Dealing With Overlapping Copyrights on the Internet

Mark A. Lemley²

It is fashionable on certain parts of the Net to talk knowingly about the coming collapse of copyright law. John Perry Barlow sounds the most familiar refrain: "Intellectual property law cannot be patched, retrofitted, or expanded to contain digitized expression any more than real estate law might be revised to cover the allocation of broadcasting spectrum (which, in fact, rather resembles what is being attempted here). We will need to develop an entirely new set of methods as befits this entirely new set of circumstances."³ Esther Dyson endorses the idea that "content is free" for all practical purposes on the Net, and offers some ways that she thinks content providers can still make some money without relying on copyright law.⁴ To be sure, we have recently started to hear from the revisionists -- those who rebut what they call the naivete of the free information movement.⁵ But at least in the rarefied circles of *Wired* magazine and the Internet listservs devoted to cyberspace law, the

¹ Copyright 1996, Mark A. Lemley.

² Assistant Professor, University of Texas School of Law; Of Counsel, Fish & Richardson P.C., Austin, Texas. I would like to thank John Ackermann, Dan Burk, Julie Cohen, Rose Hagan, Doug Laycock, Jessica Litman, Neil Netanel, Jennifer Weidman, Joel Wolfson, and the participants in the University of Dayton Symposium on Copyright Owners' Rights and Users' Privileges on the Internet for their comments on an earlier version of this paper.

³ John Perry Barlow, *The Economy of Ideas*, *Wired*, Mar. 1994, at 84, 85. See also John Perry Barlow, http://www.eff.org/prob/publications/john_perry_barlow/barlow_0296.declaration (writing in a document entitled "A Cyberspace Independence Declaration" that "your legal concepts of property, expression, identity, movement, and context do not apply to us. They are based on matter. There is no matter here.").

⁴ Esther Dyson, *Intellectual Value*, *Wired*, July 1995, at 136, 137. See also David G. Post, *Jurisdiction in Cyberspace: Who Makes the Law?* 48 Stan. L. Rev. __ (forthcoming 1996).

⁵ Prominent in this latter group are Edward A. Cavazos & Gavino Morin, *Cyberspace and the Law: Your Rights and Duties in the On-line World* 47-48 (1994); James Gleick, *I'll Take the Money, Thanks*, N.Y. Times Mag., Aug. 4, 1996, at 16 and Robert P. Merges, *Intellectual Property and Digital Content: Notes on a Scorecard*, 1:3 *Cyberspace Lawyer* 15 (June 1996). See also Kenneth A. Richieri, *Roundtable on Electronic Rights*, 20 Colum. VLA J.L. & Arts 605, 658 (1996) (hereafter "Roundtable") ("I think it is fair to say that the current Internet culture is woefully ignorant of basic copyright precepts").

issue seems to be not whether copyright can survive but when it will die and what will take its place. In a case of technology making strange bedfellows, this assumption that copyright is doomed, asserted by those who clearly seem pleased by the prospect, is echoed by those lamenting copyright's collapse and demanding that the government do something to save it.

What makes this talk all the more remarkable is that copyright on the Net is not just surviving, it is thriving. Indeed, if there is any danger, it is from the other side -- the forces in government in industry that seem hell-bent on expanding copyright at every opportunity. The Internet has given these latter groups plenty of opportunity. A few scholars -- Jamie Boyle⁶, Pam Samuelson⁸ and Julie Cohen⁹ notable among them -- have spoken up to point out the dangers of expanding copyright protection in this new environment without regard for the consequences. Even fewer scholars have looked into a more intractable problem -- how applying the existing copyright statute to the Internet has already resulted in a dramatic (and quite unintended) expansion of the scope of copyright!¹⁰ In this article, I address one aspect of the latter problem.

The copyright statute gives copyright owners a variety of exclusive rights -- the right to make copies of their works, to create derivative works, to distribute the works, and to publicly perform or display them.¹¹ The Clinton Administration's NII working group

⁶ See, e.g., Marshall Leaffer, *Protecting Author's Rights in a Digital Age*, 27 U. Toledo L. Rev. 1, 10 (1995); Douglas J. Masson, Comment, *Fixation on Fixation: Why Imposing Old Copyright Law on New Technology Will Not Work*, 71 Ind. L.J. 1049, 1056-57 (1996).

⁷ See, e.g., James Boyle, *Overregulating the Internet*, Wash. Times, Nov. 14, 1995, at A17.

⁸ Pam Samuelson, *The Copyright Grab*, Wired, Jan. 1996, at 135.

⁹ Julie Cohen, *A Right to Read Anonymously: A Closer Look at "Copyright Management" in Cyberspace*, 28 Conn. L. Rev. __ (forthcoming 1996).

¹⁰ The signal article on this issue is Jessica Litman, *The Exclusive Right to Read*, 13 Cardozo Arts & Ent. L.J. 29 (1994). See also Marci Hamilton, *The TRIPS Agreement: Imperialistic, Outdated, and Overprotective*, 29 Vand. J. Transnat'l L. 613, 620 (1996) ("By failing to adjust the Berne Convention to the GII, the TRIPS Agreement unwittingly bestows a windfall on copyright holders."); Jessica Litman, *Revising Copyright Law for the Information Age*, 75 Or. L. Rev. 19 (1996).

¹¹ 17 U.S.C. § 106.

recommends adding a new exclusive right -- the right to transmit the works over a computer network.¹² These separate exclusive rights are designed to allocate to the copyright owner control over different possible uses of his works. Each of the exclusive rights can be separately licensed, and licensees may get some but not all rights to make use of the work.

Unfortunately, not only does copyright already apply to works transmitted over the Net, but it applies perhaps too well. A single act of transmission or browsing on the Net can potentially violate *all* of the exclusive rights listed in the Copyright Act, as I discuss in Part I. This fact has some puzzling implications for efforts to license only limited rights to use a work, for cases in which different parties own different rights, and for the application of existing compulsory license rules and defenses. I explore these problems in Part II. Finally, in Part III I discuss some possible ways of dealing with this problem of overlapping exclusive rights, including implied licenses and the statutory creation of a unified transmission right.

I. Applying Copyright to the Net

A brief look at how the existing (and proposed) exclusive rights in the Copyright Act apply to common Net activities should dispel any thought that copyright does not apply in this new medium. Let us take three of the most common Net activities -- sending email to one or more recipients, posting material on a page on the World Wide Web, and downloading material from a Web page -- and see how they fare under copyright law.

A. Copies

¹² Information Infrastructure Task Force, Intellectual Property and the National Information Infrastructure: The Report of the Working Group on Intellectual Property Rights 206-215 (1995) (hereafter "NII White Paper").

The most fundamental of all copyrights is the exclusive right to reproduce the work.¹³ Because section 106(1) speaks of "reproduction in copies," the right is coterminous with the definition of "copies" in section 101: "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."¹⁴ Section 101 also defines "fixed" as referring to works whose "embodiment in a copy . . . is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration."¹⁵

The scope of this reproduction right is the subject of some dispute in the context of digital information. Two different debates are relevant here. The first is whether "copies" of a work which exist only in the internal RAM memory of a computer, or on the screen of a computer monitor, are sufficiently fixed to qualify as infringing reproductions under section 106(1). Generally speaking, RAM and screen copies exist only so long as the computer or monitor are turned on; they are erased when the computer is turned off.¹⁶ Clearly, this fact does not prevent such copies from being "perceived, reproduced or otherwise communicated"

¹³ 17 U.S.C. § 106(1) provides: "[T]he owner of copyright under this title has the exclusive rights to do an to authorize any of the following: . . . (1) to reproduce the copyrighted work in copies or phonorecords."

¹⁴ 17 U.S.C. § 101.

¹⁵ *Id.*

¹⁶ There are two technical exceptions to this statement. First, most modern RAM memory is dynamic rather than static. Such dynamic RAM, or DRAM, requires bits of information to be continuously refreshed in order to remain readable. Information stored in DRAM which is not refreshed will degrade to eventual unreadability, even while the computer is on. Technically, therefore, information stored in DRAM is "replaced" by equivalent information in periods of rather less than a second. Second, many modern computers enhance the performance of their memory by "swapping" certain bits loaded in RAM into hard drive storage to make room for other bits, and retrieving the swapped bits when needed. Because magnetic hard drive storage survives even when the computer is turned off, it is possible that some pieces of information ostensibly stored in RAM memory will survive the turning off of the computer.

It should be obvious that these two facts point in opposite directions with respect to the fixation issue. Information in DRAM is arguably "fixed" for less than a second, while information swapped to hard drive storage is potentially fixed indefinitely, until it is actually overwritten by the hard drive.

with the aid of a computer -- data loaded in RAM can be viewed on a computer screen, printed onto paper, saved to magnetic storage, or transmitted via a computer network. Rather, the question is whether the RAM copies themselves exist "for more than a transitory duration."

The legislative history accompanying the "fixation" language in the 1976 Copyright Act strongly suggests that Congress did not consider such copies to be "fixed." The House Report provides:

[T]he 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.¹⁷

Several cases have suggested that RAM copies¹⁸ and screen copies¹⁹ are not fixed.

In 1993, however, the Ninth Circuit decided *MAI Systems Corp. v. Peak Computer*.²⁰ In that case, the court held that loading a computer operating system from magnetic storage into RAM (by turning the computer on) violated the Copyright Act because it made a fixed RAM copy of the program.²¹ There are a number of problems with the *MAI* opinion -- it does not refer to the legislative history, it does not discuss the "transitory duration" prong of the fixation test, and the sources it cites are generally inapposite²² -- and many commentators

¹⁷ H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 52-53 (1976).

¹⁸ *Apple Computer v. Formula Int'l*, 594 F. Supp. 617, 621-22 (C.D. Cal. 1984) (copies stored in RAM are merely "temporary," unlike ROM copies). *Cf.* *DSC v. DGI*, ___ F.3d ___ (5th Cir. 1996) (plaintiff's assertion that running a computer program creates infringing RAM copies improperly seeks to expand the scope of copyright, and thus runs afoul of the copyright misuse doctrine).

¹⁹ *See NFLC, Inc v. Devcom Mid-America Inc.*, 33 U.S.P.Q.2d 1629 (7th Cir. 1995) (suggesting that dumb terminals do not make "copies" under the Act, even though the work is reproduced on screen); *Stern Elec. v. Kaufman*, 669 F.2d 852 (2d Cir. 1982) (video game images stored in permanent ROM memory are fixed; court assumes that images projected on monitor screen are not fixed).

²⁰ 991 F.2d 511 (9th Cir. 1993).

²¹ *Id.* at 518.

²² The court cites 2 Nimmer on Copyright § 8.08, at 8-105 (1983), and the Final Report of the National Commission on the New Technological Uses of Copyrighted Works 13 (1978), *MAI*, 991 F.2d at 518, but

have been quite critical of it.²³ Nonetheless, courts both in and out of the Ninth Circuit have followed *MAI*,²⁴ and the government's NII White Paper has enthusiastically endorsed it as settled law.²⁵ Further, legislation recently passed by the House of Representatives reverses *MAI v. Peak* on other grounds, but might be read to agree implicitly with the court's holding that copies in RAM are fixed.²⁶ At the very least, then, there is some authority for the

(as the *MAI* court itself acknowledges) both of these sources were referring to inputting data into permanent computer memory, not to the automatic generation of RAM copies. The court does cite one prior decision stating that "the act of loading a program from a medium of storage into a computer's memory creates a copy of the program." *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 260 (5th Cir. 1988). In context, however, it is not at all clear that the *Vault* court was referring to the act of loading a copy into RAM, rather than into the internal hard drive of a computer.

²³ See, e.g., Margaret Chon, *New Wine Bursting From Old Bottles: Collaborative Internet Art, Joint Works, and Entrepreneurship*, 75 Or. L. Rev. 257, 260-61 (1996); Niva Elkin-Koren, *Copyright Law and Social Dialogue on the Information Superhighway: The Case Against Copyright Liability of Internet Providers*, 13 Cardozo Arts & Ent. L.J. 345, 381-82 (1995); Michael E. Johnson, Note, *The uncertain Future of Computer Software Users' Rights in the Aftermath of MAI Systems*, 44 Duke L.J. 327 (1994); Mark A. Lemley, *Intellectual Property and Shrinkwrap Licenses*, 68 S. Cal. L. Rev. 1239, 1280 n.184 (1995); Katrine Levin, Note, *MAI v. Peak: Should Loading Operating System Software Into RAM Constitute Copyright Infringement?* 24 Golden Gate U.L. Rev. 649 (1994); Litman, *supra* note __, at 21; Jessica Litman, *The Exclusive Right to Read*, 13 Cardozo Arts & Ent. L.J. 29, 41-43 (1994); James V. Mahon, *A Commentary on Proposals for Copyright Protection on the National Information Infrastructure*, 22 Rutgers Comp. & Tech. L.J. 233, 240-45 (1996); Carol G. Stovsky, Note, *MAI Systems Corp. v. Peak Computer, Inc.: Using Copyright Law to Prevent Unauthorized Use of Computer Software* 6 Ohio St. L.J. 593 (1995).

²⁴ See *Triad Systems v. Southeastern Express Co.*, 64 F.3d 1330 (9th Cir. 1995); *Advanced Computer Services v. MAI Systems*, 845 F. Supp. 356 (E.D. Va. 1994). See also 2 Nimmer on Copyright § 8.08[A][1], at 8-108 (1996) (suggesting that RAM copies are fixed); cf. 2 Paul Goldstein, Copyright § 5.1, at 5:8 (1995) (noting these cases but not taking a position on their ruling). As James Mahon points out, however, the *Advanced Computer* case actually suggests a middle ground, with only copies that exist for several minutes falling within the scope of the Act. *Advanced Computer*, 845 F. Supp. at 363; Mahon, *supra* note __, at 241-42. For this reason, it provides dubious authority for fixation in many instances of temporary copies made in computer networks.

²⁵ NII White Paper, *supra* note __, at __. See also Marybeth Peters, *The National Information Infrastructure: A Copyright Office Perspective*, 20 Colum. VLA J.L. & Arts 341, 344 (1996) (endorsing NII approach); Douglas J. Masson, Comment, *Fixation on Fixation: Why Imposing Old Copyright Law on New Technology Will Not Work*, 71 Ind. L.J. 1049, 1056-57 (1996) (noting the debate over fixation, but endorsing the White Paper's result despite its failure to acknowledge the debate). But see Litman, *supra* note __, at 21 n.8 (characterizing the White Paper's failure to acknowledge the legislative history opposing its position as "irresponsible").

²⁶ See H.R. 1861, 104th Cong., 2d Sess. (1996). In fact, the legislative history accompanying the bill is studiously neutral on the fixation issue.

proposition that every time digital information is recorded in RAM memory, a reproduction of the work is made that implicates section 106(1) of the Act.

The second debate over the scope of section 106(1) in the context of the Internet has to do with who is making the copies. The problem here is that many of the copies created during the transmission of information over the Net are generated automatically by the computers involved. For example, the operator of an electronic bulletin board or email listserv usually employs software which automates the distribution of information to members of the bulletin board or list. Email listservs normally distribute messages sent to a certain address to all addresses on the list, while bulletin boards may hold copies of posted material and transmit them to those individuals who request a copy. In either case, the operator of the board or listserv is not directly involved in the making of copies, but does own and maintain a computer which makes those copies automatically.

Clearly, someone is "reproducing" the posted material in each of these cases. But who? Depending on the circumstances, one could make a good case that either the original poster, the system operator, or the receiving users are the ones copying the data. Because system operators are easier to find and generally wealthier than average Internet users, copyright owners have sought to hold them liable for the copying done automatically by computers under their control. Some support for this position can be found in the district court decision in *Playboy Enterprises v. Frena*.²⁷ In that case, the court held that the operator of a bulletin board was responsible for copyright infringement caused by the uploading and downloading of copyrighted images on his board, despite evidence that he played no active role in transmitting these images and indeed may not have known of their existence.²⁸ The court did not expressly decide the issue of copying under section 106(1),

²⁷ 839 F. Supp. 1552 (M.D. Fla. 1993).

²⁸ *Id.* at 1554.

ruling instead on distribution and public display;²⁹ but its rationale clearly supports a finding of liability for copying.³⁰ At least one other district court has so held, though its holding is less than perfectly clear.³¹ The NII White Paper has enthusiastically endorsed *Playboy's* interpretation of direct copyright infringement.

Other courts have been more cautious. In *Religious Technology Center v. Netcom*,³³ the court rejected *Playboy's* theory of direct infringement. Rather, the court held Netcom to be at most a contributory infringer for passing on infringing messages posted by another.³⁴ The *RTC* court relied heavily on the policy implications of a contrary finding, which it said "would create many separate acts of infringement and, carried to its natural extreme, would lead to unreasonable liability."³⁵ Most commentators to consider the issue have sided with *RTC* in rejecting the liability of service providers for copies made by their machines.

²⁹ For a discussion of these aspects of the court's decision, *see* *infra* notes ___-___ and accompanying text.

³⁰ The court noted that copyright infringement is a strict liability offense, and ruled that "it does not matter that defendant Frena claims he did not make the copies itself [sic]. *Playboy*, 839 F. Supp. at 1556.

³¹ *See* *Sega Enterprises Ltd. v. MAPHIA*, 857 F. Supp. 679, 686-87 (N.D. Cal. 1994). The *Sega* court found the bulletin board operators in that case liable for both direct copying and contributory infringement, though the discussion does not clearly state that the board operators were directly responsible for the copying. *See* *Religious Technology Center v. Netcom*, 907 F. Supp. 1361, 1371 (N.D. Cal. 1995) (noting this fact). The contributory infringement aspects of the *Sega* opinion are discussed *infra* notes ___-___ and accompanying text.

³² NII White Paper, *supra* note ___, at § I(A)(8).

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

³⁴ *Id.* at 1369-70.

³⁵ *Id.*

³⁶ *See, e.g.*, 3 Nimmer on Copyright § 12.04[A][2][b], at 12-78 to -79 (1995); Henry H. Perritt Jr., Law and the Information Superhighway 430 (1996); Lance Rose, Netlaw 91-92 (1995); Edward A. Cavazos & G. Chin Chao, *System Operator Liability for a User's Copyright Infringement*, 4 Tex. Intell. Prop. L.J. 13 (1995); M. David Dobbins, Note, *Computer Bulletin Board Operator Liability for Users' Infringing Acts*, 94 Mich. L. Rev. 217 (1995); Niva Elkin-Koren, *Copyright Law and Social Dialogue on the Information Superhighway: The Case Against Copyright Liability of Bulletin Board Operators*, 13 Cardozo Arts & Ent. L.J. 346, 390 (1993); Comment, *Online Service Providers and Copyright Law: The Need for Change*, 1 Syr. J. Legis. & Pol'y 197, 202 (1995). *But see* Kevin L. Murch, Comment, *Cybercourt: Copyright and Trademark Law on the Information Superhighway*, 24 Cap. U.L. Rev. 809, 814 (1995); Joseph V. Myers III, *Speaking Frankly About Copyright Infringement on Computer Bulletin Boards: Lessons to be Learned from Frank Music, Netcom, and the White Paper* 49 Vand. L. Rev. 439 (1996).

Resolution of these debates will affect the number of copies made in routine Net transactions, and may also affect who is liable for making those copies. But it should be clear that under any definition, most activities on the Net involve the making of one or more copies that implicate section 106(1). Sending electronic mail to another makes at least one copy of the message sent -- the one that resides in semipermanent memory in the recipient computer.³⁷ Because many computer users regularly back up their systems, another semipermanent copy of the email may be created on tape or floppy disk. Still other copies may be made if the recipient forwards the message to another, stores it in a computer file, or prints a hard copy. Similarly, posting material on a Web page involves making a long-term copy of it on the Web server, and transmitting still other copies to whoever accesses the page. Those who access the page may in turn make permanent or semipermanent copies of the Web page, either by storing or printing the material, forwarding it to another, or by "caching" the page automatically for a certain period of time.³⁸

If one accepts the argument that RAM copies are actionable under section 106(1), the number of copies in even the most routine Net transactions goes up dramatically.³⁹ Obviously, each act of "uploading" or "downloading" makes a RAM copy in the recipient's computer.⁴⁰ That is only the beginning, however. In downloading a picture from a Web site, the modem at each end will buffer each byte, as will the router, the receiving computer, the

³⁷ While email may enter a recipient's computer in RAM and be "deleted" as soon as it is read, the message will most likely reside on a network server or a computer's hard drive even after it has been "deleted." Many email programs keep "Trash" files of deleted programs which are stored in memory and accessible to users for a specified time, often several days.

³⁸ For a discussion of the long-term cache copies made by some browsers, including Netscape's, see Perritt, *supra* note __, at 434-36; Eric Schlachter, *Catching Up With Caching* (working paper 1996).

³⁹ See Litman, *supra* note __, at __; Mahon, *supra* note __, at 243-44.

⁴⁰ See Rosemary Cairns, *Opportunities, Risks and Some Intellectual Property Constraints Surrounding the Provision and Use of On-line Services*, 4 Int'l J.L. & Info. Tech. 19, 38-39 (1996) (copying "will inevitably occur in the course of uploading a work onto a network server or bulletin board and permitting it to be viewed in or downloaded at a home or office"; discussing UK law).

Web browser, the video decompression chip, and the video display board. Those seven copies will occur on each such transaction.⁴¹ Further, since most Internet transmissions do not travel directly between sender and receiver, more copies will be made of the individual packets at each node they pass through on their way to the end point.

Finally, consider who is responsible for making these copies. Some are generated by the computer where the message originates, and might therefore be within the control of the individual sending the message (or creating the Web site). But others are made automatically by the recipient's computer, meaning that under the rationale of *MAI* coupled with *Playboy* even innocently *receiving* an email message may well infringe copyright in that message.⁴³ For similar reasons, anyone who browses the Net and unintentionally runs across infringing material is making infringing copies under this rationale.⁴⁴ This includes not only the millions of casual Web browsers, but all the major search engine companies, which use "spiders" to crawl the Internet cataloguing Web sites -- and making RAM copies in the process.⁴⁵ Further, intermediaries are also generating RAM copies -- and therefore infringing copyright under

⁴¹ See Glenn S. Tenney, "Paper on Caching," electronic mail to cni-copyright listserv, Aug. 2, 1996, 11:06 am.; Mahon, *supra* note __, at 243-45. Mahon suggests that only those copies actually used and perceived by humans should be considered fixed. *Id.* at 243. If adopted, such a rule would remove many of these automated copies from liability. It might also signal a return to the old rule of *White-Smith v. Apollo Music Co.*, 209 U.S. 1 (1908), and a repudiation of the 1976 Act's definitions of fixation and copies as instantiations "capable of being perceived . . ."

⁴² David G. Post, *White Paper Blues: Copyright and the National Information Infrastructure*, Legal Times, April 8, 1996, at __.

⁴³ See Chon, *supra* note __, at 261 (suggesting that even recipients who delete a message unread are making "copies" of it under this definition). While such recipients are not "intentionally" copying copyrighted material, copyright infringement is a strict liability tort, and innocent infringement is no defense. See, e.g., *Lipton v. Nature Co.*, __ F.3d __ (2d Cir. 1995); *De Acosta v. Brown*, 146 F.2d 408, 411 (2d Cir. 1944); Litman, *supra* note __, at __.

⁴⁴ See Alfred C. Yen, *Entrepreneurship, Copyright, and Personal Home Pages*, 75 Or. L. Rev. 331, 333-34 (1996) (noting this problem).

⁴⁵ Indeed, since the search engine companies are intentionally doing this sort of thing for commercial gain, they might not only be civilly liable but also qualify as felon§ See 17 U.S.C. § 506(a).

MAI -- in the course of passing the message along.⁴⁶ This includes not only the Internet service providers playing host to the message originator (Netcom in the *RTC* case), but also every node on every intermediate network that routes one or more of the packets toward its destination, since those routers also buffer the packets they forward.⁴⁷ It may be impossible to tell who made copies of which emails without conducting a packet routing analysis for each message. And for certain Net functions (notably Usenet and IRC), even the host of the network is a concept that cannot be clearly defined. As Judge Whyte warned in *RTC*, taking the RAM copying and direct infringement theories seriously "would result in liability for every single Usenet server in the worldwide link of computers transmitting [each] message to every other computer. These parties, who are liable under plaintiff's theory, do no more than operate or implement a system that is essential if Usenet messages are to be widely distributed."⁴⁸

There is nothing in the nature of the Net that suggests the copyright laws will not apply to conduct occurring there. Rather, the problem seems to be how to *cabin* the definition of copying within reasonable bounds. As we shall see, however, the problem is even worse than application of only section 106(1) would suggest.

⁴⁶ See Chon, *supra* note ___, at 261-62. Such intermediaries might conceivably be protected under 17 U.S.C. § 111(a)(3), which provides:

The secondary transmission of a primary transmission embodying a performance or display or a work is not an infringement of copyright if --

(3) the secondary transmission is made by any carrier who has no direct or indirect control over the content or selection of the primary transmission or over the particular recipients of the secondary transmission, and whose activities with respect to the secondary transmission consist solely of providing wires, cables, or other communications channels for the use of others.

There has been no litigation over whether this section, written with television broadcasting in mind, applies to Internet service providers.

⁴⁷ See Mahon, *supra* note ___, at 243-45.

⁴⁸ *RTC*, 907 F. Supp. at 1369-70.

B. Distribution

Section 106(3) of the Copyright Act gives the copyright owner the exclusive right "to distribute copies . . . to the public by sale or other transfer of ownership, or by rental, lease, or lending."⁴⁹ The Nimmer treatise views the distribution right in the 1976 Act as a merger of the right to "vend" a copyrighted work and the right of first publication of that work.⁵⁰ The three issues relevant to the application of section 106(3) to online distribution are: (1) is a "copy" being distributed; (2) is the distribution to the "public"; and (3) is the distribution accomplished by one of the means listed in the statute?

The first issue was largely dealt with in the previous section: there is no question that electronic mail or Web publication distributes "copies" to the recipients, however narrowly that term is defined.⁵¹ Since the copies are not actually transferred in a material embodiment, but rather as bits of information over the Net, it might be possible to argue that the copies were not actually "distributed" in electronic form.⁵² The application of section 106(3) to radio and television broadcasts with certain limited exceptions⁵³ suggests that transmission of works might constitute a distribution,⁵⁴ but the issue is certainly not free from doubt. The NII White

⁴⁹ 17 U.S.C. § 106(3). *See also* 17 U.S.C. § 602(a) (extending the distribution right to cover importation of copyrighted works).

⁵⁰ 2 Nimmer on Copyright § 8.11[A], at 8-135 to -136.

⁵¹ *See supra* notes ___-___ and accompanying text.

⁵² *Cf.* 2 Goldstein, *supra* note ___, at 5:99-100 (suggesting that the distribution right focuses on the transfer of tangible things). The significance of this issue is pointed up by *Agee v. Paramount Communications*, 59 F.3d 317 (2d Cir. 1995) (transmission of a musical recording through television broadcasting was a performance, but not a distribution, because no copy was made at the receiving end). Computer networks are arguably distinguishable from broadcasting in this respect, since the receiving parties acquire tangible copies as well as observing a performance. Certainly the NII White Paper takes this position. *See* NII White Paper, *supra* note ___, at ___.

⁵³ *E.g.* 17 U.S.C. §§ 114, 118.

⁵⁴ Myers argues that "distribution" under the Copyright Act may occur even absent an actual transfer or transmission of copies. Myers, *supra* note ___, at 465-67. This argument seems at odds with the plain language of section 106(3), which requires the distribution of "copies," and courts and commentators have generally rejected it. *See, e.g., National Car Rental System v. Computer Assoc. Int'l*, 991 F.2d 426 (8th Cir. 1993); 2 Goldstein, *supra* note ___, at 5:102; 2 Nimmer on Copyright § 8.11[A] at 8-137.

Paper would amend the Copyright Act to make it clear that copies can be distributed via transmission.

The issue of "public" distribution is more troubling. While the definition of "public performance or display" in section 101 suggests that making a work accessible to even a few people can be "public" dissemination,⁵⁵ the Nimmer treatise suggests that restricted distribution to a small group is not distribution "to the public" within the meaning of section 106(3).⁵⁶ For some types of Net distribution, such as posting material on a publicly accessible Web site or in a Usenet newsgroup, the meaning of the term "public" does not much matter: such a distribution will be public under virtually any definition. Other types of Net distribution, such as email to a single individual, do not seem to amount to public distribution.⁵⁷ But many types of Net distribution (such as email listservs and limited-access Web pages on corporate intranets) fall in between these extremes. Whether such distributions are "public" may depend both on the number of subscribers and on whether the list was in fact open to anyone who wished to join it, as many listservs and bulletin boards⁵⁸ are.

Finally, to be infringing a distribution must be accomplished by sale, rental, lease, lending, or "other transfer of ownership." Most material distributed on the Net today is not sold; virtually none of it is rented or lent. Rather, it is typically given for free to whoever

⁵⁵ 17 U.S.C. § 101. The definition does not expressly apply to section 106(3)'s use of "public," but it seems analogous. I discuss public performance and display *infra* notes ___-___ and accompanying text.

⁵⁶ 2 Nimmer on Copyright § 8.11[A], at 8-135 to -136. *See also* NII White Paper, *supra* note ___, at 209 n.543 ("The term 'public' as used in connection with the distribution right is not coincident with the meaning assigned to that term in connection with the public performance or display right.").

⁵⁷ *But see* Ford Motor Co. v. Summit Motor Products, Inc., 930 F.2d 277 (3d Cir. 1991), where the court held that a gift of a copyrighted work to a single person violated section 106(3).

⁵⁸ *See Playboy*, 839 F. Supp. at 1556 (bulletin board owner liable for distributing infringing copies, despite "members-only" status of the bulletin board). Other cases have considered the "public" nature of a distribution in the print context. *See, e.g.,* Continental Casualty Co. v. Beardsley, 253 F.2d 702 (2d Cir. 1958) (distribution of 100 copies and willingness to distribute more was "public"); *White v. Kimmell*, 193 F.2d 744 (9th Cir. 1952) (circulation of 200 copies without restriction was "public" distribution).

chooses to access it. While it might require a stretch to characterize sending email as a "transfer of ownership" of the bits involved, that is in fact what appears to be going on. Certainly, the originator of an email does not assert any obvious ownership interest in the particular copy sent to each recipient (as distinguished from the copyright in the underlying work itself). Those who receive email or download material from a Web site are free to do whatever they want with that material, subject to the copyright and other laws. To the extent that the bits involved can be thought of as "tangible objects" that can be owned,⁵⁹ that ownership ordinarily transfers with possession⁶⁰.

With distribution, as with copying, there is a dispute over *who* engages in the infringing activity. In *Playboy*, the court found that the owner of a bulletin board was liable under section 106(3) for distributing infringing copies to the public, since the owner had set up the bulletin board to pass on copies of posted material to whoever requested it. The court held that it did not matter whether or not the bulletin board owner in fact made the copies that were distributed, since liability for distribution does not require proof of copying.⁶¹ In *RTC*, by contrast, the court rejected this conclusion, finding that it "suffers from the same problem of causation as the reproduction argument. Only the subscriber should be liable for causing

⁵⁹ See 2 Goldstein, *supra* note ___, at 5:99-100.

⁶⁰ It is possible that some people who send email or post Web pages will try to maintain control over even the actual bits transferred, by characterizing the transfer as a license rather than a sale. Such characterizations have ordinarily been ineffective unless they are accompanied by actual indicia of continued ownership. See, e.g., *Step-Saver Data Sys. v. Wyse Technology*, 939 F.2d 91 (3d Cir. 1991); *Advent Sys. v. Unisys Corp.*, 925 F.2d 670 (3d Cir. 1991); *Arizona Retail Sys. v. Software Link, Inc.*, 831 F. Supp. 759 (D. Ariz. 1993); *Hospital Computer Sys. v. Staten Island Hosp.*, 788 F. Supp. 1351 (D.N.J. 1992); *In re Amica, Inc.*, 135 B.R. 534 (Bankr. N.D. Ill. 1992); *Neilson Bus. Equip. Center v. Italo Monteleone*, 524 A.2d 1172 (Del. 1987); *Photo Copy, Inc. v. Software, Inc.*, 510 So.2d 1337 (La. Ct. App. 1987); *USM Corp. v. Arthur Little Sys.*, 546 N.E.2d 888 (Mass. Ct. App. 1989); *Design Data Corp. v. Maryland Casualty Co.*, 243 Neb. 945 (1993); *Drier Co. v. Unitronix Corp.*, 3 U.C.C.Rep.Serv.2d 1728 (App. Div. N.J. 1987); *Schroeders, Inc. v. Hogan Sys.*, 522 N.Y.S.2d 404 (Sup. Ct. 1987); *Communications Groups, Inc. v. Warner Communications*, 527 N.Y.S.2d 341 (Civ. Ct. 1988); Mark A. Lemley, *Intellectual Property and Shrinkwrap Licenses*, 68 S. Cal. L. Rev. 1239, 1244-45 n.23 (1995); Bonna Lynn Horowitz, Note, *Computer Software as a Good Under the Uniform Commercial Code: Taking a Byte Out of the Intangibility Myth*, 65 B.U.L. Rev. 129 (1985). *Contra* *Microsoft Corp. v. Harmony Computers & Elecs.*, 846 F. Supp. 208, 212-13 (E.D.N.Y. 1994).

⁶¹ 839 F. Supp. at 1556.

the distribution of plaintiff's work, as the contributing actions of the BBS provider are automatic and indiscriminate⁶²

Despite this dispute over the liability of pass-through providers, it seems clear that at least some forms of dissemination of material over the Net will run afoul of section 106(3). Selling a copyrighted work through a Web page accessible to anyone who will pay certainly constitutes "distribution" of that work. With less certainty, but a high degree of probability, it seems that emailing material to a list open to anyone who wishes to join, giving away material for free on a public Web page, and posting material in a limited-membership environment with a large number of subscribers may all be public distributions implicating the Copyright⁶³Act.

Finally, the NII White Paper recommends amendment of the distribution right to clarify that distribution occurs by "transmission" of a work on a computer network⁶⁴. If enacted, this proposal will remove any doubt that might remain concerning the liability under section 106(3) of those who transmit works to others over a computer network. It may be that the public distribution right already applies to network transmissions, in which case the proposed amendment will not change the law in any material way⁶⁵. If that is the case, though, it is reasonable to question the necessity for the proposed amendment⁶⁶. If the distribution right does not currently apply to transmissions, adoption of the NII White Paper

⁶² *RTC*, 907 F. Supp. at 1372.

⁶³ There is an important limit on the public distribution right in the "first sale doctrine, 17 U.S.C. § 109(a). However, it does not effectively limit the distribution right in the context of the Net, for reasons discussed *infra* notes ___-___ and accompanying text.

⁶⁴ NII White Paper, *supra* note ___, at 206-10.

⁶⁵ See Gary W. Glisson, *A Practitioner's Defense of the White Paper*, 75 Or. L. Rev. 277, 281 (1996); Peters, *supra* note ___, at 352; *but see* Samuelson, *supra* note ___, at 188-89; *cf.* Masson, *supra* note ___, at 1057 (proposed transmission right is redundant). Certainly the NII White Paper takes the position that it is merely "clarifying" the law.

⁶⁶ See Charles R. McManis, *International Intellectual Property Protection and Emerging Computer Technology*, working paper 96-5-1, at 68-69.

proposal will expand the number of exclusive rights that are implicated by network transmission.

C. Public Performance and Display

Sections 106(4) and (5) of the Copyright Act give the copyright owner the exclusive rights to publicly perform or display most copyrighted works.⁶⁷ Performance refers to the recital, rendering, or acting of a work, directly "or by means of any device or process," as well as the showing of an audiovisual work or the playing of an aural work such as a musical composition.⁶⁸ Display refers to any showing of a copy of a work, "either directly or by means of a . . . device or process."⁶⁹

There are several limitations on the performance and display rights. Not all works are entitled to the protections of sections 106(4) and (5); notably absent from the list are architectural works and sound recordings.⁷⁰ Section 109(c) permits lawfully owned copies to be displayed in their physical location, effectively limiting the display right to display by remote viewing device (such as a television, film, or computer).⁷¹ Section 110 provides exceptions for certain nonprofit and public interest transmissions.⁷² And both section 106(4) and (5) apply only to performances or displays which are "public," a term which is defined in

⁶⁷ 17 U.S.C. § 106(4)-(5).

⁶⁸ 17 U.S.C. § 101. Paul Goldstein notes that "[t]he Copyright Act defines 'perform' in the most embracing terms." 2 Goldstein,*supra* note ___, at 5:129.

⁶⁹ *Id.*

⁷⁰ *See id.* In the context of the Internet, sound recordings do receive special protection, however. *See infra* notes ___-___ and accompanying text.

⁷¹ 17 U.S.C. § 109(c).

⁷² 17 U.S.C. § 110. Of these exceptions, the only ones that even arguably apply in the Internet context are section 110(2), protecting transmissions of nondramatic literary or musical works for distance learning by government or nonprofit educational institutions, and sections 110(8)-(9), protecting transmissions of nondramatic literary works for the benefit of the blind and deaf. While these exceptions may apply in some cases, clearly they do little to blunt the force of the performance right.

section 101.⁷³ Nonetheless, it is likely that virtually any distribution of a copyrighted work to multiple parties over the Internet can be characterized as a public performance or display.

Since both the definitions of performance and display allow for the use of a machine or process to cause the performance or display to be visible to the public;⁷⁴ they seem easily to cover the transmission of images or sounds across a computer network.⁷⁵ As the House Report accompanying the 1976 Act put it,

[S]ection 109 takes account of the potentialities of the new communications media, notably television, cable and optical transmission devices,*and information storage and retrieval devices*, for replacing printed copies with visual images. First of all, the public display of an image of a copyrighted work would not be exempted from copyright control if the copy from which the image was derived were outside the presence of the viewers. In other words, the display of a visual image of a copyrighted work would be an infringement if the image were transmitted by any method (by closed or open circuit television, for example,*or by a computer system*) from one place to members of the public located elsewhere.⁷⁶

A similar approach exists in the performance right cases.⁷⁷

Whether the performance or display of the work in a computer network is "public" thus implicating the Copyright Act, depends on whether the performance or display is "transmit[ted] or otherwise communicate[d]" to the public or to a place open to the public, "whether the members of the public capable of receiving the performance or display receive it

⁷³ See 17 U.S.C. § 106(4),(5); 17 U.S.C. § 101.

⁷⁴ Indeed, because of section 109(c) the public *display* right virtually requires the use of such a machine for liability. See H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 64, 79 (1976).

⁷⁵ *Accord* Endo, *supra* note __; Peters, *supra* note __, at 345.

⁷⁶ H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 64, 79 (1976) (emphasis added).

⁷⁷ For example, cable television retransmissions are "performances" for copyright purposes, even though they differ in nature from the sort of performance that occurs in a face-to-face setting. See, e.g., *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390 (1968); *WGN Continental Broadcasting Co. v. United Video, Inc.*, 693 F.2d 622, 625 (7th Cir. 1982). The sort of transmission that occurs over a distributed computer network is similar in effect. Though an argument could be made that only portions of the work are being "performed" at any one time, since the information travels in distinct packets across the network, that argument should not bar liability. See Kimiyo Endo, *The Rights to Perform and Display Publicly in a Computer Network* unpublished manuscript (1992).

in the same place or in separate places and at the same time or at different times.⁷⁸ This definition, tailor-made for home-based activities like watching television or listening to the radio, easily encompasses the transmission to "the public" via email or the Web.⁷⁹ While individuals may receive such electronic transmissions in their own home or office, and not at the same time, neither of those facts will prevent an electronic communication from being a public performance or display.⁸⁰

Finally, in 1995 Congress added section 106(6) to the Copyright Act. Section 106(6) provides copyright owners of sound recordings with a right to control public performance of those sound recordings "by means of a digital audio transmission,"⁸¹ subject to a labyrinthine series of limitations and a compulsory license.⁸² The Act defines "digital transmission" tautologically, as "a transmission . . . in a digital or other non-analog format."⁸³ This new right is significant for two reasons.⁸⁴ First, it reinforces the conclusion that transmission over a computer network is a public performance. Congress did not create a new right relating to transmission of sound recordings -- it merely referred to the public performance of those works "by means of a digital audio transmission." Second, the Act makes those who transmit

⁷⁸ 17 U.S.C. § 101(2).

⁷⁹ The term "transmit" encompasses any communication by "device or process whereby images or sounds are received beyond the place from which they are sent." 17 U.S.C. § 101. Network transmissions certainly meet this standard.

⁸⁰ As with the distribution right, certain private network transmissions might not qualify as "public". However, the definition of "public" in the performance and display context is fairly expansive, encompassing for example transmission to hotel rooms for the benefit of hotel guests, *Buck v. Jewell-LaSalle Realty Co.*, 283 U.S. 191 (1931), transmission to service subscribers over leased telephone wires, H.R. Rep., *supra* note ___, at 64, and even local performance to four people inside a closed room, *Columbia Pictures v. Redd Horne Inc.*, 749 F.2d 154 (3d Cir. 1984); *Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010 (7th Cir. 1991).

⁸¹ 17 U.S.C. § 106(6).

⁸² See 17 U.S.C. § 114(d)-(j).

⁸³ 17 U.S.C. § 101.

⁸⁴ See Glisson, *supra* note ___, at 284 (describing this change as one "that might qualify as dramatic").

music in digital form liable under copyright law to a greater extent than any other performers or broadcasters.⁸⁵ All performances of a musical work, including radio and television broadcasts, implicate the public performance right of the owner of the copyright in the underlying musical composition. However, only digital transmissions have to deal with *two* sets of performance rights -- the copyright in the musical composition, and the separate copyright in the sound recording, which may be separately owned. Even outside the context of sound recordings, it seems likely that transmission via the Net will implicate the public performance and display rights.⁸⁶

D. Importation

Section 602(a) of the Copyright Act provides that the "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 . . .".⁸⁷ Importation is not defined in the Act, but the requirement that the copy be "acquired" outside the United States might suggest that physical movement of a tangible object into the country is required. The NII White Paper acknowledges that network transmission may not constitute an "importation" under section 602, though the reasons it offers are different.⁸⁸ The White Paper recommends that section 602 be amended to clarify that transmission of a work into the United States from outside its borders is an infringing importation.⁸⁹ If the importation right is treated as

⁸⁵ See Masson, *supra* note __, at 1060 (noting this inequity).

⁸⁶ Interestingly, while section 106(6) was written with computer networks in mind, by its literal terms it may not apply to most transmissions of sound recordings over the Internet. Because the definition of "digital transmission" excludes analog propagation, arguably any transmission from one person to another via the analog (ie. non-ISDN) phone lines does not violate this right.

⁸⁷ 17 U.S.C. § 602(a).

⁸⁸ See NII White Paper, *supra* note __, at 106-07 (suggesting that the intangibility of the transmission may mean that "copies" are not being distributed, an argument which would also apply to the distribution right in general).

⁸⁹ *Id.* at 214-15.

analogous to the distribution right in section 106(3), it may be that importation via network transmission to "the public"⁹⁰ will also constitute a separate act of infringement. In any event, if the White Paper's proposal is adopted, there will be no question that importation constitutes a separate infringement resulting from the same act of network transmission.

E. Derivative Works

Section 106(2) gives the copyright owner the right to control the creation of "derivative works," or adaptations of the original work.⁹² The definition of a derivative work in section 101 is not terribly helpful -- it defines derivative works functionally, by listing some examples.⁹³ Paul Goldstein has offered the best explanation of what distinguishes copies from derivative works: derivative works are directed at a different market than the original work.⁹⁴

One could perhaps claim that the Internet is a "new market" for distribution of ordinary copyrighted works, and therefore that posting, say, a literary work on the Internet creates a derivative work rather than a copy. Even if this really is a new market, however,⁹⁵ the weight of authority requires that an adaptation contain new, copyrightable expression in

⁹⁰ See *supra* notes ___-___ and accompanying text (discussing the limits that the requirement of distribution to the public might place on enforcement of the distribution right).

⁹¹ International transmissions also raise troubling issues of inconsistent national laws. Depending on the countries in which a transmission is sent or received, the transmission may be subject not only to local copyright rules, but also to authors' moral rights or to data protection laws. On the general scope of this problem, see Jane C. Ginsburg, *Global Use/Territorial Rights: Private International Law Questions of the Global Information Infrastructure* 43 J. Copyrt. Soc'y 318, 319-20 (1995).

⁹² 17 U.S.C. § 106(2).

⁹³ 17 U.S.C. § 101.

⁹⁴ Paul Goldstein, *Derivative Rights and Derivative Works in Copyright* 30 J. Copyrt. Soc'y 209 (1983).

⁹⁵ There is reason to be skeptical on this point. While some works are truly transformed in nature by being placed in an online environment, most works are simply distributed in a different way for the same end uses. Thus, text, images, and computer software are generally put to the same use whether they are received in the mail or over the Internet.

order to qualify it as a derivative work.⁹⁶ Further, it may not much matter whether a copy of a work made on the Net infringes the reproduction right or the adaptation right: the standard for infringement is the same under both.⁹⁷ Thus, very little seems to ride on the characterization.

One circumstance in which it might matter has to do with unfixed derivative works. Unlike the definition of copies in section 101, the definition of derivative works does not require that they be fixed. Thus, those who alter a copyrighted work in RAM memory may face liability under section 106(2) regardless of whether *MAI v. Peak* is good law.⁹⁸

F. Vicarious Liability, Inducement, and Contributory Infringement

Even those who do not themselves infringe on one of the exclusive rights in section 106 may be liable for supporting or encouraging such infringement by another. While there is no statutory provision establishing liability for such ancillary activities, the Supreme Court recognized the doctrines of vicarious liability and contributory infringement in *Sony Corp. v. Universal City Studios*.⁹⁹ Liability for inducement or contributory infringement requires that a

⁹⁶ See *Lee v. Deck the Walls, Inc.*, 925 F. Supp. 576 (N.D. Ill. 1996); *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 73 F. Supp. 165, 167 (S.D.N.Y. 1947); 2 Goldstein, *supra* note __, at __; 1 Nimmer on Copyright § 3.03. Certainly, derivative works must contain new copyrightable expression in order to qualify for separate copyright protection under 17 U.S.C. § 103(a). The definition of a "derivative work" in section 101 does not distinguish between "derivative works" for copyrightability purposes and "derivative works" for infringement purposes. Thus, Professor Goldstein concludes that new copyrightable expression is necessary to invoke section 106(2). This seems the proper result. But see *Midway Mfg. Co. v. Artic Int'l*, 704 F.2d 1009 (7th Cir. 1983) (accelerating the play of a video game infringed the derivative works right even though it did not add copyrightable expression); *Mirage Editions Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341 (9th Cir. 1988) (mounting photographs on tiles infringed derivative works right even though it did not add copyrightable expression).

⁹⁷ See, e.g., *Litchfield v. Spielberg*, 736 F.2d 1352 (9th Cir. 1984); *United States v. Taxe*, 540 F.2d 961, 965 n.2 (9th Cir. 1976). Indeed, for this reason the Nimmer treatise refers to the derivative works right as "completely superfluous." Nimmer on Copyright § 8.09[A], at 8-114.

⁹⁸ On the other hand, at least one court (in the Ninth Circuit, no less) has required what might be called "quasi-fixation" as a predicate to a finding of derivative works liability. *Lewis Galoob Toys v. Nintendo of America*, 964 F.2d 965 (9th Cir. 1992).

⁹⁹ 464 U.S. 417, 435 (1984).

direct infringement occur;¹⁰⁰ as noted above, however, direct infringement by someone should be easy to establish in the context of network transmissions. These ancillary theories of liability may expand the number of parties liable in a particular case of copyright infringement, and may also increase the number of activities that fall within the scope of copyright.

An example of the application of ancillary liability in the context of the Internet is *RTC v. Netcom*.¹⁰¹ As discussed above, that case held that Internet service providers were not directly liable for "passing through" allegedly infringing messages posted to Usenet by a subscriber. The court went on to hold that Netcom might be liable for contributory copyright infringement if it knew or should have known that the accused posts on its system were infringing. The court accepted Netcom's argument that it had no duty (and indeed no ability) to screen postings in advance to determine whether they infringed copyright.¹⁰² However, once Netcom was notified of a potential copyright infringement, the court ruled that it had a duty to undertake reasonable investigation to determine whether the claim of copyright infringement could be verified.¹⁰³ As a result, the court denied summary judgment on that issue.¹⁰⁴

RTC's decision to exculpate pass-through providers from liability for direct infringement, but to expose them to liability if they do not act to remove postings once a claim of copyright has been asserted, may have the effect of encouraging pass-through providers to "play it safe" by removing any posting that is challenged. It will certainly have the effect of holding Web page owners and Internet service providers liable for works they know or should

¹⁰⁰ See A. Samuel Oddi, *Contributory Copyright Infringement: The Tort and Technological Tensions*, 64 Notre Dame L. Rev. 47 (1989).

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

¹⁰² *Id.* at 1383 (noting the First Amendment problems such a duty would raise).

¹⁰³ *Id.* at 1374.

¹⁰⁴ *Id.* at 1375.

know are infringing at the time they are posted, and of imposing a continuing duty to update Web pages to delete potentially infringing material.

Similarly, liability for inducement to infringe -- a species of contributory infringement - is likely to cover the owners of Web pages who make copyrighted information available for download. Even in the unlikely event courts find that setting up a Web page which provides material to browsers who visit the page, like setting up a BBS, does not render the Web page owner directly liable for generating copies,¹⁰⁵ the owner is clearly encouraging those who visit the Web site to make copies of the material on that page. Under the "direct participation" prong of contributory infringement, such encouragement should be sufficient for copyright liability.¹⁰⁶ Similar liability for contributory infringement may apply to those Web page owners who "link" to another site knowing that the material there is infringing, since they are encouraging further acts of infringement by those who browse their site and follow the link.

G. Conclusions

Finally, let us consider the cumulative effect of these legal rules. There is a rather significant overlap between the different exclusive rights granted to copyright owners in the case of Net transmission of copyrighted works.¹⁰⁸ Consider the case of an individual who

¹⁰⁵ In fact, these situations are not analogous. The BBS owner or pass-through provider in cases like *RTC* can legitimately claim not to have any idea what material was being distributed, and to have merely established a computer system which handles such distribution automatically. The Web page owner, on the other hand, generally has personally loaded all the material on the page onto her site. In that situation, even the *RTC* court might conclude that the page owner had sufficient control over the copying to establish direct liability. *See id.* at ____.

¹⁰⁶ *See, e.g.,* *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F.2d 354, 365 (9th Cir. 1947) (defendant liable for selecting infringing material for use in a motion picture); 2 Goldstein *supra* note ___, at 6:7.

¹⁰⁷ This theory of liability is controversial, since the participation of the linking Web page owner is completely passive. Arguably linking to a Web site is like citing to a law review article, which may enable others to find and copy the article, but which could hardly be considered contributory infringement. The Web case is more difficult, though, since the Web page owner actually provides the link to the infringing site.

¹⁰⁸ Myers, *supra* note ___, at 453-54, incorrectly assumes that one action cannot violate more than one of the exclusive rights granted in section 106. While Myers is certainly correct to point out that "[t]he words reproduction and display, as defined in the Act, refer to two fundamentally different activities," *id.*, it does not

provides an "Internet radio" service to subscribers, selecting and sending digital versions of recorded songs via the Internet in real time. If this individual transmits a copyrighted song, what copyright violations have occurred? He has made a copy of the song in his computer by loading the song in the first place, violating the reproduction rights of both the owner of the musical composition copyright and the owner of the sound recording copyright.¹⁰⁹ He has also caused additional copies of the song to be made in the computers of each of the recipients -- more violations of each right. If fixation in RAM is sufficient for copyright infringement,¹¹⁰ he has made or caused to be made a minimum of seven copies, and more likely a few dozen, for *each* recipient of the service.¹¹¹ Again, each of these copies potentially violates the rights of two different copyright owners. The radio operator has also engaged in distribution of both copyrighted works to the public, violating section 106(3) with respect to both copyright owners (and potentially section 602(a) as well, if the transmission originated outside the United States). Finally, the transmission of these works to the public is a public performance which violates the copyright in the musical composition (under section 106(4)) and the copyright in the sound recording (under section 106(6)). The radio operator may also have rendered a variety of parties liable for either direct or contributory infringement, including his Internet service provider, the service providers of each of the recipients, and the system operators of each of the nodes through which each of the packets passed, depending on the caselaw applied and the state of knowledge of these individuals.

follow that one act cannot implicate both rights. Myers relies on the House Report for the proposition that reproduction must be separate from display. *Id.* at 454 n.78. However, the House Report itself acknowledges that the exclusive rights in section 106 overlap to some extent. See House Report, *supra* note ___, at 61.

¹⁰⁹ If the operator has altered the song in any way, this and all subsequent copies may violate the adaptation right in section 106(2) as well as the reproduction right in section 106(1).

¹¹⁰ See *supra* notes __-__ and accompanying text (discussing this issue).

¹¹¹ See *supra* note __ and accompanying text.

¹¹² Not all determinations of infringement result in a finding of liability, for some uses may fall within one of the many defenses to copyright infringement. I discuss these defenses in the next two sections.

Of course, not all acts of copyright infringement lead to a finding of liability. In particular, some people place strong reliance on the defense of fair use¹¹³ in the context of computer networks. They argue or assume that even if multiple copies, distributions, and performances occur in the everyday course of running a network, those uses will likely be deemed fair and therefore those who make the copies will be exempt from liability. It is undoubtedly true that some of the copies at issue here, such as the copies made by routers passing through Internet message packets, ought to be deemed fair use. Nonetheless, exclusive reliance on fair use to justify the very existence of the Net seems unwise. First, it is a defense, and the Supreme Court has made quite clear that defendants face a strong evidentiary burden in demonstrating entitlement.¹¹⁴ Second, the fair use analysis is extremely fact-specific, which means both that it is hard to predict in advance and that it will be expensive to prove.¹¹⁵ Finally, courts periodically hold or suggest that exact copying of entire works for commercial purposes is unfair regardless of the circumstances,¹¹⁶ an approach which should worry commercial Internet service providers at the very least.

II. The Problem With Overlapping Rights

At this point, it is reasonable to ask why all of this matters. Certainly, the discussion in the last section should give pause to those on both ends of the spectrum who claim that copyright does not apply to the Net.¹¹⁷ And it seems a bit of overkill to say that sending a

¹¹³ 17 U.S.C. § 107.

¹¹⁴ See *Campbell v. Acuff-Rose Music Inc.*, 114 S. Ct. 1164, ___ (1994).

¹¹⁵ For elaboration on this point, see Jessica Litman, *Reforming Information Law in Copyright's Image* 22 U. Dayton L. Rev. ___ (forthcoming 1997). As Professor Litman observes, the resulting uncertainty will almost certainly cause users to shy away from anything which is even arguably an unfair use.

¹¹⁶ See, e.g., *Princeton University Press v. Michigan Document Servs.*, ___ F.3d ___ (6th Cir. 1996) (en banc); *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913 (2d Cir. 1994); *Basic Books v. Kinko's*, 758 F. Supp. 1522 (S.D.N.Y. 1991).

¹¹⁷ A separate issue is the oft-lamented difficulty of *enforcing* the copyright laws online. It is unquestionably true that the Internet has made it easier to reproduce works unlawfully, and to distribute those reproductions

document across the Net violates the reproduction right (many times), the distribution right, the performance and display rights (perhaps more than once), and may also subject various parties to liability for contributing to infringement.¹¹⁸ But so what? Is the practical effect any different than finding the same act to violate just one of the exclusive rights?

I think that there are reasons to be concerned about the pervasive overlap of exclusive rights that is endemic to Net transmission. The overlap puts strain on a rather complex copyright system which is not designed to deal with multiple types of infringement from a single activity. In this section, I will discuss four potential problems with this overlap.

A. Divided Ownership

Ownership of a copyright vests initially in the "author" of a work, as defined under the Copyright Act. An individual who, working alone, creates a new work is the author of that

widely. However, this fact does not mean that copyright cannot and will not be enforced on the Net, as a number of successful lawsuits attest. Indeed, casual infringement may actually be easier to detect online than offline, as even moderately successful online infringers may leave an electronic trail and attract attention. Web pages containing infringing material are particularly vulnerable to enforcement efforts, since the infringement occurs in public where everyone can see it (and indeed *search* for it using powerful electronic tools). Further, copyright industries have always managed to put up with some level of piracy and still turn a profit; the critical question is whether piracy is so pervasive that it dwarfs sales by the legitimate copyright owner. As Kenneth Richieri puts it, "any publisher that puts material online is going to have to learn to live with a certain amount of infringement. As long as that infringement is confined to individuals, user groups and the like, illegal as it may be, it is probably tolerable." Kenneth A. Richieri, in *Roundtable*, *supra* note __, at 650; Lance Rose, *The Emperor's Clothes Still Fit Just Fine*, 3.02 *Wired* __ (Feb. 1995). Finally, as Richard Stallman reminds us, the relevant "loss" to copyright owners from copying is not the market value of every copy made, but the number of copies that would have been legitimately purchased absent the infringement. Richard Stallman, *Reevaluating Copyright: The Public Must Prevail*, 75 *Or. L. Rev.* 291, 294 (1996). In most cases, only a small proportion of those who copied something on the Net would otherwise have bought a copy from the copyright owner at full market price. It is the failure to account for this fact that produces such wildly inflated numbers in virtually every attempt to measure the "cost" of piracy.

In any event, anecdotal evidence so far suggests that offline piracy is more of a problem for most companies than online piracy, despite the ease of reproduction on the Internet. *See, e.g.*, Sean McLaughlin, in *Roundtable*, *supra* note __, at 650; Jeffrey D. Smith, in *Roundtable*, *supra* note __, at 652-53.

¹¹⁸ Cf. House Report, *supra* note __, at 61 (noting that certain of the exclusive rights may overlap in some cases); NII White Paper, *supra* note __, at 207 n.539 (same).

¹¹⁹ For an argument that overlap is no big deal, see Glisson, *supra* note __, at 282.

work, and owns the copyright in that work.¹²⁰ If two or more individuals collaborate on a work, they are "joint authors," and each co-owns the copyright in the work!¹²¹ In the case of co-ownership of a copyright by joint authors, the co-owners hold the copyright as tenants in common. Each has an undivided interest in possession and use of the whole, subject to a duty to account for profits to the co-owner, and a duty not to "waste" the asset!¹²² In some cases the Copyright Act engages in a fiction, defining the original author as the corporate entity that has hired or commissioned the work.¹²³ In each case, though, the copyright owner or owners hold an undivided interest in the copyright, and have the power to exercise each of the exclusive rights in section 106.¹²⁴

Authors can transfer their copyright to others at will. Section 201(d)(1) of the 1976 Copyright Act provides that "[t]he ownership of a copyright may be transferred . . . by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession,"¹²⁵ provided the transfer is in writing.¹²⁶ This means that in many cases, the owner of a copyright will not be the original

¹²⁰ 17 U.S.C. § 201(a).

¹²¹ *Id.*

¹²² See generally 1 Goldstein, *supra* note __, at § 4.2.2 (discussing rights of joint owners).

¹²³ 17 U.S.C. § 201(b); see also 17 U.S.C. § 101 (defining such "works made for hire"); *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989).

¹²⁴ The characterization of works on the Net may present certain problems even in the initial assignment of ownership rights. Under 17 U.S.C. § 101(2), a specially commissioned work will be a work for hire if it is one of certain types of works, including an "audiovisual work" and an "instructional text," and if the parties so agree. It is arguable whether a multi-page Web site designed by a contract Web design firm qualifies as an "audiovisual work" (defined as "a series of related images which are intrinsically intended to be shown by the use of machines or devices"); presumably some but not all Web pages will qualify as "instructional texts." Cf. Paul Edward Geller, *Conflicts of Laws in Cyberspace: Rethinking International Copyright in a Digitally Networked World*, 20 Colum./VLA J.L. & Arts 571, 585 (1996) (suggesting a similar problem with the characterization of multimedia works).

¹²⁵ 17 U.S.C. § 201(d)(1).

¹²⁶ 17 U.S.C. § 204(a).

author (or even the original corporate "author" of a work for hire), but someone to whom the copyright has been assigned.

Under the 1909 Act, a copyright was "indivisible" -- it could be transferred or assigned only as a single item, and only to a single recipient!¹²⁷ Grants of less than a full transfer of the undivided copyright were treated as licenses rather than assignments,¹²⁸ and did not confer on the recipient standing to sue third parties for infringement!¹²⁹ Such "partial licenses" were common under the 1909 Act, particularly in the music industry.¹³⁰

Indivisibility was abolished by the 1976 Act. Section 201(d) provides that "ownership of a copyright may be transferred in whole or in part,"¹³¹ and in particular that

Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.¹³²

¹²⁷ See, e.g., *Goldwyn Pictures Corp. v. Howells Sales Co.*, 282 F. 9 (2d Cir. 1922); 3Nimmer on Copyright § 10.01[A] (collecting cases). But see *Goodis v. United Artists Television*, 425 F.2d 397 (2d Cir. 1970) (limiting the indivisibility doctrine). Paul Goldstein notes that while in theory indivisibility was not abolished until the 1976 Act, in practice various court decisions had eroded it before that time. 1 Goldstein, *supra* note ___, at 4:54.

¹²⁸ See, e.g., *Hirshon v. United Artists Corp.*, 243 F.2d 640 (D.C. Cir. 1957); *Goldwyn*, 282 F. at 9; accord 3 Nimmer on Copyright at 10-6 & n.10 (collecting cases).

¹²⁹ See, e.g., *Goldwyn*, 282 F. at 9; *Ilyin v. Avon Pubs.*, 144 F. Supp. 368 (S.D.N.Y. 1956); accord 3 Nimmer on Copyright § 10.01[C][1]. Exclusive licensees could, however, file suit against infringers by joining the actual copyright owner as a party, either as a plaintiff or a defendant. See *First Fin. Mktg. Servs. Group v. Field Promotions, Inc.*, 286 F. Supp. 295 (S.D.N.Y. 1968).

¹³⁰ See, e.g., *Foreign & Domestic Music Corp. v. Licht*, 196 F.2d 627, 629 (2d Cir. 1952); *Interstate Hotel Co. v. Remick Music Corp.*, 157 F.2d 744, 745 (8th Cir. 1946); *Irving Berlin, Inc. v. Daigle*, 31 F.2d 832, 834-35 (5th Cir. 1929); *Schwartz v. Broadcast Music, Inc.*, 180 F. Supp. 322, 329 (S.D.N.Y. 1959). In each case, rights to reproduce a musical composition (either in sheet music or in a sound recording) were held separate from the right to publicly perform the musical composition, and licensing one right did not necessarily imply a license to the other.

¹³¹ 17 U.S.C. § 201(d)(1).

¹³² 17 U.S.C. § 201(d)(2).

Under this provision, an exclusive license of one or more of the exclusive rights, or even of a subset of one of the exclusive rights (such as the exclusive right to publish copies of a book in hardcover form), effectively operates to transfer that portion of the copyright to the exclusive licensee.¹³³ The exclusive licensee then has "the exclusive rights to do and to authorize" the particular conduct covered in the license, and to bring suit for infringement of those rights.¹³⁴ (Nonexclusive licensees, by contrast, are not treated as owners and do not have standing to sue for infringement).¹³⁵

Under the modern divisibility rule, it is entirely possible that unrelated entities will own different exclusive rights to the same copyrighted work. Party A may own the exclusive right to reproduce the work in copies, while party B owns certain adaptation rights, and party C owns public performance rights in the work. Further, in some cases more than one author's rights may be involved. For example, licensed creators of derivative works may own the rights to the new material they contribute, while the underlying copyright "owner" owns the reproduction and adaptation rights in the original work.¹³⁶ Thus, those who would copy a derivative work in its entirety need licenses from both of the copyright owners who have contributed to that work. For those who wish to use one of the exclusive rights, these divided rights may be a minor inconvenience, but generally no more than that: the party seeking a license simply needs to determine who has the exclusive right to authorize the particular conduct at issue.¹³⁷

¹³³ 1 Goldstein, *supra* note __, at 4:50. The rule is that the exclusive rights can be "subdivided indefinitely and . . . each subdivision of an exclusive right may be owned and enforced separately. House Report, *supra* note __, at 61; 3Nimmer on Copyright§ 10.02[A].

¹³⁴ 17 U.S.C. § 501(b); Maljack Prods. Inc. v. Goodtimes Home Video Corp., 30 U.S.P.Q.2d 1959, 1961 (C.D. Cal. 1994); 3 Nimmer on Copyright § 10.02[B][1]. Included in the right to bring suit is the right to register the copyright in the name of the underlying copyright "owner." 17 U.S.C. § 408(a).

¹³⁵ 3 Goldstein, *supra* note __, at § 13.5.1.

¹³⁶ See, e.g., 1 Nimmer on Copyright§ 3.05, at 3-34.

¹³⁷ See, e.g., Foreign & Domestic Music Corp. v. Licht, 196 F.2d 627, 629 (2d Cir. 1952) (defendant who purchased a film incorporating infringing copies of a musical work and then performed the film did not

By contrast, consider the dilemma faced by someone who wishes to make available over the Net a copyrighted work in which ownership rights have been divided. Based on the analysis in section I,¹³⁸ posting such a work may make the poster liable for infringement to several different entities, each of which will claim the exclusive right to authorize the same conduct. For similar reasons, even obtaining a license from the owner of the public display right will not permit the licensee to display the work on the Net, since such a display *also* makes copies and involves distribution of the work, and those rights may be owned by different parties.¹³⁹ In the context of divided ownership, overlapping rights governing the same conduct may serve as a trap for unwary users, even those who have licensed the copyright from "the" owner in good faith.¹⁴⁰ Further, it may undermine the laudable efforts of groups like ASCAP and the CCC to provide efficient market-clearing mechanisms for low-value copyright licenses.¹⁴¹ ASCAP licenses only performance rights, and the CCC only reproduction rights; the value of this service will be substantially reduced if they do not actually grant the licensee the right to use the work in question. The only way to guarantee

infringe the copyright, since defendant had not made the copies itself, and had licensed the public performance rights from ASCAP). Both section 204(a), providing that assignments and exclusive licenses must be in writing, and section 205, offering incentives to record such transfers with the Copyright Office, may aid a potential licensee in tracking down the owner of the right.

¹³⁸ See *supra* notes ___-___ and accompanying text.

¹³⁹ See, e.g., *Interstate Hotel Co. v. Remick Music Corp.*, 157 F.2d 744, 745 (8th Cir. 1946); *Irving Berlin, Inc. v. Daigle*, 31 F.2d 832, 834-35 (5th Cir. 1929); *Schwartz v. Broadcast Music, Inc.*, 180 F. Supp. 322, 329 (S.D.N.Y. 1959). In each case, licensing the reproduction right to a musical composition was held insufficient to avoid infringement of the public performance right, which was not separately licensed. Note however that in these cases, unlike the Net, performing the work was a separate act from reproducing it.

¹⁴⁰ For this reason, Gary Glisson is wrong to suggest that the problem of overlapping rights "is still quite theoretical . . . because there currently exist no business or technology models to recover fees based on the distinctions between a performance transmission and a reproduction transmission in cyberspace." Glisson, *supra* note ___, at 282. The problem with overlapping rights is not how to determine which is which, but rather the danger that more than one set of rights will apply to a single act, undermining the expectations of the parties.

¹⁴¹ On the role of such organizations in encouraging efficient licensing, see Robert P. Merges, *Contracting Into Liability Rules: Institutions Supporting Transactions in Intellectual Property Rights*, 84 Cal. L. Rev. ___ (forthcoming 1996).

that you are not infringing by placing something on the Net appears to be to find and obtain a license from *each* of the different owners of a potentially relevant exclusive right.¹⁴²

This is a problem not only for users, but also for copyright owners. People are willing to pay money to license copyrights because that license gives them the right to engage in certain desirable conduct. Licensees will be willing to pay party A much less for a grant of immunity from suit if they know that they can still be sued by parties B and C. Those partial owners of copyright, in turn, may be less willing to acquire only partial rights from an author, and at the very least will find those partial rights less valuable, if they do not authorize Net distribution. The effect of overlapping rights on the Net may be to reduce the divisibility of exclusive rights in practice, at the expense of free commerce.¹⁴³

There may be ways around this problem in the future, however. I discuss several possibilities in Part III.

B. Interpreting Existing Licenses

Not all copyright licenses are exclusive, resulting in a transfer of ownership. Nonexclusive licenses give the licensee the authority to perform one or more of the exclusive rights in section 106, often for a limited time or with conditions attached!¹⁴⁴ While some digital content will be created (and presumably therefore licensed) with the Net in mind, much of it will not be. Much of the content on the Net today consists of pre-existing books, films,

¹⁴² For cases establishing the general proposition that a grant of one exclusive right does not prevent the grantor from invoking other rights, see *Interstate Hotel*, 157 F.2d at 744; *Schwartz*, 180 F. Supp. at 322; 2 Nimmer on Copyright § 8.09[A], at 8-124.

¹⁴³ For criticism of the old indivisibility rule, see *Applied Innovations, Inc. v. Regents of the Univ. of Minnesota*, 876 F.2d 626, 631 (8th Cir. 1989); 3 Nimmer on Copyright § 10.01[A], at 10-7 ("The doctrine of indivisibility did not prevent commercial dealings in such separate rights, but it greatly impeded such dealings, and produced technical pitfalls for both buyers and sellers.").

¹⁴⁴ They do not, however, confer a right to sue others for infringement. See, e.g., 2 Nimmer on Copyright § 12.02.

pictures and software. Existing licensors and licensees of this material must determine whether the existing license covers Net publication.

The general problem of applying existing license agreements to newly developed technologies is not new. A series of cases have set down rules for the interpretation of such agreements, though such rules are not always consistent. These cases envision three basic types of agreements: those which grant the licensee rights to work the copyright "in electronic media and in media not yet developed,"¹⁴⁵ those which expressly reserve such rights to the licensor, and those which are silent as to the treatment of new media. In the first and second groups, courts are inclined to enforce the terms of the license, extending the license if the terms require that result and refusing to extend it if the terms require otherwise.¹⁴⁶ In the third group, however, there is no contractual provision to enforce. Courts and commentators are divided on how to approach such cases. Courts often seek to determine the "intent" of the parties to the bargain;¹⁴⁷ the problem, as the Nimmer treatise observes, is that most often the parties did not intend anything at all with respect to an unanticipated medium.¹⁴⁸ Various

¹⁴⁵ See Jeffrey C. Selman, *Copyright Protection in a Digital World: Judicial, Legislative, Technological, and Contractual Solutions*, 7:7 J. Proprietary Rts. 4, 6 (July 1995) (suggesting that such language is now standard in many industries); cf. Dan Carlinsky, in *Roundtable*, *supra* note __, at 608 ("overwhelmingly, the periodical industry now accepts the principle that to distribute electronically an independent contractor's work, a publisher must have a specific license or an all-rights agreement). At least one such case involving electronic distribution is pending. In *Tasini v. New York Times*, No. 93-Civ-8678 (S.D.N.Y. filed Feb. 24, 1994), the plaintiffs (backed by the National Writer's Union) alleged that a number of publishers of their articles exceeded the scope of their license by consenting to electronic distribution of the articles for profit.

¹⁴⁶ See *Brown v. Twentieth Century Fox Film Corp.*, 799 F. Supp. 166, 171-72 (D.D.C. 1992), *aff'd* 15 F.3d 1159 (D.C. Cir. 1994); *Rooney v. Columbia Pictures Indus.*, 538 F. Supp. 211, 228 (S.D.N.Y. 1982), *aff'd* 714 F.2d 117 (2d Cir. 1982); *Platinum Record Co. v. Lucasfilm, Ltd.*, 566 F. Supp. 226, 227 (D.N.J. 1983) (all enforcing a broad grant of rights in future media); *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir. 1988); *Tully v. Triangle Film Corp.*, 229 F. 297 (S.D.N.Y. 1916) (both holding that express reservation of all rights not granted precluded extension of license to new medium). *But see* 1 Goldstein, *supra* note __, § 4.6.3.b, at 4:109 (suggesting that "while courts almost universally honor an express, general reservation of rights in future media, they do not always enforce express, general grants of rights in future media.").

¹⁴⁷ See 1 Goldstein, *supra* note __, at 4:110; 2Nimmer on Copyright § 10.10[B], at 10-90 to 10-91.

¹⁴⁸ See *Rey v. Lafferty*, 990 F.2d 1379, 1387 (1st Cir. 1993); Nimmer on Copyright § 10.10[B], at 10-91.

default rules have been suggested to deal with such cases, but none of them seems completely satisfactory!¹⁴⁹

The problem with the Net is much worse. Ordinarily, the problems of adapting to an unanticipated medium can be taken care of by careful drafting of the license agreement. However, even general statements of the type enforced in most cases may not avail a licensee who hopes to make material available on the Net. For example, a broad license of the type enforced in *Brown* -- granting the licensee the right to reproduce a work "perpetually and throughout the world . . . in and by all media and means whatever"¹⁵⁰ -- presumably does cover reproduction over the Net. But it does *not* cover distribution, public performance, and public display rights, each of which may also be necessary in order to make the work available.¹⁵¹ The unique problem posed by the Net is that it does not merely constitute a new medium for reproduction, distribution, or performance, but rather a medium which blends each of those exclusive rights in an unanticipated way. Because of this, license agreements which are not specific to the Net cannot easily be mapped onto it. Either a right to reproduce that includes new media will effectively be construed as a right to work each of the exclusive rights on the Net, or the right to reproduce in new media will effectively not apply to the Net

¹⁴⁹ For example, Nimmer and Nimmer suggest that such agreements should generally be construed in favor of the licensee so long as there is at least a plausible argument for application of the license, 2Nimmer on Copyright at 10-92 to 10-93, a suggestion that Paul Goldstein terms "question-begging." 1 Goldstein, *supra* note __, at 4:111. Goldstein in turn suggests that courts attempt "to reconstruct the economic arrangement the parties would have agreed on had they contemplated the new medium in issue," *id.* at 4:114, but fails to explain why this approach is "more determinate," *id.* at 4:116, than any of its alternatives. Further, Goldstein's suggestion seems to smack of compulsory licensing on terms set by the court, something he staunchly opposes in other contexts. [cite]. Alex Alben's suggestion that the decision is based on whether the new medium is an "extension" of an old one or a "new economic market," see Alex Alben, *Future Technology Clauses and Future Technologies: Legal Roadblocks to New Media Uses Along the Information Super Highway*, 15 Ent. L. Rptr. 3 (May 1994) fares no better at avoiding indeterminacy. For example, Alben characterizes videocassettes as a "new economic market," but it is not clear why it is not instead an "extension" of film, television, and pay-per-view.

¹⁵⁰ *Brown*, 799 F. Supp. at 171-72.

¹⁵¹ See *supra* notes __-__ and accompanying text.

at all. Neither outcome seems particularly satisfactory, nor especially likely to be consistent with the "intent" of the parties.¹⁵²

Nor is the problem necessarily cured by reference to the Net in a license agreement, for distribution on different parts of the Net implicates different rights. For example, a license agreement drafted in 1989 granting the licensee "the right to reproduce the work in any medium now known or later developed, including by electronic mail" presumably includes by implication the right to distribute the work via email. But does it include the performance and display rights necessary to post the work on the Web? The answer cannot be found in the license agreement; nor is it likely to be found in some presumed "intent" of the parties. The question will have to be answered as a policy matter, by courts or by Congress.

C. User Rights

The broad exclusive rights granted in section 106 of the Copyright Act are limited by a number of important exceptions.¹⁵³ Some of these, such as the fair use doctrine,¹⁵⁴ are extremely broad general protections for users of copyrighted works. Others, such as the exemption in section 110(9) for the "performance on a single occasion of a dramatic literary work published at least ten years before the date of the performance, by or in the course of a transmission specifically designed for and primarily directed to blind or other handicapped persons who are unable to read . . . , if the performance is made without any purpose of direct or indirect commercial advantage and its transmission is made through the facilities of a radio subcarrier authorization . . . , *Provided*, That the provisions of this clause shall not be

¹⁵² Cf. Alex Alben, in *Roundtable*, *supra* note __, at 607 ("If the author intended to bargain away all of his or her rights and have no future income stream from the original work, concluding that electronic rights were 'reserved' can result in an unexpected and unbargained-for windfall to the author.").

¹⁵³ 17 U.S.C. §§ 107-120.

¹⁵⁴ 17 U.S.C. § 107.

applicable to more than one performance of the same work by the same performers or under the auspices of the same organization,¹⁵⁵ are not.

The overlapping rights implicated by material placed on the Net may allow copyright owners to circumvent certain of the statutory user rights in the Copyright Act. The problem is essentially the same as with divided ownership and license agreements: statutes written with separate classes of uses in mind do not always work well in a world where a single act may implicate all of the exclusive rights.¹⁵⁶ Those user rights which are limited in their application to certain of the exclusive rights, or to certain types of works, are the most likely to be rendered worthless in the network environment.

The most celebrated example is the first sale doctrine. Section 109(a) of the Copyright Act provides that "the owner of a particular copy or phonorecord lawfully made under this title . . . is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord" without violating the copyright owner's exclusive right of distribution.¹⁵⁷ It is this provision which allows consumers who purchase a book to sell it to a used bookstore, loan it to their friends, and even rent it out for profit. But if you obtain a book over the Net, beware: section 109(a) will not protect you. The problem is that in a computer network, every act of distribution or importation¹⁵⁸ is *also* an act of reproduction (and frequently of performance or display as

¹⁵⁵ 17 U.S.C. § 110(9).

¹⁵⁶ See Pamela Samuelson, *Digital Media and the Changing Face of Intellectual Property Law*, 16 Rutgers Comp. & Tech. L.J. 323, 334 (1990).

¹⁵⁷ 17 U.S.C. § 109(a).

¹⁵⁸ There has been some controversy over whether the importation right in section 602(a) is limited by the first sale doctrine. Compare *BMG Music v. Perez*, 952 F.2d 318, 319 (9th Cir. 1991) (first sale doctrine does not apply to importation) with *Sebastian Int'l, Inc. v. Consumer Contacts (PTY) Ltd.*, 847 F.2d 1093, 1097 (3d Cir. 1988) (first sale doctrine does apply to importation). While *Sebastian* clearly seems to have the better of this argument, the argument is fundamentally irrelevant in the context of network transmissions: for the same reasons that the first sale doctrine will not help those who transmit a work in this country, it will not help those who transmit it from abroad.

well), at least under the reasoning of cases like *MAI*, and reproductions and displays aren't exempt under the first sale doctrine.¹⁵⁹ Section 109(a) still applies to transactions over the Net; it is just that its purpose is defeated by the overlapping copyright problem.¹⁶⁰

The first sale doctrine is not the only example of a statutory user right that is likely to be rendered ineffective on the Net because of the overlapping copyright problem. The exemption for library copying in section 108(a) grants libraries the general right "to reproduce no more than one copy . . . , or to distribute such copy," under certain specified conditions.¹⁶¹ This right is unlikely to protect network transmission of such a "copy," both because it may also be a public display of the work and because (under *MAI* and its progeny) multiple "copies" may be necessary to deliver even one nontransitory reproduction.¹⁶² Section 110(2) permits the "performance of a nondramatic literary or musical work, or display of a work, by or in the course of a transmission" for nonprofit educational or governmental purposes.¹⁶³ Unless this performance right is held to confer an implied right to make and distribute copies,

¹⁵⁹ See, e.g., *Mirage Editions v. Albuquerque A.R.T. Co.*, 856 F.2d 1341 (9th Cir. 1988). The *Mirage* decision has been controversial, but not on this point. See Edward G. Black and Michael H. Page, *Add-On Infringements: When Computer Add-Ons and Peripherals Should (and Should Not) Be Considered Infringing Derivative Works Under Lewis Galoob Toys Inc. v. Nintendo of America Inc. and Other Recent Decisions*, 15 *Hastings Comm./Ent. L.J.* 615, 628-29 (1993).

¹⁶⁰ Most commentators, including myself, see this as a problem. See, e.g., Neal Chatterjee, *Imperishable Intellectual Creations: Use Limits of the First Sale Doctrine*, 5 *Fordham Intell. Prop. Media & Ent. L.J.* 383, 415-18 (1995); Litman, *supra* note __, at __; Mahon, *supra* note __, at 260, all of whom are critical of this "extremely formalistic" result. The NII White Paper endorses the effective abolition of the first sale doctrine on the Net, however. NII White Paper, *supra* note __, at 88-93. *But cf.* Masson, *supra* note __, at 1057 (apparently assuming that the first sale doctrine continues to play a role in permitting network transmissions).

¹⁶¹ 17 U.S.C. § 108(a).

¹⁶² Indeed, 17 U.S.C. § 108(g)(1) limits the general right to copy under section 108 by prohibiting the "concerted reproduction or distribution of multiple copies or phonorecords of the same material, whether made on one occasion or over a period of time, and whether intended for aggregate use by one or more individuals or for separate use by the individual members of a group." It is conceivable that this language could be stretched to cover even a single Internet transmission, if one accepts that such a transmission necessarily makes multiple "copies" of a work.

¹⁶³ 17 U.S.C. § 110(2).

there is no way to exercise this right on the Net. The same is true of performances of literary works for the blind, normally exempted under section 110(8).

A second problem is presented by section 117 of the Copyright Act.¹⁶⁵ This section was enacted by Congress in 1980 in order to prevent the proliferation of "copies" of computer programs from leading to automatic liability each time a computer program was used.¹⁶⁶ Because section 117 applies only to "computer programs,"¹⁶⁷ however, and not to other forms of digital content not yet envisioned by Congress at the time the provision was passed, copies of data are not subject to the same protections as copies of programs.

To be sure, not all user rights are rendered ineffective by the overlapping copyright problem. The fair use doctrine, probably the single most important user right, applies equally on- or offline, largely because it is so general. And even some more specific provisions survive the overlap problem because they are specifically exempt users from each of the rights that might be implicated by transferring digital content. For example, section 115(a)(1) permits "digital phonorecord deliveries" of a published musical work upon the payment of a compulsory license;¹⁶⁸ the definition of a "digital phonorecord delivery" makes it clear that the

¹⁶⁴ See 17 U.S.C. § 110(8). This right applies only to transmissions made "through the facilities of . . . a government body, or a noncommercial educational broadcast station."

¹⁶⁵ 17 U.S.C. § 117.

¹⁶⁶ Unfortunately, Congress' unexplained limitation of section 117 rights to "owners of a copy of a computer program," *compare id.* with CONTU Report, [cite] (granting rights to "those in rightful possession of a copy"), has led some courts to conclude that it does not apply at all when a program is licensed rather than sold. *See, e.g.,* MAI Systems v. Peak Computing, 991 F.2d 511 (9th Cir. 1993). If one were to combine this result with the (dubious) reasoning of cases like ProCD v. Zeidenberg, ___ F.3d ___ (7th Cir. 1996), holding that essentially *all* software is licensed rather than sold, the result would be to read section 117 out of the Copyright Act entirely.

¹⁶⁷ A computer program is defined in 17 U.S.C. § 101 as "a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result." While one might possibly characterize content in digitized form as meeting this definition, courts to date have not done so.

¹⁶⁸ 17 U.S.C. § 115(a)(1).

compulsory license is valid for each of the exclusive rights at issue!¹⁶⁹ Similarly, section 118(d) exempts from liability public broadcasters who reproduce, distribute, transmit, perform, and display a work, provided they have paid a negotiated or arbitrated royalty!¹⁷⁰ Nonetheless, the overlap of rights that occurs on the Net has certainly altered the balance of rights set by Congress in unforeseen ways.

D. Copyright and the Public Understanding

The Copyright Act is not simple, despite occasional efforts to pretend that it is!¹⁷¹ As Jessica Litman has pointed out on several occasions,¹⁷² there is a significant separation between what people think the law is and what the law in fact is!¹⁷³ There are a number of reasons for this. First, nonlawyers want simple rules that they can understand, and in many cases the Copyright Act gives them rules so complex that even those of us who study them for a living have a hard time figuring them out!¹⁷⁴ Second, nonlawyers want yes or no answers to the question "can I do X," and copyright responds with such models of clarity as the fair use doctrine. It is no surprise, therefore, that nonlawyers invent such copyright "myths" as the

¹⁶⁹ See 17 U.S.C. § 115(d)(1) ("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."). The reference to performance of sound recordings makes it clear that section 115 applies to the new "digital performance" right in section 106(6). As an aside, it is open to question what acts implicated by section 106(6) are not exempt under section 115(a)(1).

¹⁷⁰ 17 U.S.C. § 118(d)(1)-(2).

¹⁷¹ The most obvious example in the latter category is the NII White Paper, which suggests that we start teaching elementary school students that copyrights are "just like" tangible property -- you can't take them. NII White Paper, *supra* note ___, at 205. Peter Jaszi rightly worries that this wholly inaccurate approach to educating people about copyright "smacks . . . of a program of mind control." Peter Jaszi, *Caught in the Net of Copyright*, 75 Or. L. Rev. 299 (1996).

¹⁷² Litman, *supra* note ___, at 38-39; Litman, *supra* note ___, at ___.

¹⁷³ Litman, *supra* note ___, at 40.

¹⁷⁴ See, e.g., 17 U.S.C. § 114(d)-(j).

250-word rule, the less-than-one-minute rule, or the change-every-eighth-note rule. Third, copyright law is simply never enforced against many kinds of conduct. Nonlawyers (and even lawyers) may photocopy a Dilbert cartoon to hang on their door without giving it a second thought, simply because no one they or anyone else knows has ever been hauled into court to defend such conduct.

This cognitive dissonance between copyright law and the real world is troubling. A law which nobody obeys is not a good thing as a philosophical matter. It may lead to disrespect for laws in general; more specifically, it may lead those who violate the unenforced parts of the copyright laws with impunity to assume that they can violate the copyright law in other ways as well. At a different level, if a law is so out of touch with the way the world works that it must be regularly ignored in order for the everyday activities of ordinary people to continue, perhaps we should begin to question whether having the law is a good idea in the first place.

The overlapping copyright rights that exist on the Net greatly exacerbate this problem. The most obvious example is the absurd results of any literal application of the *MAI* case. The law may call every instantiation of every piece of data a "copy" and demand advance permission and a royalty to make that copy, but the Internet simply doesn't operate that way. Either copyright owners will literally shut down the Net by enforcing the rights the courts have declared they have, or those "rights" will continue to be ignored in the interests of day-to-day living, and the elusive meaning of what is "really" infringement will slip further out of the grasp of ordinary mortals. The problem is even worse with respect to ownership, licensing, and user rights. Here even the rights that copyright owners or users reasonably think they have turn out to vanish when the dubious magic of the Copyright Act is applied to them. If the authors of the White Paper want to educate the public about the morality of enforcing copyrights, this is the wrong way to go about it.

III. Avoiding the Overlap Problem

The unifying theme behind each of the problems discussed in the last Part is their accidental nature. Congress has not amended the Copyright Act to produce these results; indeed, it has not amended the Act to take account of the Net at all, except in one relatively minor respect.¹⁷⁵ Rather, the changes in ownership rights, license agreements, and statutory user rights result from the rote application of the existing Act to a new set of circumstances. In this Part, I consider several possible ways of dealing with the overlap of exclusive rights that occurs on the Net.

A. Placing the Burden of Overlap on the User

One way to deal with the overlap -- the way adopted by the NII White Paper¹⁷⁶ -- is to maintain a rigid distinction between the overlapping rights, permitting only uses which have received each of the appropriate authorizations. This approach has the virtue of doctrinal simplicity, though from a licensing perspective it may actually be the most complicated solution. There are three basic arguments that can be offered to justify requiring multiple permissions for Net uses.

First, one may read in the divisibility of copyright's exclusive rights a purpose to keep those rights forever separate. There are a number of cases that might support such a reading. For example, in the music and movie industries courts made it clear very early on that a right to copy did not encompass a right to perform, and vice versa!¹⁷⁷ One can apply those cases to the Net and reach the same conclusion -- just because you have the right to copy and

¹⁷⁵ This is the Digital Performance in Sound Recordings Act of 1995, which created section 106(6) and section 114(d).

¹⁷⁶ NII White Paper, *supra* note ___, at ___.

¹⁷⁷ See, e.g., *Foreign & Domestic Music Corp. v. Licht*, 196 F.2d 627 (2d Cir. 1952); *Interstate Hotel v. Remick Music Corp.*, 157 F.2d 744 (8th Cir. 1946); *Irving Berlin, Inc. v. Daigle*, 31 F.2d 832 (5th Cir. 1929); *Schwartz v. Broadcast Music, Inc.*, 180 F. Supp. 322 (S.D.N.Y. 1959); *Famous Music Corp. v. Melz*, 28 F. Supp. 767 (W.D. La. 1939); *M. Witmark & Sons v. Standard Music Roll Co.*, 213 F. 532 (D.N.J. 1914); 2 *Nimmer on Copyright* § 8.09[A], at 8-124 ("the grant of one right under the Copyright Act does not derogate from the copyright owner's right to invoke rights not granted").

distribute doesn't mean that you have the right to display, so if a Web page posting is a display, it violates the copyright owner's retained rights.

The problem with this argument should be obvious: the situations are not analogous. In the music and movie cases, two separate acts (reproduction and performance) were at issue. In the Net cases, by contrast, it is *the same act* which is both an authorized reproduction and an unauthorized performance under this argument. The legal status of this version of the argument is dubious¹⁷⁸, and its policy justification nonexistent.

The second argument for placing the burden of overlapping rights on the user is that a Net transmission really is more than any one of the exclusive rights taken alone. There is certainly some truth to this argument. Transmission does more than just "distribute" or "perform" a work, for example: it results in copies resident in computer memory at both the sending and receiving end. According to this argument, the copyright owner should not be held to have granted a licensee implied permission to do things that would otherwise fall within a reserved right. This argument also supports the negation of several of the user rights, notably the library privilege and the first sale doctrine. The first sale doctrine, for example, was designed to permit redistribution of an existing copy, but not to permit the making of new copies, as would occur in a digital transmission.

The final argument for enforcing the separation of exclusive rights is that the parties can contract around this result, for example by granting licenses specific to the desired Internet use. This is not so much justification as apology, an argument on the order of "this result is not so bad as it appears because . . ." Even as apology, it is a weak argument. The argument applies only to parties in a licensing relationship, and not to the statutory user rights affected by the overlap. Even as to parties in a relationship of privity, it may be inaccurate to say that the parties can contract around the problem in all cases. A copyright owner who has

¹⁷⁸ The Nimmer treatise discusses an analogous argument involving derivative works, and concludes: "This theory has not been invoked in any reported case, and would undoubtedly meet resistance, at least from those courts oriented against moral rights." 2Nimmer on Copyright§ 8.09[A], at 8-125.

transferred divisible ownership interests to different parties by assignment or exclusive license cannot get those rights back, nor could she grant "exclusive" reproduction rights to more than one party in any event. Even with nonexclusive licenses, where reconstruction of such contracts to avoid the overlap problem is theoretically possible, it is likely to be expensive and therefore may not happen as often as would be optimal!¹⁷⁹ And if freedom of contract is the goal, it seems odd to adopt an interpretation of the copyright laws which plainly contravenes the expectations of the parties to numerous preexisting contracts.

B. Placing the Burden of Overlap on the Copyright Owner

A second possible approach would start from a premise opposite to the first: that users and licensees who have a right to take a certain action in the pre-Net world have the same right on the Net. This argument has the same claim as the first to be maintaining the status quo -- only now it is the status quo from the user's perspective, rather than the copyright owner's. The arguments for this approach roughly parallel the argument for maintaining a rigid division of rights.

First, the tradition of divisible rights in copyrights coexists with the equally venerable doctrine of implied licenses. Courts will regularly imply a license to exercise one or more of the exclusive rights granted the copyright owner in circumstances where to do otherwise would defeat the reasonable expectations of the implied licensee!¹⁸⁰ For example, in *Effects Associates v. Cohen*,¹⁸¹ Cohen had agreed to purchase special effects film for a movie from Effects. After a contract dispute, Effects sued Cohen for copyright infringement, claiming

¹⁷⁹ For a discussion of market failures in licensing, see Mark A. Lemley, *The Economics of Improvement in Intellectual Property Law*, 75 Tex. L. Rev. __ (forthcoming May 1997).

¹⁸⁰ See, e.g., *Oddo v. Ries*, 743 F.2d 630 (9th Cir. 1984); 2 Nimmer on Copyright § 10.10[C], at 10-97. There is a similar doctrine in patent law. See, e.g., *Intel Corp. v. ITC*, 946 F.2d 821 (Fed. Cir. 1991) (license to make patented products impliedly confers license to use and/or sell the products once made, despite the separate rights granted the patentee by 35 U.S.C. § 271(a) to "make, use, and sell" the invention).

¹⁸¹ 908 F.2d 555 (9th Cir. 1990).

that his copying and distribution of the special effects shot in his movie violated the copyright laws. The court held that "Effects created a work at defendant's request and handed it over, intending that defendant copy and distribute it. . . . Effects delivered the film negatives to Cohen, never warning him that cutting the negatives into the film would constitute copyright infringement. While delivery of a copy does not of itself convey any rights in the copyrighted work, it is one factor that may be relied upon in determining that an implied license has been granted."¹⁸² To similar effect is *Royal v. Radio Corp. of America*,¹⁸³ holding that the grant of a license to record a musical work impliedly confers a license to distribute such recordings for sale.¹⁸⁴

An implied license argument may assist those who have received a license to work one of the exclusive rights, only to discover that the license is all but worthless because it does not cover all the rights implicated by Net transmission. At least where Net transmission was within the reasonable contemplation of the parties to the license, it would be perfectly consistent with the implied license cases to imply a license to the extent necessary to allow that transmission to occur. For example, it is likely that courts would find that an express license "to distribute works over the Internet" carried with it an implied license to make copies and engage in public performances necessarily incident to such distribution.

Second, there may be good policy reasons to imply such a license. While it is true that Net transmission implicates several different exclusive rights, it does not do so in the normal way. Unlike other cases on the divisibility of rights, where different actions by the defendant trigger each of the rights at issue, here the defendant can be held liable on several different grounds for one act. Where the defendant has been licensed by the copyright owner to

¹⁸² *Id.* at 558-59 & n.6. *Accord* I.A.E. Inc. v. Shaver, ___ F.3d ___ (7th Cir. 1996).

¹⁸³ 107 U.S.P.Q. 173 (S.D.N.Y. 1955).

¹⁸⁴ *Id.*

commit that act, it seems manifestly unfair to hold her liable because she didn't receive *enough* licenses from the same copyright owner covering the same course of conduct.

Finally, proponents of the implied license approach can make the same argument as proponents of the divisibility approach: the parties can contract for a different result. Implied licenses can be disclaimed by express reservations of rights. This argument generally has as much force here as it does on the other side, and suffers from the same limitations. Most notably, it is hard to see how the owner of only the reproduction right could be said to "impliedly license" not only that right, but also the distribution and public display rights.

C. Establishing a Right of Net Transmission

There is a third possible approach, a middle course between these conflicting alternatives. The centerpiece of this third approach is recognition that while Net transmission implicates each of the existing exclusive rights, it is not entirely captured by any one of them. Sending an email creates copies, and involves a distribution, but it is not "just a copy" or "just a distribution." As a result, neither the approach of requiring only one license for an existing right, nor the approach of requiring licenses of each of the existing rights, is entirely satisfactory. As Pam Samuelson explains,

Any work that can be represented in other media can now be represented in digital form. In this form it can be used to operate a computer or other data processing unit, whether to be displayed or heard, or to perform some other function. This would seem to mean that once in digital form, works protected by copyright are going to become less and less differentiated by type and more and more equivalent to one another because they will now all be in the same medium. This equivalence of works in digital form will make it easier and easier to combine what have been thought of as separate categories of works to create a work difficult to classify. . . . As a consequence, the elaborate distinctions made among different kinds of works, especially in the sections of the copyright statute dealing with privileges to make what would otherwise be unauthorized uses of copyrighted

works, will lose much of the meaningfulness that they have had when media were more differentiated.¹⁸⁵

There are a number of possible ways to define this middle ground. One solution to the overlap that results as this differentiation disappears is to create a new exclusive right of transmission over a computer network.¹⁸⁶ Unlike the NII White Paper's proposal to expressly recognize transmission as a means of distribution,¹⁸⁷ this right would *replace* other rights to the extent they are applicable to Net transmissions -- a recognition that a network transmission is not "really a copy" or "really a display," but rather is "really" an undifferentiated use of the work in a digital medium.¹⁸⁸ Under this approach, transmission of a work over the Internet (say, by posting it on a Web page) would infringe the network transmission right, but would not *also* infringe the copying, distribution, public performance and display rights. This is a critical difference. The White Paper's approach if anything exacerbates the problem of overlapping copyright rights. It is already quite clear that copyright law prevents the unauthorized transmission of copyrighted material over the Internet; the problem is that it does so in a haphazard way. The White Paper approach would only add to the confusion that results from overlapping exclusive rights.

¹⁸⁵ Pamela Samuelson, *Digital Media and the Changing Face of Intellectual Property Law*, 16 Rutgers Comp. & Tech. L.J. 323, 333-34 (1990). See also Alben, in *Roundtable*, *supra* note __, at 639-40 ("There is no need to vary types of copyright protection to apply to different kinds of works [put online].").

¹⁸⁶ A related approach would be to enact into law Myers' suggestion that courts should choose the "most analogous" right as the right which governs Net transmission. See Myers, *supra* note __, at __. As noted above, see *supra* note __, Myers' approach is inconsistent with current law. However, it is certainly possible that the legislature could decide that for future transactions Net transmission will be considered a copy and nothing else. Such a legislative enactment essentially parallels the approach described in this section, so I do not consider it separately.

¹⁸⁷ NII White Paper, *supra* note __, at 206-10.

¹⁸⁸ As Jessica Litman explains, there is no particular reason to focus on copies (rather than, say, transmissions) as the unit of measure for copyright law: "When the old copyright laws fixed on reproduction as the compensable (or actionable) unit, it wasn't because there was something fundamentally invasive of an author's rights about making a copy of something. Rather, it was because, at the time, copies were easy to find and easy to count, so they were a useful benchmark . . ." Litman, *supra* note __, at 36.

By contrast, a unique right of computer network transmission should solve both the ownership and licensing problems that result from overlapping rights. If there is a separate right of Net transmission, that right can be separately owned and licensed. There should be no overlap problem, since by definition if an action is a computer network transmission it would not fall within the other exclusive rights. While such an approach will not eliminate all uncertainty,¹⁸⁹ it should solve the overlap problem for *prospective* transfers and license agreements. This proposal would not solve the problem of interpreting existing license agreements, however. Nor would it solve the divided ownership problems for existing works, unless the new right were introduced retroactively, to divest existing partial owners of any control over Net transmission. These limitations on the proposal are significant, because they mean that the proposal does not address a major class of problem cases. However, creation of such a unified right would at least permit logical treatment of new works, which might be considered a step in the right direction.

The creation of a separate right of computer network transmission would have to be accompanied by a package of amendments to sections 107-120 designed to apply certain of those existing user rights to limit the new transmission right. As noted above,¹⁹⁰ the overlap of different rights implicated in Net transmission has meant that certain user rights (such as the first sale doctrine) are effectively nullified on the Internet. Congress will have to approach the existing user rights on a case-by-case basis to determine whether and how they should apply to the right of computer network transmission. In some cases, the user right itself may have to be modified to fit in with network transmission. For example, neither applying the first sale doctrine automatically to such transmissions nor declaring that it has no application at all is a particularly satisfactory outcome. There may be a reasonable middle ground in this case,

¹⁸⁹ For example, it will be necessary to define a computer network transmission in a way that is flexible enough to accommodate changes in networking technology.

¹⁹⁰ See *supra* notes ___-___ and accompanying text.

however: permitting the transfer of an electronic work to a single party provided the sender deletes her copies of the work within a reasonable time!¹⁹¹ Similar policy-based accommodations will have to be made to other user rights, for example with respect to libraries!¹⁹²

An alternate approach would be to define by statute a right to engage in network transmissions subject to a negotiated or compulsory license. Congress has done this in the past for secondary transmissions of broadcasts by cable¹⁹³ and satellite.¹⁹⁴ The rules governing those retransmissions are extremely complex, however, and are not necessary models to emulate. Further, it is reasonable to expect that the rules and permissions process governing network transmissions would be much more complex. Cable and satellite transmissions both involve relatively few potential licensors and relatively few potential licensees; on the Net, there are millions of both. Experience suggests that private groups may be better than the public at working out licensing arrangements in such a circumstance.

Changes to user rights are critical to any proposal for a unified transmission right, regardless of its form. Copyright reflects a delicate balance "between the artist's right to control the work during the term of the copyright protection and the public's need for access to creative works."¹⁹⁶ Creating a new exclusive right that is more powerful than the ones

¹⁹¹ See Neil W. Netanel & Mark A. Lemley, Comments on the NII White Paper (proposing such an alternative).

¹⁹² Some such efforts are already ongoing. The NII White Paper recommends some changes to section 108 of the Copyright Act designed to allow libraries to make certain limited copies of digital works. NII White Paper, *supra* note __, at 218-20. Similar changes would permit digital copies of works for the blind. *Id.* at 220-21.

¹⁹³ 17 U.S.C. § 111.

¹⁹⁴ 17 U.S.C. § 119.

¹⁹⁵ See Robert P. Merges, *Contracting Into Liability Rules: Institutions Supporting Transactions in Intellectual Property Rights* 84 Cal. L. Rev. __ (forthcoming 1996).

¹⁹⁶ *Stewart v. Abend*, 495 U.S. 207, 228 (1990); *accord* *Fogerty v. Fantasy, Inc.*, 114 S. Ct. 1023, 1029-30 (1994); *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349-50 (1991); Mark A. Lemley,

Congress has previously enacted threatens to upset that balance. Such a new powerful right must be offset by user rights that are similarly adapted to the Net, or the careful work that has gone into the copyright compromise will be in vain.

IV. Conclusions

We are not in the new, copyright-free world the cyberlibertarians seem to envision. There is a new set of rules for copyright and the Net, however, at least in one sense. These new rules arise automatically and often without much consideration, as courts and parties search for familiar copyright analogies to apply in an unfamiliar environment. Perhaps these new *de facto* legal rules will turn out in the end to be the "right" ones. Certainly, one should not go to the opposite extreme, assuming without consideration that the way things once were is the way they must always be, despite changed circumstances. But whatever alternative is chosen, it ought to be chosen on the basis of policy concerns, not by automatic application of rules designed with another context entirely in mind.¹⁹⁷ The failure of the White Paper and its legislative progeny to engage in such a comprehensive policy analysis¹⁹⁸ casts serious doubt on the value of its proposed legislative changes.

None of the alternatives discussed in Part III are entirely satisfactory solutions to the overlap problem. In particular, the most appealing of these alternatives -- the legal separation of the network transmission right from other exclusive rights -- will work only prospectively.

Intellectual Property and Shrinkwrap Licenses, 68 S. Cal. L. Rev. 1239, 1278 (1995); Jessica Litman, *The Public Domain*, 39 Emory L.J. 965 (1990).

¹⁹⁷ See Mahon, *supra* note __, at 265 ("the Working Group rejects the first sale doctrine without an appropriate study of its effects. Such a rejection does not consider whether application of the first sale doctrine would provide benefits if applied on the NII, and is based merely on a restrictive, and arguably erroneous, formal analysis concluding that a first sale transfer cannot occur on the NII. Additional work is needed in this area to determine whether the result reached by the Working Group is appropriate in light of the goals of copyright law and the goals for the NII.").

¹⁹⁸ On this failure, see Leslie A. Kurtz, *Copyright and the National Information Infrastructure in the United States*, 18 Eur. Intell. Prop. Rev. 120, 121-23 (1996); Litman, *supra* note __, at 21-22.

Because contracts for works created in the future can be drafted with at least present Internet technology in mind, prospective solutions do not address the core of the problem. Courts will likely be placed in the position of choosing between some form of the first two alternatives presented. Faced with this choice, it seems to me preferable in most instances to grant licensees and divided owners the right to transmit works over the Net.¹⁹⁹

¹⁹⁹ In the case of divided ownership, this right will necessarily be nonexclusive, since each of the licensees will have a claim to the right of network transmission.