965 draft bill:

§ 106. Exclusive rights in copyrighted works

(a) General Scope of Copyright. – Subject to sections 107 through 114, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

¹⁷³ See *id.* at 109-10 (emphasis added).

¹⁷⁴ See *supra* text accompanying n.161.

¹⁷⁵ See Transcript, *supra* n.172, at 128.

(2) to prepared derivative works based upon the copyrighted work;

(3) to *distribute* copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; * * *¹⁷⁶

In discussing the “general scope of copyright,” the 1965 Supplementary Report reiterates the recommendations regarding rights from the 1961 Register Report (including the exclusive rights to make and publish copies) and then states that “Section 106(a) of the bill follows all of these recommendations.”¹⁷⁷ This text is identical to the 1976 Act text. Thus, the meaning of this language can best be understood, absent subsequent contrary indications, by the rationale provided in 1965. The 1965 Supplementary Report provides detailed explanation of the purposes and intent underlying these provisions.

Chapter 2 of the 1965 Supplementary Report explicates the “exclusive rights” section of the draft copyright law. It notes at the outset that “of the many problems dealt with in the bill, those covered by the exclusive rights sections are most affected by advancing technology in all fields of communications, including a number of future developments that can only be speculated about.”¹⁷⁸ It goes on to explain:

The basic legislative problem is to insure that the copyright law provides the necessary monetary incentive to write, produce, publish, and disseminate creative works, while at the same time guarding against the danger that these works will not be disseminated and used as fully as they should because of copyright restrictions. The problem of balancing existing interests is delicate enough, but the bill must do something even more difficult. It must try to foresee and take account of changes in the forms of use and the relative importance of the competing interests in the years to come, and it must attempt to balance them fairly in a way that carries out the basic constitutional purpose of the copyright law.

Obviously no one can foresee accurately and in detail the evolving patterns in the ways author’s works will reach the public 10, 20, or 50 years from now. Lacking that kind of foresight, the bill should, we believe, adopt a general approach aimed at providing compensation to the author for future as well as present uses of his work that materially affect the value of his copyright. As shown by the jukebox exemption in the present law, a particular use which may seem to have little or no economic impact on the author’s rights today can assume tremendous importance in times to come. A real danger to be guarded against is

¹⁷⁶ See 89th Cong., 1st Sess., S.1006, A Bill for the General Revision of the Copyright Law, Title 17 of the U.S. Code, and for Other Purposes, reprinted in 8 George S. Grossman, Omnibus Copyright Revision Legislative History 3, 8 (2001) (emphasis added).

¹⁷⁷ See “1965 Supplementary Report,” *supra* n.114, at 15.

¹⁷⁸ See *id.* at 13.

that of confining the scope of an author's rights on the basis of the present technology so that, as the years go by, his copyright loses much of its value because of unforeseen technical advances.

For these reasons, we believe that the author's rights should be stated in the statute in broad terms, and that the specific limitations on them should not go any further than is shown to be necessary in the public interest. In our opinion it is generally true, as the authors and other copyright owners argue, that if an exclusive right exists under the statute a reasonable bargain for its use will be reached; copyright owners do not seek to price themselves out of a market. But if the right is denied by the statute, the result in many cases would simply be a free ride at the author's expense.

We are entirely sympathetic with the aims of nonprofit users, such as teachers, librarians, and educational broadcasters, who seek to advance learning and culture by bringing the works of authors to students, scholars, and the general public. Their use of new devices for this purpose should be encouraged. It has already become clear, however, that the unrestrained use of photocopying, recording, and other devices for the reproduction of authors' works, going far beyond the recognized limits of "fair use," may severely curtail the copyright owner's market for copies of his work. Likewise, it is becoming increasingly apparent that the transmission of works by nonprofit broadcasting, linked computers, and other new media of communication, may soon be among the most important means of disseminating them, and will be capable of reaching vast audiences. Even when these new media are not operated for profit, they may be expected to displace the demand for authors' works by other users from whom copyright owners derive compensation. Reasonable adjustments between the legitimate interests of copyright owners and those of certain nonprofit users are no doubt necessary, but we believe the day is past when any particular use of works should be exempted for the sole reason that it is "not for profit."¹⁷⁹

This general statement of legislative purpose is remarkable in several respects. First, it shows that Congress was cognizant of the dangers posed by technological change and intended that the statute be interpreted broadly so as protect against the "real danger" of confining the "scope of the author's rights on the basis of the present technology" in the face of "unforeseen technical advances." More significantly, Congress worried as early as 1965 that "transmission of works by . . . *linked computers*, and other new media of communication" could threaten authors' ability to derive compensation, even when such modes of transmission are operated non-commercially. Almost half a century ago, Congress was already of the view that the "day is past when any particular use of works should be exempted for the sole reason that it is 'not for profit.'"

The 1965 Supplementary Report discusses the scope of the public distribution right:

¹⁷⁹ See 1965 Supplementary Report, *supra* n.114, at 13-14.

e. Public Distribution

Clause (3) of section 106(a) would give the copyright owner the exclusive right ‘to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.’ The language of this clause is virtually identical with that in the definition of ‘publication’ in section 101, but for the sake of clarity we have restated the concept here. * * *¹⁸⁰

The 1965 text of Section 106 appears verbatim in the 1976 Act. The only pertinent change between the 1965 draft and 1976 Act relates to the definition of “publication” in Section 101, which is discussed below.¹⁸¹ During the eleven year period leading to the ultimate passage of the Copyright Act, the legislative process becomes bogged down in a battle over compulsory licenses relating to cable television, among other issues.¹⁸²

There is no further discussion of the distribution right in the legislative history of the 1976 Act until the final House Report, which unwittingly reinforces the view that Congress understood the Section 106(3) right to distribute to be none other than the prior right to publish.

General Scope of Copyright

The five fundamental rights that the bill gives to copyright owners – the exclusive rights of reproduction, adaptation, *publication*, performance, and display – are stated generally in section 106. . . .

Rights of reproduction, adaptation, and *publication*

The first three clauses of section 106, which cover all rights under a copyright except those of performance and display, extend to every kind of copyrighted work. The exclusive rights encompassed by these clauses, though closely related, are independent; they can generally be characterized as rights of copying, recording, adaptation, and *publishing*. . . .

Public distribution. – Clause (3) of section 106 establishes the exclusive right of *publication*: The right “to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.” . . .¹⁸³

As the emphasized terms reveal, the drafters of the Report referred repeatedly to the “right of publication” and “publishing,” notwithstanding that the term “distribute” had been substituted into the actual statutory text. The reference in the main opening passage to the exclusive right of *publication* among the “five fundamental rights” as well as the interchangeable usage of

¹⁸⁰ See *id.* at 19.

¹⁸¹ See *infra* at text accompanying notes 206-20.

¹⁸² See H.R. Rep. No. 94-1476, at 48 (1976) (hereinafter cited as “1976 House Report”) (recounting the long gestation of the Copyright Act of 1976).

¹⁸³ See *id.* at 61-62 (1976) (emphasis added).

“publish” and “distribute” (as well as “publication” and “distribution”) underscore what the prior legislative history expressed directly when explaining the substitution of “distribute” for “publish”: that Congress understood “distribute” to encompass “publish” and its long-established meaning and chose the term “distribute” so to limit any confusion that had emerged over judicial efforts to avoid the severe consequences of publication without proper notice. The unmistakable implication is that Congress intended: (1) for the right to distribute to fully encompass the right to publish; (2) for distribute to be understood by reference to established understanding of publish and publication; and (3) that jurisprudential confusion in interpreting publication as regards statutory formalities not narrow or obfuscate the understanding of the exclusive right to distribute/publish.

Two other provisions of the 1965 legislation that unwittingly make their way into the 1976 Act reflect that the drafters treated “distribution” and “publication” synonymously and interchangeably. Section 203(a)(3) of the 1965 draft, addressing the termination or transfers, refers to the “right of first publication of the work” in prescribing the termination window.¹⁸⁴ The 1976 Act largely tracks this provision, referring to the “*right of publication*.”¹⁸⁵ Similarly, Section 406 of the 1965 draft, governing the deposit of copies with the Library of Congress, refers to the “owner of copyright or of the *exclusive right of publication*.”¹⁸⁶ The 1976 Act tracks this clause verbatim in the analogous (but renumbered) provision.¹⁸⁷ Inasmuch as Congress does not create a separate “right of publication” in the 1976 Act, Sections 203(a)(3) and 407 undoubtedly refer to the Section 106(3) right “to distribute.”

2. Section 106 Preamble – “to Authorize”

The preamble to Section 106 arguably provides a further clue to understanding the scope of the distribution right. Section 106(a) affords the “owner of copyright * * * of the exclusive rights to do and *to authorize* any of the following: (1) to reproduce the copyrighted work in copies of phonorecords; (2) to prepare derivative works based upon the copyrighted work; (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; * * *.”¹⁸⁸ Does the infinitive “to authorize” in the preamble broaden or modify the scope of the rights that follow? For example, it could be argued that one could violate copyright law merely by authorizing others to make or distribute copies.

The usage of this phrase traces back to the September 14, 1961 hearings on the 1961 Register’s Report. Edward Sargoy, the ABA representative, wondered

if some thought might not be given, in view of the great expense and difficulty in attempting to prove exhibition infringements in order to hold these bootleggers

¹⁸⁴ See 1965 Supplementary Report, *supra* n.114, at 224.

¹⁸⁵ See 17 U.S.C. §203(a)(3) (emphasis added).

¹⁸⁶ See 1965 Supplementary Report, *supra* n.114, at 258 (emphasis added).

¹⁸⁷ See 17 U.S.C. §407.

¹⁸⁸ See 17 U.S.C. §106.

who are renting for these unauthorized exhibition purposes, whether there might not be a provision such as the Canadian and British laws, have whereby ‘to authorize’ any of the exclusive rights, is a species of infringement.¹⁸⁹

Section 5 of the Preliminary Draft proposal, which was circulated in late 1962, did not include Mr. Sargoy’s recommendation. Its preamble to the exclusive rights stated simply that “copyright under this title shall consist cumulatively of the following exclusive rights: * * *.”¹⁹⁰ At the February 20, 1963 hearing to discuss this section, Herman Finklestein, General Counsel for the American Society of Composers, Authors and Publishers (ASCAP), raised the “authorize” issue again:

I wonder if at the beginning [of the exclusive rights section], right in the introductory sentence – this is a matter of drafting – we couldn’t say ‘. . . the rights granted under copyright shall include the right *to do or authorize* any of the following with respect to the copyrighted work.’ The reason for suggesting ‘authorize’ is this. Suppose ASCAP, or BMI, or any of the other licensing organizations authorizes its licensees to perform a certain work. I doubt whether that would be an act of contributory infringement, but I think that there should be liability there. *It would seem to me that the mere authorization to make the use of the copyrighted work, that particular work, ought to subject the person making the authorization to liability* even though he may not be a contributory infringer.¹⁹¹

Mr. Finklestein’s proposal made its way into the 1964 bill¹⁹² and ultimately into the final version of Section 106.¹⁹³ There can be little question that Mr. Finklestein proposed to broaden the scope of liability: “It would seem to me that the mere authorization to make the use of the copyrighted work* * * * ought to subject the person making the authorization to liability * * *.”

The next mention of this phrase arises at the August 6, 1964 meeting to discuss the revision bill. Abe Goldman states:

In the opening clause we refer to ‘the exclusive rights to do or to authorize any of the following: . . .’ ‘Or to authorize’ is a phrase that did not appear in the preliminary draft. At our Panel meeting it was suggested that we insert that

¹⁸⁹ See Copyright Law Revision: Part 2, Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, at 24 (House Comm. Print, 88th Cong., 1st Sess. 1963).

¹⁹⁰ Section 5, Preliminary Draft for Revised U.S. Copyright Law, Copyright Law Revision: Part 3, Preliminary Draft for Revised U.S. Copyright Law and Discussions and Comments on the Draft, at 4 (1964).

¹⁹¹ See Copyright Law Revision: Part 3, Preliminary Draft for Revised U.S. Copyright Law and Discussions and Comments on the Draft, at 122-23 (1964) (emphasis added).

¹⁹² See § 5(a), 1964 Bill, 1965 Supplementary Report, *supra* n.114, at 187.

¹⁹³ See 17 U.S.C. §106(a).

phrase, and the subcommittee of the A.B.A. committee that dealt with this matter also suggested that this phrase be inserted. We have followed those suggestions in the bill.¹⁹⁴

The 1965 Supplementary Report explained the preamble in general terms:

Under the language of section 106 a copyright owner ‘has the exclusive rights to do and to authorize’ any of the activities specified in the five numbered clauses of subsection (a). The right ‘to do’ something is probably broad enough to include the right ‘to authorize’ that the thing be done, but we have added the phrase ‘and to authorize’ in order to avoid possible questions as to the liability of contributory infringers. One example cited was of a person who legally acquires an authorized print of a copyrighted motion picture but who then engages in the business of renting it to others for purposes of unauthorized public performance. There should be no doubt that this kind of activity constitutes infringement.¹⁹⁵

There is no further mention of the “authorize” term until the House Report accompanying the 1976 Act, which states:

The exclusive rights accorded to a copyright owner under section 106 are ‘to do and to authorize’ any of the activities specified in the five numbered clauses. Use of the phrase ‘to authorize’ is intended to avoid any questions as to the liability of contributory infringers. For example, a person who lawfully acquires an authorized copy of a motion picture would be an infringer if he or she engages in the business of renting it to others for purposes of unauthorized public performance.¹⁹⁶

3. Section 101 Definition of “Publication”

A further puzzle concerns whether Section 101’s definition of “publication” governs or informs the scope of the distribution right. In contrast to the right to publish, the definition of “publication” was a deeply controversial issue in the lead-up to and drafting of the revised act because of its role in determining: (1) whether common law protection for a work has been abrogated; and (2) forfeiture of statutory protection if copyright notice was defective.¹⁹⁷ Although these ramifications of “publication” are potentially separate from the right to publish, the legislative history illuminates Congress’s intent for how the definition of “publication”

¹⁹⁴ See Copyright Law Revision Part 5, 1964 Revision Bill with Discussions and Comments (Sept. 2, 1965), House Committee Print, 89th Cong., 1st Sess. at 57.

¹⁹⁵ See 1965 Supplementary Report, *supra* n.114, at 16.

¹⁹⁶ See H.R. Rep. No. 94-1476, at 61.

¹⁹⁷ See Second Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law 312 (House Comm. Print 1975) (noting that “[p]ublication,” perhaps the most important single concept under the present law, also represents its most serious defect”).

interacts with the right to distribute. This section traces the evolution of the “publication” concept and definition. Part IV addresses its relevance to the scope of the right to distribute.

Statutory definition of the term “publication” dates back to the 1909 Act. That law defines “date of publication” as the “earliest date when copies of the first authorized edition were placed on sale, sold, or publicly distributed by the proprietor of the copyright under his authority.”¹⁹⁸ Although this definition focuses on publication by the copyright proprietor, it reflects how Congress understood the concept of publication. Publication occurs when works are made available to the public, which comports with Webster’s 1828 dictionary definition.¹⁹⁹

As noted previously, courts’ efforts to preserve common law rights and avoid the harsh consequences of forfeiture of statutory rights produced a complex jurisprudence.²⁰⁰ The Copyright Office’s study on “Protection of Unpublished Works” recognized that the availability of a work to the general public served as the touchstone for publication.²⁰¹ The 1961 Register’s Report proposed maintaining common law protection for undissemminated works.²⁰² In light of what the Register later characterized as “justifiable criticism” of this proposal,²⁰³ the Register later changed his recommendation, in the 1964 draft bill, to propose bringing all works within a unified Federal system.²⁰⁴ This alteration eliminated the role of “publication” in abrogating common law protection. But “publication” would still serve as the trigger for notice, registration, and deposit, as well as other functions. Other proposed changes substantially ameliorated the effects of accidental or even deliberate errors or omissions.”²⁰⁵

The 1964 draft bill defined publication as “the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending.”²⁰⁶ This definition left ambiguous whether merely making a work available to the public constituted publication, as was understood under prior law. But there is nothing in the accompanying reports to suggest a change in this aspect of “publication.” In 1971, Congress reintroduced the prior bill with “minor amendments,”²⁰⁷ including the addition of the following sentence to the definition of “publication”: “The *offering* to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes

¹⁹⁸ See 1909 Act, §26.

¹⁹⁹ See *supra* text accompanying notes 147-50.

²⁰⁰ See *supra* text accompanying notes 160-61.

²⁰¹ See *id.* at 9-10 (citing *Jewelers’ Mercantile Agency, Ltd., v. Jewelers’ Weekly Publishing Co.*, 155 N.Y. 241, 49 N.E. 872, 875 (Ct. App. 1898) and *Ladd v. Oxnard*, 75 F. 703, 729-30 (C.C. Mass. 1896)).

²⁰² See 1961 Register Report, *supra* n.164, at 40-41.

²⁰³ See 1965 Supplementary Report, *supra* n.114, at xi.

²⁰⁴ See *id.* at 81-85.

²⁰⁵ See *id.* at 99.

²⁰⁶ See *id.* at 172.

²⁰⁷ See 1976 House Report, *supra* n.182 at 182.

publication.”²⁰⁸ As the next section explains, this addition connects important dots in deciphering the scope of the distribution right.

4. The Sound Recording Amendments Act of 1971 and Ratification of Geneva Phonogram Convention

As the battle over general copyright revision languished in the mid to late 1960s, growing concern about “record piracy” galvanized both the U.S. Congress and the Administration to take decisive action to protect sound recordings.²⁰⁹ 1971 proved to be a momentous year. Congress passed the Sound Recording Amendment Act of 1971 (“SRAA”)²¹⁰ and the United States successfully negotiated the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms.²¹¹ The SRAA text and legislative history illuminated contemporary congressional understanding of the right to distribute.

The House Report accompanying the SRAA noted that “the United States recently participated in an international conference of government experts at which the draft of an international treaty to combat record piracy was prepared” and “progress in domestic efforts to protect sound recordings will be helpful to the United States Delegation.”²¹² Article 2 of the Geneva Phonogram Convention provides that Contracting States “shall protect producers of phonograms” “against the making of duplicates without the consent of the producer and against the importation of such duplicates, provided that any such making or importation is for the purpose of distribution to the public, and against the distribution of such duplicates to the public.”²¹³ Article 1 defines “distribution to the public” to mean “any act by which duplicates of a phonogram are offered, directly or indirectly, to the general public or any section thereof.”²¹⁴ Thus, as understood at the time and in the context of copyright protection, “distribution” broadly encompassed the offering – whether directly or indirectly – of duplicates to the public.

²⁰⁸ See S.644, 92nd Cong. (1971) (emphasis added). Congress added the third sentence of the definition – “A public performance or display of a work does not of itself constitute publication.” – in 1974. See S. Rep. No. 93-983 at 5 (1974).

²⁰⁹ See 1976 House Report, *supra* n.181, at 48-49. Federal action was particularly critical because of concern that recent Supreme Court decisions could be seen to preempt state and common law remedies to combat record piracy. See *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964); see also Letter of Deputy Attorney General Richard G. Kleindienst to House Judiciary Committee, contained in See H.Rep.No. 92-487, 92d Cong., 1st Sess. at 12 (Sept. 22, 1971) (hereinafter cited as “SRAA House Report”).

²¹⁰ Pub. L. No. 92-140, 85 Stat. 391 (1971).

²¹¹ 25 U.S.T. 309, 888 U.N.T.S. 67 (Oct. 29, 1971) (hereinafter cited as “Geneva Phonogram Convention”).

²¹² See SRAA House Report, *supra* n.209, at 3.

²¹³ See Geneva Phonogram Convention, *supra* n.211, Art. 2.

²¹⁴ See *id.*, Art. 1(d).

Against this backdrop, Congress passed the SRAA to address “the widespread unauthorized reproduction of phonograph records and tapes.”²¹⁵ The House Report noted that “[t]he pirating of records and tapes is not only depriving legitimate manufacturers of substantial income, but of equal importance is denying performing artists and musicians of royalties and contributions to pension and welfare funds and Federal and State governments are losing tax revenues.”²¹⁶ The SRAA added the following exclusive right to Section 1 of the 1909 Act: “(f) To reproduce and *distribute to the public* by sale or other transfer of ownership, or by rental, lease, or lending, reproductions of the copyrighted work if it be a sound recording * * *.”²¹⁷

The House Report provides several revealing clues to the meaning of the term “distribute” as it is used in the SRAA. L. Quincy Mumford, the Librarian of Congress (who oversees the Copyright Office) observed in a letter accompanying the report that “the problem of record piracy is one of immediate concern internationally, and that a draft treaty *closely corresponding to the content and purpose of S. 646*²¹⁸ was adopted by a Committee of Governmental Experts on March 5, 1971. . . . Favorable action on the domestic bill will not only help our negotiators but also encourage protection of our records against the growing menace of piracy in other countries.”²¹⁹ This indicates that Congress understood “distribute” as used in the SRAA (and later in the Copyright Act of 1976) to parallel the terminology of the Geneva Phonogram Convention. The contemporaneous addition of the second sentence to the definition of “publication” in what would become the 1976 Act – “The *offering* to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication.”²²⁰ – bears this out. The definition of “publication” was understood to play a role not just in formalities but in defining “distribute.”

IV. Statutory Interpretation of the Distribution Right

The backdrop set forth above provides critical guidance in interpreting the contours of copyright’s distribution right. As applied to file-sharing enforcement actions, the central question is whether a copyright owner whose work is placed, without authorization, in share folders accessible through peer-to-peer networks must prove that the work has been actually downloaded by third parties in order to establish copyright liability. Alternatively, does merely proving that the defendant has placed the work in a publicly accessible share folder establish violation of the distribution right?

As canvassed in Part I, the numerous courts that have confronted this question have produced conflicting decisions. The explanation is that none of the vital background – the

²¹⁵ See SRAA House Report, *supra* n.209 at 2.

²¹⁶ See *id.*

²¹⁷ See 17 U.S.C. §1(f) (1909 Act) (emphasis added).

²¹⁸ [S.646 became the SRAA and the distribution portion was unchanged. See § 1(f) (1909 Act as amended by the Act of October 15, 1971, 85 Stat. 391.]

²¹⁹ See SRAA House Report, *supra* n.209 t 10-11 (emphasis added).

²²⁰ 17 U.S.C. §101.

historical context, the critical legislative history, and the textual clues – were presented to the courts. With this background in place, the distribution right puzzle fits together. This section applies conventional tools of statutory construction to the interpretation of Section 106(3)’s distribution right in light of the legislative record.²²¹

The goal here is to determine Congress’s intent as manifest in the statute. “The starting point in statutory interpretation is ‘the language [of the statute] itself.’”²²² If the plain meaning resolves the interpretive question, then the task is done absent exceptional circumstances.²²³ But if the language is ambiguous, then specific and general legislative history can be useful in deciphering legislative intent.²²⁴ For completeness, the analysis also examines policy considerations, although their role in statutory interpretation is much more controversial.

The key statutory provision states: “the owner of copyright under this title has the exclusive rights to do and to authorize any of the following: * * * (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; * * *”²²⁵ The provision divides into two principal components: (1) the powers clause – “the copyright owner has the exclusive rights to do and to authorize”; and (2) the subsection (3) distribution right clause – “to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, leasing, or lending.”

Section A begins the analysis with the subsection (3) clause so as to better understand the nature and contours of the distribution right. Section B then analyzes the “powers” clause.

²²¹ See generally William N. Eskridge, Jr. & Philip P. Frickey, *Statutory Interpretation as Practical Reasoning*, 42 *Stan. L. Rev.* 321 (1990) (exploring the landscape of approaches to statutory interpretation and positing a pragmatic positive framework).

²²² *United States v. James*, 478 U.S. 597, 604 (1986) (quoting *Blue Chip Stamps v. Manor Drug Stores*, 421 U.S. 723, 756 (1975) (Powell, J., concurring)).

²²³ “[T]he ‘strong presumption’ that the plain language of the statute expresses congressional intent is rebutted only in ‘rare and exceptional circumstances,’ when a contrary legislative intent is clearly expressed.” *Ardestani v. I.N.S.*, 502 U.S. 129, 135-36 (1991) (citing *INS v. Cardoza-Fonseca*, 480 U.S. 421, 432, n. 12 (1987) and quoting *Rubin v. United States*, 449 U.S. 424, 430 (1981)).

²²⁴ See *United States v. Universal C.I.T. Credit Corp.*, 344 U.S. 218, 222 (1952) (Consideration of the “specific history of the legislative process that culminated in the [statute at issue] affords . . . solid ground for giving it appropriate meaning” and for resolving ambiguity present in statutory text.). Statutory history as well as bill history can also be important. See, e.g., *United States v. Wells*, 519 U.S. 482, 492-93 (1997) (consolidation of a number of separate provisions supports the “natural reading” of the current law); *Gustafson v. Alloyd Co.*, 513 U.S. 561, 581-82 (1995) (legislative history supports reading of “prospectus” in Securities Act as being limited to initial public offerings); *Babbitt v. Sweet Home Chapter*, 515 U.S. 687, 704-06 (1995) (relying on committee explanations of word “take” in Endangered Species Act).

²²⁵ 17 U.S.C. §106.

Section C examines the general legislative history for more general guidance on interpreting the Copyright Act of 1976. Section D explores policy considerations.

A. Subsection (3) - The Distribution Right Clause

1. Statutory Text

The distribution rights clause has several elements: (1) the opening infinitive – “to distribute”; (2) the object of the infinitive – “copies or phonorecords of the copyrighted work”; (3) “to the public”; (4) the first means clause: “by sale or other transfer of ownership”; and (5) the second means clause: “by rental, leasing, or lending.”

It is appropriate to begin with the plain meaning of “distribute” in isolation and then put it into the statutory context. Webster’s dictionary provides a range of possible meanings for “distribute”:

1a: to divide among several or many: deal out: apportion esp. to members of a group or over a period of time: allot **b:** DISPENSE, administer <~justice> **2a:** to spread out or scatter as to cover a surface or a space <*distributing* the seed over the lawn> <*distributing* the ink evenly over the print> <*distributing* magazines to subscribers> **b:** to place or position usu. so as to be properly apportioned over or throughout an area **c:** *logic:* to use (a term) so as to convey information about every member of the class named **3a** to divide or separate esp. into classes, orders, kinds, or species CLASSIFY, ASSORT **b** (1): to separate the units of (as typeset matter or handset matrices) and return to the proper storage places (2) *of a keyboard slugcasting machine:* to return (matrices) automatically to the proper magazine channels **4:** to market (a commodity) under a franchise in a particular area esp. at wholesale ~ vi: to make distribution: spread out²²⁶

Thus, the dictionary definition of “distribute” does not communicate a single meaning. The most relevant definitions in the context of copyright law would appear to be the second and fourth entries: “to spread out or scatter” as in “distributing magazines to subscribers” and “to market (a commodity).”²²⁷

²²⁶ See Webster’s Third New International Dictionary of the English Language, Unabridged 660 (Philip Babcock Gove, Editor in Chief) (1961 and 1993) (some examples and synonyms omitted; emphasis in original) (hereinafter cited as “Webster’s Third Dictionary”). Note that Webster’s provided the same definition in both its 1961 and 1993 editions. The 1961 edition would have been available to the drafters of the Copyright Act at the time that the word “distribute” was adopted.

²²⁷ The only court to expressly examine the dictionary definition of “distribute” focuses narrowly on the apportionment definition. See *Capitol Records, Inc. v. Thomas*, 579 F.Supp.2d 1201, 1217 (D. Minn. 2008). Judge Davis ignores the most pertinent definitions of “distribute” and overlooks the relationship between “distribute” and the definition of “publication,” which

Do either of these definitions resolve whether “distribute” requires an actual receipt of the thing being distributed? “[T]o spread out or scatter” as in “distributing magazines to subscribers” is ambiguous. To spread out or scatter seems to involve some physical act by the distributor, but could plausibly be accomplished through placing a work into a file-share folder that is searchable and accessible to a network of “subscribers.” The second definition – “to market (a commodity)” – does not involve actual distribution. The mere marketing of a commodity satisfies the definition.

The second clause – “copies or phonorecords of the copyrighted work” is relatively clear and does not appear to be disputed in the context of the file-sharing cases. The third clause – “to the public” – is also relatively clear and not disputed with regard to the sharing of files through publicly accessible file-sharing networks.

Read technically (and without regard to the “powers” clause), the “means” clauses arguably limit the distribution right to particular classes of distribution (sale, other transfer of ownership, or rental, leasing, or lending). The first “means” clause has two components: (1) “by sale”; or (2) “other transfer of ownership.” Placing a work in a file-share folder would not fall within the “sale” means. Sale requires a paid transaction. The “other transfer of ownership” is more difficult to parse. The concept of “transfer of ownership” is broad, but would appear to require a transferee. Thus, violation of the right to distribute occurs by sale or other transfer of ownership. The first “means” clause appears limited to either a transaction or a transfer of ownership.

The second “means” clause covers “rental, leasing, or lending.” “Rental” and “leasing” cover lending of a good in exchange for payment.²²⁸ Both concepts envision return of the good to the owner. Lending has a broader range of dictionary meanings: “to give into another’s keeping for temporary use on condition that the borrower return the same or its equivalent” and “to give the assistance or support of,” as in “his teaching *lent* to Oxford thought much of its early originality and distinction.”²²⁹ The former definition parallels the definitions of “rental” and “leasing,” although without payment (but with expectation of its return). The latter definition is broader and could encompass making copyrighted works available to others – whether or not they are taken. One can “lend” support without it being actually taken. Although this latter definition of the text opens Section 106(3) up to the broader conception of the distribution right reflected in the legislative history, the more plausible meaning is that Congress sought to ensnare all activities that would interfere with the copyright owner’s ability to exploit the work making copies available to the public.

encompasses “the offering to distribute copies or phonorecords to a group of persons for purposes of further distribution.” 17 U.S.C. §101 (definition of “publication”).

²²⁸ See Webster’s Third Dictionary, *supra* n.226, at 1923 and 1287.

²²⁹ See *id.* at 1293 (emphasis in original).

There is a danger, however, in reading a statute literally or woodenly,²³⁰ especially in the context of dramatic technological change.²³¹ At the time that Congress drafted this provision (between 1961 and 1965) and even at the time that the bill became law (1976), there were no platforms for digital distribution of copyrighted works to the public. The more salient computer issue was the copyright treatment of computer software, which Congress delegated to a special commission.²³² Although linked computers were in existence, public digital distribution through a ubiquitous public network was beyond any policymaker's serious consideration. Peer-to-peer technology was not even a glimmer.²³³ Yet, the drafters of the Copyright Act of 1976 recognized the rapid advance of technology advance and specifically sought to "guard against" "the real danger [of] confining the scope of an author's rights on the basis of the present technology so that, as the years go by, his copyright loses much of its value because of unforeseen technical advances."²³⁴ Hence, it is essential, as Judge Learned Hand instructs, to "put ourselves in the place of those who uttered the words, and try to define how they would have dealt with the unforeseen situation."²³⁵

Read holistically, the breadth of the "means" clauses most plausibly indicate that Congress intended a broad conception of the distribution right and provided a non-exhaustive list of then-known modes of distribution to communicate this intention. A more focused way of putting the question is to ask: "If Congress had been aware of other means of interfering with the

²³⁰ As Learned Hand has taught, "There is no surer way to misread any document than to read it literally." *Guiseppe v. Walling*, 144 F.2d 608, 624 (2d Cir.1944) (L. Hand, C.J., concurring), *aff'd sub nom.* *Gemsco, Inc. v. Walling*, 324 U.S. 244, 65 S. Ct. 605, 89 L. Ed. 921 (1945). The United States Supreme Court further has observed that "[i]t is a familiar rule, that a thing may be within the letter of the statute and yet not within the statute, because not within its spirit, nor within the intent of its makers." *Church of the Holy Trinity v. United States*, 143 U.S. 457, 459 (1892). See generally Carol Chomsky, *Unlocking the Mysteries of Holy Trinity: Spirit, Letter, and History in Statutory Interpretation*, 100 Colum. L. Rev. 901 (2000).

²³¹ See Keith A. Christiansen, *Technological Change and Statutory Interpretation*, 1968 Wis. L. Rev. 556.

²³² See Act of Dec. 31, 1974, Pub. L. No. 93-573, § 201, 88 Stat. 1873 (establishing the National Commission on New Technological Uses of Copyrighted Works).

²³³ Peer-to-peer technology was not even anticipated at the time Congress passed the DMCA in 1998. See *Recording Industry Ass'n of America, Inc. v. Verizon Internet Services, Inc.*, 351 F.3d 1229, 1238 (D.C. Cir. 2003) (suggesting that peer-to-peer technology was "unforeseen" at the time Congress passed the DMCA). There is not a single mention of "peer-to-peer" technology or file-sharing networks in the legislative history of the DMCA. See Conference Report, the Digital Millennium Copyright Act (105th Cong., 2d Sess., Report 105-796 (to accompany H.R. 2281) (Oct. 8, 1998); House Judiciary Committee Report, Digital Millennium Copyright Act of 1998 ((105th Cong., 2d Sess., Report 105-551, Parts 1 and 2 (to accompany H.R. 2281) (Jul 22, 1998); Senate Judiciary Committee Report, Digital Millennium Copyright Act of 1998, S. Rep. 105-190 (May 11, 1998).

²³⁴ See "1965 Supplementary Report," *supra* n.114, at 14.

²³⁵ See *Guiseppe v. Walling*, 144 F.2d 608, 624 (2d Cir.1944) (L. Hand, C.J., concurring).

core rights of an author, would it have included them or was it really just focused on actual transfer of copies?” There can be little doubt that putting sound recordings in a file-share folder dramatically interferes with an author’s exclusive right to distribute a product – on par with, if not more than, sale of physical copies. Further, Congress considered *offers* to distribute to be within the definition of “publication”²³⁶ and used the distribution right and “exclusive right of publication” interchangeably in other sections of the Copyright Act.²³⁷

The importation right also sheds light on Congress’s understanding of the scope of the distribution right. Section 602 of the Copyright Act states that importation into the United States “of copies or phonorecords of a work that have been acquired outside the United States is an infringement of the exclusive right to distribute copies or phonorecords under section 106.” Congress did not consider actual distribution to be an element in proving violation of the right to distribute – mere importation of a copy or phonorecord of a work without authorization violates “the exclusive right to distribute copies or phonorecords under section 106” without proof of actual distribution. More generally, this provision indicates that Congress was interested in protecting the copyright owner’s exclusive right to distribute without concern for technical requirements. Someone who imports copies of a work violates the distribution right unless that person fits within one of the specific exceptions.²³⁸

2. Specific Legislative History

Given the textual ambiguity of Section 106(3) and its relation to the definition of “publication” as well as the dramatic evolution of distribution technology that has occurred since 1976, there is good reason to examine the legislative history to understand the broader context and origins of the distribution right. As chronicled in Part III, the Copyright Act’s legislative history directly addresses the scope of the distribution right. The drafters of the Copyright Act fully intended to encompass the 1909 Act rights to “publish” and “vend,” as understood in prior law, in the newly formulated distribution right.²³⁹ The drafters stated that the intention was to “*broaden*” the distribution right beyond the historic rights to publish and vend “to avoid any questions as to whether ‘publish’ or ‘vend’ is used in such a narrow sense that there might be forms of distribution not covered. I think the draft covers virtually all forms of distribution.” Edward Sargoy provided the rationale for using a word other than “publish” – to avoid the confusion that had arisen around the jurisprudence relating to divestive and investive publication.²⁴⁰ Since file-sharing publishes works to the general public – the file-sharing protocols in question are available to anyone connected to the Internet – this activity falls

²³⁶ See 17 U.S.C. § 101 (definition of “publication”).

²³⁷ See 17 U.S.C. §§203(a)(3), 407.

²³⁸ See 17 U.S.C. §602(a)(3) (providing exceptions for (A) for government use (excluding education); (B) private use “and not for any distribution”; and (C) limited scholarly, educational, or religious purposes).

²³⁹ See *supra* text accompanying notes 172-74.

²⁴⁰ See *supra* text accompanying note 175.

squarely within the general “publish” conception which Congress intended to retain in defining the distribution right.

Thus, the scope of “distribute” encompasses the prior right to “publish,” but in “broadened” form. It is a well-established rule of construction that “[w]here Congress uses terms that have accumulated settled meaning under ... the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms.”²⁴¹ That brings us to the understanding of the right to “publish” as well as the definition of “publication.” “Publish” has long had a broad meaning as matters of dictionary meaning and copyright practice. Webster’s 1828 dictionary, which captured the scope of the terms publish and publication as of the time period in which the right to publish entered federal copyright law, refers to “mak[ing] known to mankind or to people in general,” see[ing] or offer[ing] for sale a book,” “put[ting] into circulation,” and “mak[ing] known by posting.”²⁴² The “right to publish” would have been understood by legislators and judges in the formative period of copyright law to encompass making a work available to the public, whether or not copies were actually distributed. Drone commented that “sale is not essential” – “to constitute a publication it is essential that the work shall be exposed for sale or gratuitously offered to the general public so that the public without discrimination as to persons may have an opportunity to enjoy that for

²⁴¹ *Nationwide Mut. Ins. Co. v. Darden*, 503 U.S. 318, 322 (1992) (quoting *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 739 (1989)); see *Standard Oil Co. of N.J. v. United States*, 221 U.S. 1, 59 (1911) (“[W]here words are employed in a statute which had at the time a well-known meaning at common law or in the law of this country, they are presumed to have been used in that sense”).

²⁴² See *supra* text accompanying note 147. The dictionary definition of “publish” more fully embraced the “making available to the public” meaning by 1961 and continued to the present. Webster’s Third Dictionary defines “publish” as:

1a: to declare publicly: make generally known: DISCLOSE, CIRCULATE * * * **b:** to proclaim officially : PROMULGATE <~an edict> **c:** to make public announcement of (banns of marriage) **d:** PUBLICIZE * * * **2a:** to make a public a evaluation of: CENSURE * * * **3a:** to place before the public (as through a mass medium): DISSEMINATE * * * **b:** to produce for publication or allow to be issued for distribution or sale * * * **d:** to release (a product of creative work) for public distribution or sale * * * **e:** to issue the work of (as an author) * * * ~ *vi* **1:** to put out an edition or circulate it to the public * * * **2a:** to have one’s work accepted for publication or allow it to be reproduced for public consumption * * * **b:** to reproduce the work of an author and release it to the public * * * **3:** to become manifest: give public witness

Webster’s Third Dictionary, *supra* n.226, at 1837. Definition 1 conveys the emphasis on making available. Definition 3 comes closest to the copyright usage – emphasizing making available and releasing creative work to the public.

which protection is granted.”²⁴³ Publication was in no manner tied to actual distribution. A mere offer to the general public sufficed.

The counter-argument would be that confusion about the scope of “publication” was a concern in the copyright reform process. But that argument overlooks the specific nature of the concern. At that time, courts had been narrowing the concept of “publication” so as to avoid loss of common law protection and forfeiture of statutory rights for failure to include proper notice. The limiting doctrines – limited versus general publication and divestive versus investive publication – were orthogonal to the narrowing proposed in the present debate. None of those earlier court decisions imposed a requirement of actual distribution. Rather, they focused on the concept of general publication and making a work available to the general public. But the law was well established that publication entailed making a work available to the public, not actual receipt by members of the public.

The 1965 Supplementary Report specifically notes that the language of the Section 106(3) distribution right “is virtually identical with the definition of ‘publication’ in section 101, but for the sake of clarity we have restated the concept.”²⁴⁴ The numerous examples both in the statute itself and the key legislative report where the drafters of the Copyright Act interchange the word “publication” for “distribute” reveal an understanding that the statutory definition of “publication” informs the scope of the distribution right.²⁴⁵ There is not need to quibble whether the two are co-extensive. Congress clearly thought of the two together and there is no indication that the distribution right is narrower than the definition of publication. If anything, Congress intended it to be broader.

This conclusion is reinforced, if not conclusively established, by the legislative history surrounding the protection of sound recording in the 1971 amendments to the 1909 Act. The Geneva Phonogram Convention defined “distribution to the public” to mean “any act by which duplicates of a phonogram are *offered*, directly or indirectly, to the general public or any section thereof.”²⁴⁶ Here, we see the word “distribute” defined to encompass offer to the public. In commenting on the SRAA, the Librarian of Congress observes that the treaty “closely correspond[s] to the content and purpose” of the SRAA.²⁴⁷ Direct evidence emerges from the passage of the SRAA that Congress understood “distribute” to encompass mere offers to the public in the specific context of sound recordings.

Furthermore, the coincidental timing of the amendment with the augmentation of the definition of “publication” in Section 101 to include “the offering to distribute copies or phonorecords” strongly indicates that Congress conceived of the distribution right to encompass offers – i.e., making works available to the public. Thus, Judge Wake’s conjecture, plausible in

²⁴³ See *supra* text accompanying note 152.

²⁴⁴ See *supra* text accompanying note 180.

²⁴⁵ 17 U.S.C. §§ 203(a)(3), 407. See *supra* text accompanying notes 183-88.

²⁴⁶ See Article 1(d), Geneva Phonogram Convention, *supra* n.211.

²⁴⁷ See *supra* text accompanying note 219.

the abstract – that “[i]t is untenable that the definition of a different word in a different section of the statute was meant to expand the meaning of ‘distribution’ and liability under § 106(3) to include offers to distribute”²⁴⁸ – does not withstand scrutiny. The legislative history demonstrates that far from wishing to impose extra requirements to prove violation of this right (such as proof of actual distribution), Congress understood “distribute” broadly and completed the Copyright Act fully mindful of the meaning reflected in the Geneva Phonogram Convention, which the United States actively negotiated, endorsed, and ratified during the lead-up to the 1976 Act.

B. The Powers Clause

1. Statutory Text

The preamble to Section 106 states that the copyright owner has powers “to do and to authorize” the exclusive rights which follow. By implication, it indicates how the copyright can be violated – by the exercise of an exclusive right without the consent of the copyright owner or by the authorization of another to exercise an exclusive right of the copyright owner.

Even if violation of the right to distribute required proof of actual distribution, the preambulatory phrase – “to authorize” – could expand the scope of the right to antecedent acts – such as granting of permission to reproduce or distribute copyrighted works. Webster’s Third Dictionary offers the following meanings for “authorize”:

1a: to endorse, empower, justify or permit by or if by some recognized or proper authority (as custom, evidence, personal right, or regulating power): SANCTION <idiom *authorized* by use> <he was not *authorized* to use my name> **b** archaic: to furnish grounds for: JUSTIFY **2 obs**²⁴⁹: to vouch for: confirm the truth or reality of by alleging one’s own or another’s authority **3 obs:** to give legality or effective force to (a power, instrument, order) **4a:** to endow with authority or effective legal power, warrant, or right: appoint, empower, or warrant regularly, legally, or officially < Congress has authorized the President to suspend the operation of a Statute – O.W. Holmes †1935> **b:** to grant or allot by proper authority <a million dollars *authorized* for the new bridge>²⁵⁰

Webster’s first definition – “to endorse, empower” – aligns most naturally with Section 106’s usage, although the fourth definition – “to endow with authority or effective legal power, warrant or right” – could also fit.

Outside of the copyright context, the Supreme Court has observed that the term “to authorize” “sometimes means simply ‘to permit,’ it ordinarily denotes affirmative enabling

²⁴⁸ See *supra* text accompanying note 78.

²⁴⁹ “obs” means “obsolete.” See Webster’s Third Dictionary, *supra* n.226, at 53a.

²⁵⁰ See *id.* at 146-47 (some examples and synonyms omitted; emphasis in original).

action.”²⁵¹ In common parlance in the copyright context, the Supreme Court uses “authorize” consistent with these meanings. In *New York Times Co., Inc. v. Tasini*, the Court states that “[t]he licenses *authorize* LEXIS/NEXIS to copy and sell any portion of those texts.”²⁵² In *Sony Corp. of Am. v. Universal City Studios, Inc.*, the Court states that anyone who is “*authorized* by the copyright owner to use the copyrighted work in a way specified in [17 U.S.C. § 106 et seq.] . . . is not an infringer of the copyright with respect to such use.”²⁵³

Thus, the plain meaning of “to authorize” is clear and broad. “[T]o endorse, empower” or “permit” within the meaning of Section 106(3) would encompass making a copyrighted work available to others. “[T]o endow with * * * effective legal power, warrant, or right” would also arguably have such reach.

2. Specific Legislative History

The early legislative history supports the meaning of “authorize.” The ABA’s representative recommended the use of this term specifically to address “the great expense and difficulty in attempting to prove * * * unauthorized exhibition” of motion pictures. He believed that adding the phrase “to authorize,” borrowed from Canadian and British laws, would make it easier to enforce the distribution right against “bootleggers” who are renting motion pictures. ASCAP’s general counsel stated directly that “mere authorization to make the use of the copyrighted work * * * ought to subject the person making the authorization to liability.” Abe Goldman confirmed that the drafters inserted the “to authorize” phrase into the 1964 bill based on these suggestions.

If that were the only legislative history, it would be relatively clear that Congress intended to broaden the exclusive rights to encompass mere authorization of others to exercise the rights. Yet the 1965 Supplementary Report commented that “we have added the phrase ‘and to authorize’ in order to avoid possible questions as to the liability of contributory infringers.” The Report cites as an example “a person who legally acquires an authorized print of a copyrighted motion picture but who then engages in the business of renting it to others for purposes of unauthorized public performance. There should be no doubt that this kind of activity constitutes infringement.”²⁵⁴ Apparently picking up on this reference, the House Report accompanying the final bill states “[u]se of the phrase ‘to authorize’ is intended to avoid any questions as to the liability of contributory infringers. For example, a person who lawfully acquires an authorized copy of a motion picture would be an infringer if he or she engages in the business of renting it to others for purposes of unauthorized public performance.”²⁵⁵

²⁵¹ *Washington County v. Gunther*, 452 U.S. 161, 169 (1981) (quoting Black’s Law Dictionary 122 (5th ed. 1979) (defining “authorize” as “[t]o empower; to give a right or authority to act”).

²⁵² 533 U.S. 483, 489 (2001) (emphasis added).

²⁵³ 464 U.S. 417, 433 (1984) (emphasis added).

²⁵⁴ See *supra* text accompanying note 195.

²⁵⁵ See *supra* text accompanying note 196.

The question arises whether the legislative history confines the scope of the “to authorize” language to one particular purpose – “avoid[ing] any questions as to the liability of contributory infringers” – which would indicate that it does not broaden the scope of the distribution right (beyond indirect liability) – or whether it simply indicates that this is one of the purposes served by inserting the “to authorize” phrase. Read against this record, it can be argued that the reference to contributory liability is but one of the purposes of the preambulatory phrase. This references part of Mr. Finklestein’s statement (“Suppose ASCAP, or BMI, or any of the other licensing organizations authorizes its licensees to perform a certain work. I doubt whether that would be an act of contributory infringement, but I think that there should be liability there.”) But he clearly intended more (“*It would seem to me that the mere authorization to make the use of the copyrighted work * * * ought to subject the person making the authorization to liability even though he may not be a contributory infringer.*”²⁵⁶) and the phrase “to authorize” accomplishes that broader purpose. Furthermore, Mr. Sargoy’s reference to the Canadian and British statutes suggests further context. Unfortunately, the 1965 Supplementary Report and the 1976 House Report are opaque. But neither report provides clear enough evidence to rebut the “strong presumption” that the plain language of the statute expresses congressional intent.²⁵⁷

C. General Legislative History

Beyond specific legislative intent, legislative history can provide a general interpretive template for addressing ambiguity. Although the text in combination with the specific legislative history point toward a broad conception of the distribution right, the general legislative history reinforces the broad scope of the distribution right and the need to guard against its erosion through advances in dissemination technologies.

As chronicled above,²⁵⁸ the 1961 Register’s Report characterized the right to publish as one of the two foundational rights of copyright law. The 1965 Supplementary Report recognized the need to guard against “confining the scope of an author’s rights on the basis of the present technology so that, as the years go by, his copyright loses much of its value because of unforeseen technical advances.” The Report then cites “these reasons” for stating the exclusive rights in “broad terms.” Then, in an extraordinarily prescient statement, the drafters noted that “it is becoming increasingly apparent that the transmission of works by . . . linked computers, and other new media of communication, may soon be among the most important means of disseminating them, and will be capable of reaching vast audiences” and that “the day is past when any particular use of works should be exempted for the sole reason that it is ‘not for profit.’”²⁵⁹ Thus, Congress conceived of the exclusive rights broadly, encouraged courts to

²⁵⁶ See Copyright Law Revision: Part 3, Preliminary Draft for Revised U.S. Copyright Law and Discussions and Comments on the Draft, at 122-23 (1964) (emphasis added).

²⁵⁷ See *Ardestani v. I.N.S.*, 502 U.S. 129, 135-36 (1991) (citing *INS v. Cardoza-Fonseca*, 480 U.S. 421, 432, n. 12 (1987) and quoting *Rubin v. United States*, 449 U.S. 424, 430 (1981)).

²⁵⁸ See *supra* Part III.C.1, *supra*.

²⁵⁹ See 1965 Supplementary Report, *supra* n.114 at 14.

interpret them so as to avoid their erosion as a result of unforeseen technological changes, and did not see the lack of financial motivation of those who would interfere with such rights to be a basis for narrowing the scope of the exclusive rights.

Applied to file-sharing technology, this legislative guidance argues against engrafting the unprecedented requirement of proof of actual distribution upon enforcement of the modern incarnation of the publication right. Furthermore, the more general rationales for insertion of the “to authorize” phrase in the preamble to Section 106 similarly favor interpretation that would reach those who put copyrighted works into share folders without authorization. Just like the “great expense and difficulty in attempting to prove [motion picture] exhibition infringements”²⁶⁰ in the early 1960s, imposition of a requirement the copyright owner must prove actual distribution raises the costs and difficulty of proving infringement without any good reason. To impose such a requirement directly “displace[s] the demand for the authors’ works by other users from whom copyright owners derive compensation.”²⁶¹ Since the emergence of peer-to-peer technology a decade ago, revenues from the sale of sound recordings have fallen dramatically in the United States (and much of the world).²⁶²

D. Policy Considerations

Where the preceding sources do not resolve the statutory construction question, some courts will consider policy in interpreting an ambiguous statutory provision. Although Congress provided ample basis for interpreting the scope of copyright’s distribution right, copyright enforcement has become highly charged and perceptions of policy considerations likely play a subconscious role in the interpretive process.

Operating under the premise underlying the Copyright Act that enforcement of copyright’s exclusive rights generally promotes progress in the creative arts, there are strong reasons against requiring copyright owners to prove actual distribution to establish a violation of the distribution right. First, when the Foo Fighters, Eminem, Lady Gaga, or an emerging artist releases a sound recording or when Warner Bros., Pixar, or an independent studio releases a new motion picture, there is no valid reason for a fan to place the entirety of that work in a share folder accessible to the world-at-large if the copyright owners do not consent. The argument that such uploading constitutes “user generated content” is fraudulent. The argument that “sharing” allows “sampling” is without basis in today’s Internet ecosystem. Potential fans can easily (and legally) sample music or movie trailers through ad-supported videos on Vevo.com, the sample feature of iTunes, or other authorized online channels. Furthermore, interpreting the distribution

²⁶⁰ See Copyright Law Revision: Part 2, Discussion and Comments on Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, at 24 (House Comm. Print, 88th Cong., 1st Sess. 1963).

²⁶¹ See 1965 Supplementary Report, *supra* n.114, at 14.

²⁶² See IFPI Digital Music Report 2010, *supra* n.7, at 18-22. Although various factors have affected sound recording revenues, there is little question today that file-sharing has played a substantial role. See Liebowitz, *supra* n.7; Rob & Waldfoegel, *supra* n.7.

requirement so as to ensnare those who put copyrighted works into share folders without authorization in no way limits the defenses to liability. File-sharers would still be entitled to raise fair use or any other defense to liability.

Second, effective deterrence of unauthorized distribution promotes progress in the creative arts (as viewed by the drafters of the Copyright Act) by allowing creators to determine whether and how to commercialize their works. It can also provide the basis for investing in new authors, recording artists, and film makers. When peer-to-peer technology emerged a decade ago, there was concern that the major record labels had not adequately rolled out digital distribution outlets. Whether or not the record labels were justified in their actions, there is little question that substantial digital catalog and digital distribution services – from untethered downloads to subscription – exist in the market today. These outlets, however, are hampered by having to compete with free – the massive peer-to-peer black market. Effective enforcement against those who share full length copyrighted sound recordings and motion pictures will channel consumers into marketplace for copyrighted works – increasing the ability of creators to appropriate a return to their efforts, competition, and incentives to develop improved dissemination technologies and platforms.

Third, discouraging infringement at the end-user level reduces the pressure to enforce copyright protection at the distribution layer.²⁶³ This can arguably reduce potential chilling effects on software developers.²⁶⁴

Fourth, imposition of an actual distribution requirement substantially raises the costs of enforcement, jeopardizes user's privacy interests, and imposes substantial burdens upon judicial administration. The difficulty of proving that a work placed in a file-share folder was downloaded by a third party puts copyright owners in the difficult position of seeking discovery of the contents of many computer hard drives and Internet traffic. On the judicial side of the ledger, dispensing with an actual distribution requirement would mean that most file-sharing cases could be resolved on summary judgment. This would allow the courts to manage these cases relatively easily. And if the copyright owners stipulated to the minimum statutory damage award level, damages could also be resolved on summary judgment. By imposing a requirement to prove actual distribution, the courts open up a vast array of discovery complexities and jury issues that do little to address the core problem: deterring unauthorized distribution of copyrighted works. Showing that a computer user has placed a copyrighted sound recording,

²⁶³ See Mark A. Lemley & R. Anthony Reese, Reducing Digital Copyright Without Restricting Innovation, 56 Stan. L. Rev. 1345 (2004).

²⁶⁴ See *id.* at 1386-90. The effects of indirect copyright liability on technological innovation, however, are complex and subtle. While technological progress often furthers society's interests, it can also lead to undesired and unintended consequences. For this reason, tort law, government regulation and industry self-regulation seek to constrain and channel technological innovation in socially desirable ways. See Peter S. Menell, Indirect Copyright Liability and Technological Change, 32 Columbia Journal of Law and the Arts 375, 381 (2009).

motion picture, novel, or other work in a share folder that is accessible to the public without authorization should be sufficient to prove a prima facie violation of the distribution right.

Hence, putting aside the potential for disproportionate financial penalties – which merits serious attention²⁶⁵ – there is no downside to holding those who place copyrighted works in file-share folders without authorization liable for copyright infringement. Such a requirement unduly raises the costs of enforcement and reduces the deterrent effects of copyright enforcement. Most importantly, discouraging unauthorized file-sharing of copyrighted works would channel fans of such works into the marketplace, which increases the rewards available to creators. Although it might also force some fans further underground, it is difficult to see how making enforcement more effective could result in a new increase in losses from unauthorized distribution. With advances in dissemination platforms, greater competition, and expanded licensing by copyrighted owners, there is good reason to believe that deterrence of unauthorized file-sharing will channel more fans into the marketplace.

Conclusions

The dramatic emergence of file-sharing technology a decade ago thrust copyright law's long-dormant distribution right onto the center-stage of copyright enforcement. The courts have struggled to determine whether copyright owners must prove that a file placed in a share folder has actually been downloaded to establish violation of the distribution right. Scholars have also been perplexed by this question. With the precipitous decline of record sales since 1999,²⁶⁶ the widespread piracy of motion pictures,²⁶⁷ and hundreds of thousands of file-sharing cases pending,²⁶⁸ this question is of tremendous importance. Given the architecture of the Internet and privacy concerns, requiring proof of downloading by third parties would substantially raise the cost of pursuing such enforcement actions.

Ideally, courts would like to know why Congress shifted from the historic right to “publish” (tracing from the 1790 Act through the 1909 Act) to the 1976 Act's right to

²⁶⁵ See *Capitol Records, Inc. v. Thomas-Rasset*, --- F.Supp.2d ----, 2011 WL 3211362 (D.Minn. 2011) (substantially reducing jury's statutory damages award on constitutional grounds); *Sony BMG Music Entertainment v. Tenenbaum*, 721 F.Supp.2d 85, 116 (D. Mass 2010) (same).

²⁶⁶ See IFPI Digital Music Report 2010, *supra* n.7 at 18-22.

²⁶⁷ See Dave Itzkoff, 'Avatar' Commandeers Film Piracy Record, N.Y. Times (Jan. 5, 2010) (reporting that Avatar was illegally downloaded nearly 1 million times in the first week following its theatrical release); Greg Sandoval, 'Hurt Locker' Producers Follow RIAA Footsteps, CNet News (May 12, 2010) (noting that the winner of the 2009 Academy Award for Best Picture had earned only \$16 million at the box office as a result of having been leaked onto the Internet five months before its U.S. theatrical release) <http://news.cnet.com/8301-31001_3-20004860-261.html>.

²⁶⁸ See Sarah Jacobsson Purewal, Copyright Trolls: 200,000 BitTorrent Users Sued Since 2010, PC World (Aug. 9, 2011).

“distribute” and secondly, the relationship, if any, between the right to distribute and the definition of “publication,” which encompasses “the *offering* to distribute copies or phonorecords.” Thus far, courts, litigants, and scholars have been left to speculate, producing widely inconsistent interpretations.

This article has unearthed the lost ark holding the answers to these critical questions. As a result of the two-decade gestation of the Copyright Act of 1976, critical elements of its development were entombed in overlooked legislative history. That history establishes beyond peradventure that Congress intended to *broaden* the historic rights to “publish” in crafting the right to distribute. The reason is subtle but completely understandable in historical context: Under the 1909 Act regime, “publication” served two principal purposes – as a foundational exclusive right and the trigger for federal protection (and loss of common law protection). In order to avoid the potentially harsh effects of publication without proper copyright notice (loss of common law protection and forfeiture of federal statutory protection), courts evolved a confusing and roundly criticized set of doctrines distinguishing of investive and divestive publication. Congress chose the term “distribute” merely to avoid that confusion and expressed unequivocally its intention to retain and broaden the prior rights to publish and vend. Furthermore, Congress intended the distribution right to parallel the statutory definition of “publication.”

The text and legislative history surrounding the Sound Recording Amendments Act of 1971 show that Congress intended to incorporate a making available right in U.S. copyright law for the purpose of deterring record piracy – a purpose which was broadened in the 1976 Act to reach all forms of unauthorized distribution. The legislative history of the 1976 Act also reveals that Congress drafted the exclusive rights broadly so as to avoid their erosion as a result of unforeseen technological changes. Moreover, Congress did not see the lack of financial motivation of those who would interfere with such rights to be a basis for narrowing their scope or enforceability.

Thus, to prove violation of copyright’s distribution right, a copyright owner need merely show that a copyrighted work has been placed in a share folder that is accessible to the public. This interpretation faithfully applies the Copyright Act to file-sharing and provides a more effective foundation for enforcing copyright protection in the Internet Age. Such an approach promises to channel more Internet users into the market for copyrighted works and focuses courts on the more appropriate challenges posed by file-sharing such as jurisdiction, defenses, and remedies.