



**TOURO UNIVERSITY**  
JACOB D. FUCHSBERG LAW CENTER  
*Where Knowledge and Values Meet*

**Touro Law Review**

---

Volume 1 | Number 1

Article 8

---

1985

## The Copyright Monopoly after Sony Corp. of America v. Universal City Studios, Inc.

Follow this and additional works at: <https://digitalcommons.tourolaw.edu/lawreview>



Part of the [Business Organizations Law Commons](#), [Courts Commons](#), [Intellectual Property Law Commons](#), and the [Supreme Court of the United States Commons](#)

---

### Recommended Citation

(1985) "The Copyright Monopoly after Sony Corp. of America v. Universal City Studios, Inc.," *Touro Law Review*. Vol. 1: No. 1, Article 8.

Available at: <https://digitalcommons.tourolaw.edu/lawreview/vol1/iss1/8>

This Comment is brought to you for free and open access by Digital Commons @ Touro Law Center. It has been accepted for inclusion in Touro Law Review by an authorized editor of Digital Commons @ Touro Law Center. For more information, please contact [lross@tourolaw.edu](mailto:lross@tourolaw.edu).

## THE COPYRIGHT MONOPOLY AFTER SONY CORP. OF AMERICA v. UNIVERSAL CITY STUDIOS, INC.

Statutory copyright law in the United States has undergone numerous revisions since its inception in 1790.<sup>1</sup> The progress of science and technology has been at the root of these revisions.<sup>2</sup> Recently, the introduction of videotape recorder (VTR) technology<sup>3</sup> has again stirred a move for change in the copyright laws.<sup>4</sup> Specifically, the Copyright Act of 1976 does not provide for the use or capabilities of

1. Copyright Act, ch. 15, 1 Stat. 124 (1970). For a discussion of the history of copyright law in the United States see GOLDSTEIN, *COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES*, 652-53 (2d ed. 1981) [hereinafter cited as GOLDSTEIN].

2. GOLDSTEIN, *supra* note 1, at 652.

The Act's original subject matter, charts and books, was gradually expanded as new economic interests and technologies pressed for recognition. Prints were added in the Act of 1802, musical compositions in the Act of 1831, photographs and negatives in the Act of 1865, paintings, drawings, chromos, and statuary in the Act of 1870, and motion pictures in the Act of 1912, the last expansion of coverage until sound recordings were added in 1971.

*Id.*

3. Videotape recorder technology has been developing for over twenty years. In 1965, the Sony Corporation became the first to introduce a VTR. A VTR is a machine capable of recording television programs broadcast over the public airwaves and prerecorded works from another video tape player. The VTR may also be used to play back live performances from a video camera. See Note, *VCR Home Recording and Title 17: Does Congress Have the Answer to Sony Corp. of America v. Universal City Studios, Inc.*, 35 SYRACUSE L. REV. 793, 793 (1984) (citing *Copyright Infringements (Audio and Video Recorders): Hearings on S. 1758 before the Senate Committee on the Judiciary*, 97th Cong., 1st and 2d Sess. 188 app. B (1981-82)) [hereinafter cited as Note, *VCR Home Recording*]. See *infra* note 9 (discussing VTR capabilities in terms of the Betamax device).

4. Two types of bills have been suggested. The first type would explicitly recognize a home use exemption for the private, noncommercial recording of copyrighted works. S. 175, 98th Cong., 1st Sess., 129 CONG. REC. S668 (daily ed. Jan. 26, 1983). This bill provides for the amendment of Title 17 of the United States Code so that: "Notwithstanding the provisions of section 106, it is not an infringement of copyright for an individual to record copyrighted works on a video recorder if—(1) the recording is made for a private use; and (2) the recording is not used in a commercial nature." *Id.* H.R. 4783, 97th Cong., 1st Sess., (1981) and H.R. 5250, 97th Cong., 2d Sess., 128 CONG. REC. H2241 (daily ed. May 13, 1982) are similar to the proposed Senate bill.

The second type of bill would impose a compulsory license and royalty fees for video recording equipment, while relieving home VTR users of liability for infringement. See, e.g., S.31, 98th Cong., 1st Sess., 129 CONG. REC. S255 (daily ed. Jan. 26, 1983); see also H.R. 1030, 98th Cong., 1st Sess. (1983); H.R. 5705, 97th Cong., 2d Sess. (1982). These bills suggest the addition of a section 119 to Title 17 to be entitled "Limitations on liability: Video recording." The proposed section 119 provides:

VTR machines.<sup>5</sup> The VTR capability of reproducing an entire copyrighted television program is the focus of the current revision effort. Although two separate types of bills have been proposed to address this issue,<sup>6</sup> Congress has yet to act.<sup>7</sup>

The United States Supreme Court responded to this inaction in the case of *Sony Corp. of America v. Universal City Studios, Inc.*<sup>8</sup> *Sony*, popularly known as the “Betamax” case,<sup>9</sup> presented the Court

(a) HOME VIDEO RECORDING - Notwithstanding the provision of section 106(1), an individual who makes a single video recording of a motion picture or other audiovisual work in his or her private home is exempt from any liability for infringement of copyright if the video recording is for the private use of that individual or members of his or her immediate household.

(b) COMPULSORY LICENSE FOR VIDEO RECORDING DEVICES AND MEDIA

(1) AVAILABILITY OF COMPULSORY LICENSE - Notwithstanding the provisions of section 106(1), the importation into and distribution in the United States, and the manufacture and distribution in the United States, of any video recording device or video recording medium shall be subject to compulsory licensing if the importer or manufacturer of the device or medium records the notice, and deposits that statement of account and total royalty of fees, specified by this clause . . . .

(2) INFRINGEMENT - Notwithstanding the provisions of clause (1) of this subsection, the importation into and distribution in the United States, or the manufacture and distribution in the United States, of any video recording device or video recording medium is actionable as an act of infringement under section 501, and is fully subject to the remedies provided by sections 502 through 506, 509, and 511, if the notice, statement of account, or total royalty fee specified by clause (1) of this subsection has not been recorded or deposited and such failure was willful or repeated . . . .

S.31, 98th Cong., 1st Sess., 129 CONG. REC. S255 (daily ed. Jan. 26, 1983).

5. “The direction of Art. I is that Congress shall have the power to promote the progress of science and the useful arts. When, as here, the Constitution is permissive, the sign of how far Congress has chosen to go can come only from Congress.” *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 530 (1972) (emphasis in original). Therefore, it is not for the courts to develop provisions for technology in the statutory copyright laws that Congress has failed to include. See *infra* text accompanying notes 82-83 for a further discussion of the court’s role in interpreting and applying the copyright law.

6. See, e.g., S.175, 98th Cong., 1st Sess., 129 CONG. REC. S668 (daily ed. Jan. 26, 1983); S.31, 98th Cong., 1st Sess., 129 CONG. REC. S255 (daily ed. Jan. 26, 1983).

7. Fitzpatrick & Sherman, *97th Congress Reconciles for Copyright Debates*, Legal Times, Feb. 7, 1983, at 18, col. 1.

8. 480 F. Supp. 429 (C.D. Cal. 1979), *rev’d*, 659 F.2d 963 (9th Cir. 1981), *rev’d*, 104 S. Ct. 774 (1984).

9. “Betamax” is the tradename of the VTR manufactured by Sony. The Betamax comes equipped with a separate tuner, which enables the user to videotape one television program while viewing another. A timer in the Betamax makes it possible to record a show at a time when the intended viewer is not able to watch the “original” television broadcast. These components of the Betamax allow the user to indulge in a practice commonly called “time-shifting”: a program, which cannot be viewed as it is being televised, is recorded to be watched once at a later time. 104 S. Ct. at 779. This practice should be distinguished from “library-ing”: the collecting of videotapes which contain previously recorded material off-the-air. *Id.* The Court did not consider the latter issue. A pause button on the Betamax enables the user to eliminate commercials while videotaping from television shows. A fast forward control allows

with the unique issue of the application of copyright principles to the use of VTR technology. The Court focused on the various uses of the Betamax in determining whether to hold Sony liable for contributory infringement. Its analysis involved an application of certain patent law principles to decide a copyright infringement claim. The Court's approach with respect to this new technology produced a hybrid opinion which mixed copyright and patent law and created far-reaching ramifications in the application of the copyright law.

Part I of this Comment discusses the general concepts of copyright law and the doctrines of contributory infringement and vicarious liability in copyright and patent law.<sup>10</sup> Part II examines the *Sony* decisions, with particular emphasis on the reasoning and conclusions of the Supreme Court ruling.<sup>11</sup> Part III considers the extent of and differences between the statutory monopolies granted by the patent and copyright laws and suggests that the Supreme Court's decision has blurred the distinction between the two monopolies.<sup>12</sup> The Supreme Court's application of the patent law's doctrine of contributory infringement (the "staple article of commerce" doctrine) to the copyright contributory infringement claim is considered in Part IV.<sup>13</sup> Part V examines the Court's analysis of the fair use doctrine, its first opinion directly addressing this principle.<sup>14</sup>

## I. GENERAL CONCEPTS OF COPYRIGHT LAW

Congress derives its power to develop and enact legislation pertaining to copyrights from the United States Constitution. Article I, Section 8, Clause 8 of the Constitution provides that Congress has the power "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."<sup>15</sup> Pursuant to this

---

the viewer to run through segments of a prerecorded videotape rapidly. 480 F. Supp. at 435-36. Sony also manufactures other VTR models that are not equipped with built-in tuners. These models are unable to record television programs off-the-air, although they are capable of "playing back prerecorded tapes and recording home movies on videotape." 104 S. Ct. at 797 n.1 (Blackmun, J., dissenting).

10. See *infra* notes 15-50 and accompanying text.

11. See *infra* notes 51-146 and accompanying text.

12. See *infra* notes 147-202 and accompanying text.

13. See *infra* notes 203-29 and accompanying text.

14. See *infra* notes 230-68 and accompanying text.

15. U.S. CONST. art. I, § 8, cl. 8. See A. LATMAN, *THE COPYRIGHT LAW: HOWELL'S COPYRIGHT LAW REVISED AND THE 1976 ACT 1* (5th ed. 1979) ("[Copyright] implies a statutory grant by Congress of a species of monopoly for a limited time to encourage the production and publication of literary, dramatic, musical, and artistic works.") [hereinafter cited as LATMAN].

grant of power, Congress enacted the Copyright Act of 1976,<sup>16</sup> which is a revision of the Copyright Act of 1909.<sup>17</sup> The drafters of the 1909 Act had not contemplated many of our modern technologies and, therefore, neglected expressly to provide copyright protection for them.<sup>18</sup> Hence, the enactment of the 1976 Copyright Act has produced significant changes in copyright law.<sup>19</sup>

The Copyright Act provides protection for materials that are “fixed in any tangible medium of expression,” which fall within the subject matter of sections 102<sup>20</sup> and 103<sup>21</sup> of the Copyright Act,

16. The Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified in 17 U.S.C. §§ 101-810 (1982)) [hereinafter cited as Copyright Act].

17. The Copyright Act of 1909, ch. 320, 35 Stat. 1075 (1909).

18. In 1909, motion pictures, sound recordings, radio and television were still in the early stages of development, 122 CONG. REC. H31978 (daily ed. Sept. 22, 1976) (statement of Rep. Rodino). Rapid innovations in the areas of photocopy, videotape, and computer technology necessitated the revision of the 1909 Act. *See id.* H31982 (statement of Rep. Railsbach); 104 S. Ct. at 809 n.34. For example, section 108 of the 1976 Copyright Act created a specific exemption for library and educational copying. 104 S. Ct. at 783 n.11. Moreover, the 1976 Act brought the owners of jukeboxes and cable televisions within the protective ambit of copyright laws. 122 CONG. REC., H32771 (daily ed. Sept. 27, 1976) (statement of Mr. Helstoski).

19. Professor Latman has summarized the key provisions of the 1976 Copyright Act as follows:

- (1) A single federal system of protection for all “original works of authorship,” published or unpublished, from the moment they are fixed in a tangible medium of expression. (Pertinent state law is expressly preempted.)
- (2) A single term of protection generally measured by the life of the author(s) plus 50 years after his or her death, with a term based on publication (or creation, in the case of unpublished works) reserved only for special situations, such as works made for hire.
- (3) A provision for an inalienable option in individual authors generally permitting termination of any transfer after 35 years, but with the transferee still permitted to exploit derivative works produced under the transfer before it was terminated.
- (4) A provision for notice on visually perceptible copies distributed to the public, with some flexibility as to the form and position of the notice, curative provisions for notice deficiencies, and incentives for use of a proper notice, as well as for prompt registration.
- (5) Recognition of a fair use limitation on exclusive rights (with an indication of the criteria for its applicability) as well as other limitations in favor of nonprofit, library, educational, and public broadcasting uses.
- (6) Imposition of copyright liability on cable television systems and jukeboxes which use copyrighted material, but subject to compulsory license provisions and other limitations.
- (7) Establishment of a Copyright Royalty Tribunal to review or to establish rates under compulsory licenses and to provide for certain distributions to proprietors under such licenses.
- (8) Protection of unpublished works regardless of the nationality of the author, as well as contraction and scheduled deletion of the manufacturing clause.
- (9) Provisions implementing divisibility of copyright ownership.

LATMAN, *supra* note 15, at 12-13.

20. Section 102 of the Copyright Act provides:

- (a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed,

whether published or unpublished. It also preempts certain state law rights which are equivalent to the exclusive rights within the general scope of copyright.<sup>22</sup> Section 106 of the Copyright Act sets forth the “exclusive rights” of the copyright owner.<sup>23</sup> The five fundamental

---

from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) Literary works;
- (2) Musical works, including any accompanying words;
- (3) Dramatic works, including any accompanying music;
- (4) Pantomimes and choreographic works;
- (5) Pictorial, graphic, and sculptural works;
- (6) Motion pictures and other audiovisual works; and
- (7) Sound recordings.

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

17 U.S.C. § 102 (1982).

21. Section 103 of the Copyright Act provides:

(a) The subject matter of copyright as specified by § 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

17 U.S.C. § 103 (1982).

22. Under § 301, those state laws which create “legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship” are subject to preemption. 17 U.S.C. § 301(a) (1982).

Thus, any subject matter which does not constitute a “work of authorship” within the meaning of §§ 102 and 103 may still be protected by common law copyright. Likewise, any work not “fixed in a tangible medium of expression” is not eligible for federal protection but may be eligible for state law protection. For a further discussion of what constitutes “works of authorship” and a “tangible medium of expression,” see 1 M. NIMMER, *NIMMER ON COPYRIGHT* § 203[A], [B] (1984) [hereinafter cited as NIMMER]. For a general discussion of the few remaining types of works subject to common law copyright, see *id.* § 101 [B][2][a]-[d]; 104 S. Ct. at 786, 812.

23. Section 106 of the Copyright Act provides:

Subject to §§ 107 through 118, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

- (1) to reproduce the copyrighted work in copies or phonorecords;
- (2) to prepare derivative works based upon the copyrighted work;
- (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
- (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; and

rights may be summarized as the exclusive rights of reproduction, adaptation, publication, performance and display. However, these “exclusive” rights are subject to the limitations imposed by sections 107 through 118 of the Copyright Act. The most significant limitation is provided by section 107, which permits the fair use of copyrighted works. Therefore, the Copyright Act contemplates only a limited monopoly over copyrighted works.<sup>24</sup>

Section 107 of the 1976 Copyright Act codifies the judicial doctrine of “fair use” as a limitation on the exclusive rights set forth by section 106.<sup>25</sup> The fair use doctrine allows the reproduction of copyrighted works for certain purposes without first obtaining authorization from the copyright holder. However, as the drafters of section 107 have explained, the doctrine of fair use is not capable of being strictly defined.<sup>26</sup> It is for this reason that section 107 enumerates four factors to be balanced in determining fair use: “(1) the purpose

(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly.

17 U.S.C. § 106 (1982).

24. See *generally* *Fortnightly v. United Artists Television, Inc.*, 392 U.S. 390, 393-95 (1968).

25. Section 107 of the Copyright Act provides:

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies of phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107 (1982). Fair use was originally a judicially created rule of reason. See, e.g., *Folsom v. March*, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901); *Williams & Wilkins Co. v. United States*, 203 Ct. Cl. 74, 487 F.2d 1345, *aff'd by an equally divided court*, 420 U.S. 376 (1973). See also LATMAN, *supra* note 15, at 203.

26. H.R. REP. NO. 1476, 94th Cong., 2d Sess. 66, reprinted in 1976 U.S. CODE CONG. & AD. NEWS 5659, 5680.

The bill endorses the purpose and general scope of the judicial doctrine of fair use, but there is no disposition to freeze the doctrine in the statute, especially during a period of rapid technological change. Beyond a very broad statutory explanation of what fair use is and some of the criteria applicable to it, the courts must be free to adapt the doctrine to particular situations on a case-by-case basis. Section 107 is intended to restate the present judicial doctrine of fair use, not to change, narrow or enlarge it in any way.

*Id.*

and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work."<sup>27</sup> Hence, fair use is a factual determination made on a case-by-case basis.<sup>28</sup>

*Contributory Infringement and Vicarious Liability in Copyright and Patent Law*

In copyright law, an action for infringement may be brought either for direct or indirect copyright infringement. Direct infringement occurs when any of the five rights set forth in section 106 is trespassed.<sup>29</sup> In addition, actions for contributory infringement and vicarious liability may be maintained to hold one liable for the infringing conduct of another.<sup>30</sup> Neither contributory infringement nor the broad doctrine of vicarious liability<sup>31</sup> is expressly provided for in the Copyright Act.<sup>32</sup> The primary distinction between contributory infringement and vicarious liability is based upon knowledge of the infringing conduct.

Generally, a contributory infringer is "one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another."<sup>33</sup> Thus, knowledge is an essential element of contributory infringement.

27. 17 U.S.C. § 107(1)-(4) (1982).

28. H.R. REP. NO. 1476, 94th Cong., 2d Sess. 65, *reprinted in* 1976 U.S. CODE CONG. & AD. NEWS 5659, 5679. See *Encyclopaedia Britannica Ed. Corp. v. Crooks*, 447 F. Supp. 243 (D.C.N.Y. 1978). The doctrine of fair use was created in order to permit the growth of knowledge through dissemination of ideas while simultaneously protecting the copyrighted work of an author. See *DRONE, A TREATISE ON THE LAW OF PROPERTY IN INTELLECTUAL PRODUCTIONS* 387 (1879). See generally 3 *NIMMER, supra* note 22, § 13.05. Some examples of fair uses of a copyrighted work are: criticism, comment, news reporting, teaching, scholarship and research. See 17 U.S.C. § 107 (1982).

29. Section 501 of the Copyright Act states: "Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 118 . . . is an infringer of the copyright." 17 U.S.C. § 501(a) (1982).

30. For a general discussion of contributory infringement and vicarious liability, see Annot., 14 A.L.R. FED. 825 (1973).

31. "Vicarious liability is imposed in virtually all areas of the law and the concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another." 104 S. Ct. at 785.

32. *Id.*

33. *Gershwin Publishing Corp. v. Columbia Artist Management, Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971) (citation omitted). In *Gershwin*, a concert promoter, which created local as-



In contrast, liability predicated broadly on vicarious liability does not require knowledge. A party is vicariously liable when he has the “right and ability to supervise the infringing activity and also has a direct financial interest in such activities.”<sup>34</sup> The “dance hall” cases and the “landlord-tenant” cases<sup>35</sup> have emerged from the doctrine of vicarious liability. The general rule in the “dance hall” cases is that liability will be imposed whenever the right and ability to supervise an infringer occur in conjunction with an obvious and direct pecuniary interest in the exploitation of copyrighted material.<sup>36</sup> However, in situations where a mere landlord-tenant relationship exists, the landlord, having no pecuniary interest in the infringing activity and virtually no power to supervise his tenant’s conduct, cannot be held liable as a “vicarious” infringer. In addition, the tenant pays a fixed

---

sociations in order to provide performers under its management, was held liable for contributory infringement where the performers infringed the copyright holder’s rights in performing a song without the copyright holder’s permission. *Id.* at 1163. The court found that the promoter had knowledge that the copyrighted work would be performed and the promoter had taken no action to secure a copyright license. *Id.* See also *Screen-Gems Columbia Music, Inc. v. Mark-Fi Records, Inc.*, 256 F. Supp. 399 (S.D.N.Y. 1966) (The court, ruling on summary judgment motions of several defendants not directly involved in infringing conduct, held that plaintiffs must establish actual or constructive knowledge of the infringing activity to be held liable as contributory infringers.). In *Kalem Co. v. Harper Bros.*, 222 U.S. 55 (1911), the Court found that the producer of an unauthorized film dramatization of a copyrighted work (“Ben Hur”), who offered the film for sale for exhibitions, infringed the copyright of the author, even though the defendant company did not exhibit the films. *Id.* at 63. For a further discussion of *Kalem* as applied by the Court in *Sony*, see *infra* notes 96-98 and accompanying text.

34. *Gershwin*, 443 F.2d at 1162, citing *Shapiro, Bernstein & Co. v. H. L. Green, Co.*, 316 F.2d 304 (2d Cir. 1963), where the operator of a chain store was held vicariously liable for the sale of infringing records which were made by a concessionaire it licensed to do business in the record department of its store. The *Shapiro* court stated:

When the right and ability to supervise coalesce with an obvious and direct financial interest in the exploitation of copyrighted materials—even in the absence of actual knowledge that the copyright monopoly is being impaired . . . —the purposes of copyright law may be best effectuated by the imposition of liability upon the beneficiary of that exploitation.

316 F.2d at 307.

35. The so-called “dance hall cases,” *Famous Music Corp. v. Bay State Harness Horse Racing and Breeding Ass’n*, 554 F.2d 1213 (CA1 1977) (racetrack retained infringer to supply music to paying customers); *KECA MUSIC Inc. v. Dingus McGee’s Co.*, 432 F. Supp. 72 (W.D. Mo. 1977) (cocktail lounge hired musicians to supply music to paying customers); *Dreamland Ball Room v. Shapiro, Bernstein & Co.*, 36 F.2d 354 (CA2 1929) (dance hall hired orchestra to supply music to paying customers) are often contrasted with the so-called landlord-tenant cases, in which landlords who leased premises to a direct infringer for a fixed rental and did not participate directly in any infringing activity, were found not to be liable for contributory infringement. *E.g.*, *Deutsch v. Arnold*, 98 F.2d 686 (CA2 1938).

104 S. Ct. at 786 n.18.

36. See *Shapiro, Bernstein & Co. v. H. L. Green Co.*, 316 F.2d 304 (2d Cir. 1963).

amount as rent and, therefore, the rent money is not likely to constitute profits derived from infringement activity.<sup>37</sup>

In contrast to the Copyright Act, the patent law specifically provides for the doctrine of contributory infringement which is codified in Title 35 of the United States Code section 271(c).<sup>38</sup> That section provides:

Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.<sup>39</sup>

In a claim of patent infringement against a contributory infringer, a patent owner asserts the rights to and control over a particular component that is used in conjunction with the patented machine or process.<sup>40</sup> A successful claim results in extension of the patent owner's monopoly over that component.<sup>41</sup> To avoid any unjustified expansion of a given patent monopoly, section 271(d) of the Patent Code provides for the defense of "patent misuse."<sup>42</sup> Patent misuse occurs when a patentee has illegally tried to enlarge the scope of his patent monopoly.<sup>43</sup> In such case, the patentee may be denied recovery on his infringement claim. More specifically, section 271(d) sets forth the particular activities that a patentee may engage in without being subject to the defense of patent misuse.<sup>44</sup> The case of *Dawson Chem-*

37. E. KINTNER & J. LAHR, AN INTELLECTUAL LAW PRIMER 431 (2d ed. 1982) [hereinafter cited as KINTNER & LAHR].

38. 35 U.S.C. § 271(c) (1982). The patent law doctrine of contributory infringement is significant because the Supreme Court in *Sony* relied on this doctrine in rendering its decision. The Court referred to this doctrine as the "staple article of commerce doctrine." 104 S. Ct. at 789.

39. 35 U.S.C. § 271(c) (1982).

40. See 104 S. Ct. at 788.

41. *Id.*

42. 35 U.S.C. § 271 provides:

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

35 U.S.C. § 271(d) (1982).

43. See *id.*

44. *Id.*

*ical Co. v. Rohm and Haas Co.*<sup>45</sup> provides a clear example of the application of these principles.

In *Dawson*, a chemical manufacturer (respondent), who had patented a method of applying a herbicide, brought an action for contributory infringement under 35 U.S.C. § 271(c) against another chemical manufacturer (petitioner), which had instructed farmers to apply the herbicide in accordance with the respondent's patented method. The chemical herbicide itself was an unpatentable article but was incapable of being used without the respondent's application method. Although the farmers were actually using the application method, thereby engaging in direct patent infringement, the petitioners had instructed the farmers to use respondent's method and, therefore, were alleged to be contributory infringers. The petitioners claimed the defense of patent misuse embodied in section 271(d),<sup>46</sup> arguing that the "respondent ha[d] 'tied' the sale of patent rights to the purchase [of the herbicide], an unpatented and indeed unpatentable article."<sup>47</sup> Rejecting this argument, the Court held for respondents and explained the concepts involved in contributory infringement under the patent law. The doctrine of patent contributory infringement embodied in section 271(c) distinguishes between staple and nonstaple articles of commerce. The *Dawson* court defined a "nonstaple" article to be "one that has no commercial use except in connection with [the patentee's] patented invention."<sup>48</sup> Therefore, a nonstaple article is capable only of infringing use in a patented machine or process. The only use that it can be put to is in the way the original patentee had contemplated.<sup>49</sup> The Court explained that the doctrines of contributory infringement and patent misuse are "competing policies" and that sections 271(c) and (d) reflect a "compromise . . . that permits patentees to exercise control over nonstaple articles used in their inventions."<sup>50</sup>

---

45. 448 U.S. 176 (1980).

46. 35 U.S.C. § 271(d) (1982).

47. 448 U.S. at 187.

48. *Id.* at 184.

49. *Id.* "[A] non-staple commodity . . . has no use except through practice of the patented method." *Id.* at 193.

50. *Id.* See also *Morgan Envelope Co. v. Albany Paper Co.*, 152 U.S. 425 (1894), where a manufacturer of a patented toilet paper dispenser sued a manufacturer of toilet papered recording is for the private use of that individual or members of his or her immediate household. (b) COMPULSORY LICENSE of the patentee's dispenser, (i.e., were staple articles of commerce) no contributory infringement had occurred. *Id.* at 433. In contrast, in a broad application of contributory infringement, the Supreme Court, in *Leeds Catlin Co. v. Victor Talking Mach. Co.*, 213 U.S. 325 (1909), held the manufacturer of phonograph discs specially manufactured for use in a patented disc and stylus design liable for contributory infringement even

Each of these areas of copyright and patent law were considered and applied in the *Sony* decision.

## II. THE SONY DECISIONS

### A. *The Lower Court Decisions*

The *Sony* case was commenced in 1976 by Universal Studios and Walt Disney Productions,<sup>51</sup> owners of the copyrights on certain television programs broadcast over the public airwaves, against the Sony Corporation (which manufactures the Betamax), the Sony Corporation of America (which manufactures and markets VTRs), Sony's advertising agency, four Betamax retailers,<sup>52</sup> and one individual Betamax user in the United States District Court for the Central District of California.<sup>53</sup> Universal claimed that individual Betamax users had infringed their copyrights by videotaping their copyrighted works displayed on commercially sponsored television, and that Sony should be held liable as a contributory copyright infringer for its marketing of the Betamax.<sup>54</sup>

Universal sought money damages and an equitable accounting of profits from Sony, in addition to an injunction against the manufacture and marketing of the Betamax. Although Universal had included an individual Betamax consumer as a defendant, they sought no relief against him.<sup>55</sup> The district court decided in favor of Sony and held that noncommercial home "time-shifting" of material

though the disc was not patented. *Id.* at 335. Since it was an integral part of the patented design and necessary for the invention's functioning, the disc was a non-staple article of commerce. After this decision, the Court narrowed the doctrine of contributory infringement and the staple - non-staple test is now as it appears in the *Dawson* case. For a further discussion of contributory infringement in the patent law, see Samuels & Samuels, *Contributory Infringement: Relief for the Patent Owner*, 4 CORP. L. REV. 332 (1981) [hereinafter cited as Samuels & Samuels].

51. The plaintiff-respondents, Universal Studios and Walt Disney Productions, are hereinafter referred to collectively as "Universal."

52. The defendant-petitioners, Sony Corp., Sony Corp. of America, Sony's advertising agency, and the four named Betamax retailers, are hereinafter referred to collectively as "Sony." William Griffiths, the individual Betamax user, was not a petitioner in the Supreme Court.

53. *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429 (C.D. Cal. 1979).

54. *Id.* at 432.

55. *Id.* at 436-37. It has been suggested that the individual Betamax user was included as a defendant for the purpose of establishing the direct infringement necessary to sustain Universal's legal theory of contributory infringement by Sony. See Cole, *Home Videotaping of Copyright Material: Cracks in the 1976 Copyright Act?*, 11 CAP. U.L. REV. 215, 217 nn.19-22 (1982). Griffiths was a client of Universal's law firm and consented to being named a defendant. 480 F. Supp. at 437.

broadcast over the public airwaves was a fair use of copyrighted works and, therefore, did not constitute copyright infringement. The district court further held that even if home use recording were considered copyright infringement, Sony could not be held liable for contributory copyright infringement.<sup>56</sup> On appeal, the district court's decision was reversed by the United States Court of Appeals for the Ninth Circuit, which held that home videorecording did constitute copyright infringement and that Sony was liable for contributory infringement.<sup>57</sup> The circuit court ordered the case remanded to the district court to formulate appropriate relief.<sup>58</sup> The United States Supreme Court granted certiorari<sup>59</sup> and heard oral argument on January 18, 1983. However, the Court required more time for consideration of the case and ordered reargument, which was heard on October 3, 1983.<sup>60</sup> The Court rendered its decision on January 17, 1984, reversing the circuit court's decision and holding in favor of Sony.<sup>61</sup>

#### *B. The Supreme Court's Decision*

At the outset of its opinion, the United States Supreme Court enunciated the central issue of the case: "whether the sale of petitioners' copying equipment to the general public violate[d] any of the rights conferred upon respondents by the Copyright Act."<sup>62</sup> Following a brief discussion of both the general theories presented by the parties and the lower court decisions,<sup>63</sup> the Court summarized its findings. Relying on the district court's factual findings, the Court noted that "time-shifting," the allegedly infringing conduct,<sup>64</sup> neither impaired the commercial value of the copyrighted works nor was likely to produce future harm.<sup>65</sup> More importantly, the Court

---

56. 480 F. Supp. at 432-33.

57. *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963 (9th Cir. 1981).

58. *Id.* at 977.

59. 457 U.S. 1116 (1982).

60. 103 S. Ct. 3568 (1983). It has been suggested that the *Sony* case was put over for reargument in an attempt to spur Congress to enact legislation in response to the issues raised. See Elmer & Honick, *Sony's Victory for Home Taping is Limited in Scope*, *Legal Times*, Jan. 30, 1984, at 13, col. 1.

61. 104 S. Ct. 774 (1984).

62. 104 S. Ct. at 777. The Court further noted that Universal's attempt to impose liability upon Sony, the manufacturers and distributors of copying equipment, was an "unprecedented" theory of liability. *Id.* at 778. The issue of contributory infringement was the primary issue before the Court. *Id.* at 774.

63. *Id.* at 778.

64. *Id.*

65. *Id.*

pointed out that “there is no basis in the Copyright Act upon which respondents can hold petitioners liable for distributing VTR’s to the general public.”<sup>66</sup> The statutory copyright monopoly granted by Congress does not “encompass control over an article of commerce that is not the object of copyright protection.”<sup>67</sup>

After a brief recitation of the specific means which Universal used to exploit their copyrighted works<sup>68</sup> and a description of the capabilities of the Betamax machine,<sup>69</sup> the Court restated the reasoning of the decisions of the lower courts. The Court found that the district court dealt solely with the issue of private home “time-shifting” of television programs broadcast over commercial television networks.<sup>70</sup> The lower court held that the users of the Betamax were making a fair use of the copyrighted works<sup>71</sup> and that Sony was not liable for

66. *Id.*

67. *Id.* At this stage of the opinion, the Court noted that a copyright holder should not be permitted to extend his monopoly over a patented article of commerce. However, later in the opinion, the Court applied the staple article of commerce doctrine, a patent doctrine dealing with patented articles of commerce, to a copyright infringement claim. *Id.* at 788-89. For a further discussion of this point, see *infra* notes 108-17, 203-29 and accompanying text.

68. 104 S. Ct. at 778. Universal may exploit its copyrights “by authorizing theatrical exhibitions, by licensing limited showings on cable and network television, by selling syndication rights for repeated airing on local television stations, and by *marketing programs on pre-recorded videotapes or videodiscs*. *Id.* (emphasis added). It is interesting to note the Court’s recognition of the market for video tapes and videodiscs at this point in the opinion. The dissent pointed out that the majority ignored this market in its consideration of the effect on the potential market. *Id.* at 817. See *infra* note 267 and accompanying text.

69. 104 S. Ct. at 779. The Court noted that the most important capability of the Betamax was “time-shifting,” “the practice of recording a program to view it once at a later time, and thereafter erasing it.” *Id.* This is accomplished in two ways: (1) by a separate tuner which allows recording of other programs while watching a different channel, and (2) by a timer which allows for the recording functions to become operable at a specified time. See *supra* note 9.

70. 104 S. Ct. at 778. The issues of library tapes, transferring tapes to others, public performance of tapes, and taping pay television programs were not raised by the parties or addressed by the district court. 480 F. Supp. at 432-33, 442.

71. 104 S. Ct. at 780. The Supreme Court noted three factors which the district court emphasized: the material is broadcast free to the public at large, the use was noncommercial, and the use enlarged viewer access, thereby advancing the “First Amendment policy of providing the fullest possible access to information through the public airwaves.” 480 F. Supp. at 454, (citing *Columbia Broadcasting Sys., Inc. v. Democratic Nat’l Comm.*, 412 U.S. 94, 102 (1973)).

In addition, the Court made note of the district court’s treatment of the Betamax capability of copying an entire copyrighted program. 104 S. Ct. at 780. The district court held this was a fair use because the activity did not displace the market for the original work. 480 F. Supp. at 454.

contributory infringement because it had no direct involvement with any Betamax user.<sup>72</sup>

The Supreme Court noted that the court of appeals reversed the district court decision as a matter of law.<sup>73</sup> The court of appeals held that home use of the Betamax was not a fair use because it was not a “productive use.”<sup>74</sup> The finding against Betamax users then provided a basis to consider the contributory infringement claim against Sony. On that ground, the court held Sony liable as a contributory infringer and remanded the case to the district court to fashion the appropriate relief.<sup>75</sup>

The Supreme Court’s introductory remarks focused primarily on the extent of the monopoly granted to authors and inventors by the copyright and patent provisions of Article I, Section 8, Clause 8 of the Constitution.<sup>76</sup> The scope of each monopoly granted is a limited one and, as such, must be weighed against the legitimate interest of allowing others access to the work.<sup>77</sup> The Court emphasized the “important public purpose” of limiting the control a copyright holder or patentee may exercise.<sup>78</sup> The granting of the monopoly, under either patent or copyright law, provides the economic incentive for creators to produce; yet, as the Court pointed out, the paramount concern is in providing a benefit to the public either in the form of an invention or a creative work.<sup>79</sup> To ensure that these interests are served, Congress, through the statutory grant of the monopoly, must strike a balance between the creator’s rights in the work and “society’s com-

---

72. 104 S. Ct. at 780. The Court noted “that Sony could not be held liable as a contributory infringer even if the home use of a VTR was considered an infringing use.” *Id.* Although the district court held that time-shifting is a non-infringing fair use, 480 F. Supp. at 442, it is unclear whether this determination was used as a ground to decide the contributory infringement claim.

73. 104 S. Ct. at 781 (citing 659 F.2d 963).

74. 104 S. Ct. at 781 (citing 659 F.2d at 971-72).

75. 104 S. Ct. at 781. The Court of Appeals, Ninth Circuit, held that Sony had knowledge of the infringing uses and that any finding of good faith on the part of Sony would be considered in the apportionment of damages under the tort theory of contributory infringement. 659 F.2d at 975. The court also suggested relief in the form of damages, an injunction, and a royalty scheme. *Id.* at 976.

76. 104 S. Ct. at 782.

77. *Id.*

78. *Id.*

79. *Id.* As part of its analysis on this point, the Court stated, “[i]t is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.” *Id.*

peting interest in the free flow of ideas, information, and commerce.”<sup>80</sup>

Shifting its focus to the copyright area, the Court noted the necessity for repeated revisions of the copyright laws with the advent of new means of reproducing works.<sup>81</sup> Copyright protection is wholly statutory and, thus, the task of fashioning revisions to the copyright laws falls upon Congress.<sup>82</sup> In addition, the Court explained that “[t]he judiciary’s reluctance to expand the protections afforded by the copyright without explicit legislative guidance is a recurring theme.”<sup>83</sup> However, where Congress has been silent with respect to modern technologies, the courts’ treatment of the rights granted must be narrowly construed.<sup>84</sup> The Court stressed that when such ambiguities do arise, courts must interpret the Copyright Act in accordance with its basic purposes (i.e., to benefit the general public).<sup>85</sup>

Following this general recitation of the basic purposes and objectives of the copyright laws, the Court examined the specific means of protecting creative works. Citing section 106 of the Copyright Act, the Court identified five qualified ways in which the copyrightholder

80. *Id.* at 782. The Court noted:

The enactment of copyright legislation by Congress under the terms of the Constitution is not based upon any natural right that the author has in his writings . . . but upon the ground that the welfare of the public will be served and progress of science and useful arts will be promoted by securing to authors for limited periods the exclusive rights to their writings.

In enacting a copyright law Congress must consider . . . two questions: First, how much will the legislation stimulate the producer and so benefit the public, and second, how much will the monopoly granted be detrimental to the public? The granting of such exclusive rights, under the proper terms and conditions, confers a benefit upon the public that outweighs the evils of the temporary monopoly.

*Id.* n.10 (quoting from the Judiciary Committee of the House of Representatives report which accompanied the comprehensive revision of the Copyright Act in 1909, H.R. REP. NO. 2222, 60th Cong., 2d Sess. 7 (1909)).

81. 104 S. Ct. at 783.

82. *Id.* at 783. See *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 661-62 (1834); *Loew’s Inc. v. Columbia Broadcasting Sys.*, 131 F. Supp. 165 (S.D. Cal. 1955), *aff’d per curiam by an equally divided court*, 356 U.S. 43 (1958) (copyright protection is wholly statutory); see also *Teleprompter Corp. v. Columbia Broadcasting Sys.*, 415 U.S. 394 (1974) (Court faced with new technological development with no legislative guidance on the matter held that the importation of distant television signals into a community did not constitute performance); *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390 (1968) (absent legislative guidance, the Court held community cable antenna system’s telecast of copyrighted matter did not constitute public performance).

83. 104 S. Ct. at 783. The Court also emphasized that judicial deference to Congressional pronouncements on the limits of copyright protection is “[s]ound policy” when “major technological innovations alter the market for copyrighted materials.” *Id.*

84. *Id.*

85. *Id.* at 783-84 (citing *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975)).



can use or authorize use of a work.<sup>86</sup> However, these uses are subject to the “fair use” doctrine.<sup>87</sup> In the event a use is not “fair,” but rather is infringing, the Copyright Act provides various avenues for relief.<sup>88</sup> In this context, Universal sought no relief against any individual Betamax user; rather, its claims focused on the Betamax manufacturer, Sony.<sup>89</sup> The Court stated that in order for Universal to prevail, it must prove that: (1) individual Betamax users infringed their copyrights, and (2) Sony should be held liable for contributory infringement.<sup>90</sup>

The Court then turned to the question of Sony’s liability. However, the Court failed to consider whether taping by individual Betamax users constituted direct infringing conduct, but rather focused on whether Sony could be held responsible for the infringing conduct of another. This approach is anomalous because, generally,

86. 104 S. Ct. at 784. *See supra* note 23 for text of 17 U.S.C. § 106 (1982).

87. 17 U.S.C. § 107 (1982). *See supra* notes 24-28 and accompanying text.

88. The Court catalogued five forms of possible relief: an injunction to restrain the infringer; impoundment and destruction of improper reproductions; actual damages, plus any additional profits gained by the infringer; statutory damages; and attorney’s fees. 104 S. Ct. at 784. *See* 17 U.S.C. §§ 502-505 (1982).

89. 104 S. Ct. at 785. The Court pointed out that Universal had no right to raise the claims of other copyright holders whose copyrights may have been violated. *Id.* This point is important because much of the Court’s analysis dealt with whether or not the copyright holders object to the recording, a factor the Court considered in deciding that the Betamax was capable of substantial noninfringing uses. *Id.* at 789. *See infra* notes 122-23 and accompanying text. The use of the Betamax to make an authorized copy of a program was deemed a noninfringing use. *Id.* at 791.

90. 104 S. Ct. at 785. Notably, although the Court stated that Universal was required to prove direct infringement by users of the Betamax, it failed to specifically consider the issue. In its discussion of fair use, *id.* at 795, the Court held that the practice of time-shifting was a fair use, but never considered it in terms of an actual Betamax user. *See infra* note 232 and accompanying text. Moreover, such an analysis with respect to the particular parties of the Sony litigation was not feasible because Universal sought no relief against any individual Betamax user.

In contrast, the dissent addressed which enumerated rights under § 106 had been infringed. In so doing, the dissent stated that two types of use were at issue: “time-shifting” and “library-ing.” 104 S. Ct. at 797; *see supra* notes 9 and 69. The dissent considered these uses in terms of § 106(1) of the Copyright Act, which grants the copyright owner the “right to reproduce the copyrighted work in copies.” 104 S. Ct. at 799 (quoting 17 U.S.C. § 106(1) (1982)).

The right to reproduce “means the right to produce a material object in which the work is duplicated . . . in a fixed form from which it can be ‘perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.’ ” S. REP. NO. 473, 94th Cong., 2d Sess. 61, *reprinted in* 1976 U.S. CODE & AD. NEWS 5659, 5675. The dissent concluded that home video taping infringed upon the copyright owner’s reproduction right, as “the VTR user produces a material object from which the copyrighted work later can be perceived.” 104 S. Ct. at 800. “Unless Congress intended a special exemption for the making of a single copy for personal use, I must conclude that VTR recording is contrary to the exclusive rights granted by § 106(1).” *Id.*

a finding of contributory infringement or vicarious liability is dependent upon a finding of direct infringement.<sup>91</sup> Moreover, the Court did not expressly differentiate between the doctrines of contributory infringement and vicarious liability and, therefore, failed to articulate which doctrine it was applying.<sup>92</sup>

Notwithstanding the absence of a provision relating to vicarious liability or contributory infringement in the Copyright Act,<sup>93</sup> the Court stated that since the doctrine of vicarious liability is applied to many areas of the law, it could be applied in the copyright context.<sup>94</sup> In particular, it relied upon section 271(c) of the Patent Code which provides for the imposition of liability for contributory infringement of a patentee's invention and defines the conditions necessary to impose such liability.<sup>95</sup>

91. 3 NIMMER, *supra* note 22, § 12.04[A], at 43 ("It is always the case that there is no contributory liability if that conduct which is aided by the putative contributory infringer is not itself infringing.").

92. However, in a footnote, the Court indicated that it recognized there is a distinction between the two but further acknowledged its confusion about exactly what the distinctions were. The Court stated:

As the District Court correctly observed, however, "the lines between direct infringement, contributory infringement, and vicarious liability are not clearly drawn . . . ." 480 F. Supp. 457-58. The lack of clarity in this area may, in part, be attributable to the fact that an infringer is not merely one who uses a work without authorization by the copyright owner, but also one who authorizes the use of a copyrighted work without actual authority from the copyright owner.

. . . We also observe, however, that reasoned analysis of [Universal's] unprecedented contributory infringement claim necessarily entails consideration of arguments and case law which may also be forwarded under the other labels, and indeed the parties to a large extent rely upon such arguments and authority in support of their respective positions on the issue of contributory infringement.

104 S. Ct. at 785 n.17.

93. *Id.* at 785.

94. *Id.* "[T]he concept of contributory infringement is merely a species of the broader problem of identifying the circumstances in which it is just to hold one individual accountable for the actions of another." *Id.* However, the dissent noted that the legislative history of § 501(a) of the Copyright Act (which defines when an infringement has occurred) indicates that Congress did intend to include the doctrine of contributory infringement. *Id.* at 811. The dissent adopted the definition of contributory infringement set forth in *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, 443 F.2d 1159 (2d Cir. 1971). 104 S. Ct. at 812; see *supra* note 33 and accompanying text. Further, one commentator has suggested that the use of the phrase "to authorize" in § 106 (enumerating the copyright holder's exclusive rights) was intended to impose vicarious liability on a contributory infringer because the phrase "to authorize" serves as a basis for liability to be imposed on others when they authorize the use of a copyrighted work without authority. See 3 NIMMER, *supra* note 22, § 12.04[A], at 34. "For example, a person who lawfully acquires an authorized copy of a motion picture would be an infringer if he or she engages in the business of renting it to others for the purposes of unauthorized public performance." *Id.* n.3.

95. 104 S. Ct. at 785. 35 U.S.C. § 271 provides:

In considering the specific arguments raised in the context of contributory infringement, the Court addressed Universal's reliance on *Kalem Co. v. Harper Brothers*.<sup>96</sup> The *Kalem* case dealt with the issue of whether a film production company, whose unauthorized film version of a copyrighted book sold for public commercial display, could be held liable for such showings by others. Since the production company had no rights in the copyrighted book, it could not authorize others publicly to perform or use the reproduction. Although the producer did not actually participate in the infringing act (i.e., unauthorized public display), the *Kalem* Court held him liable for contributing to the infringement of the copyright. The Court in *Sony* rejected Universal's argument that just as the producer in *Kalem* had supplied the "means" to bring about infringing conduct, Sony supplies the Betamax as a "means" to infringe the copyright on television programs.<sup>97</sup> In disposing of respondent's "means" argument, the Court emphasized that the producer in *Kalem* actually supplied the work to the infringers, whereas in *Sony*, the copyright holders themselves furnished the alleged infringers with their works.<sup>98</sup>

---

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce, suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

35 U.S.C. § 271 (1982).

96. 222 U.S. 55 (1911).

97. 104 S. Ct. at 786.

98. *Id.* The Court seemed to imply that because Sony was not actually involved with Universal's copyrighted works, it should be released from liability. It is unclear as to whether this was a proper distinction to make. This distinction appeared to address the *degree* of involvement of the alleged contributory infringer, and not contributory infringement as a whole. The Court further distinguished *Kalem* on the basis that the Betamax is capable of "authorized," as well as "unauthorized" uses. The film in *Kalem* had only the particular infringing use. *Id.*

The Court further considered the elements necessary to hold Sony liable for contributory infringement. The Court adopted the lower court's requirement of an "ongoing relationship between the direct infringer and the contributory infringer at the time of the infringing conduct."<sup>99</sup> The "ongoing relationship" exists when the contributory infringer is "in a position to control the use of copyrighted works by others and had authorized the use without permission from the copyright owner."<sup>100</sup> The Court, accepting the district court's factual findings, found the only connection between the alleged infringers (i.e., Betamax users) and Sony was at the point of sale of the machine. Therefore, Sony could not be held liable for the infringing conduct of individual Betamax users because of its lack of involvement with and control over these users.<sup>101</sup>

Although the Court discussed Sony's liability in terms of "contributory infringement,"<sup>102</sup> it actually applied vicarious liability principles.<sup>103</sup> The Court's discussion to this stage of the opinion neglected to consider the element of knowledge of the infringing conduct, a prerequisite to finding contributory infringement.<sup>104</sup> Since the Court held that Sony could not be found liable on the above stated vicarious liability theories, it further considered whether Sony was liable for *copyright* contributory infringement based on "constructive knowledge" of the infringing conduct.<sup>105</sup> However, despite its consideration of the element of knowledge, the Court continued to use the terms "contributory infringement" and "vicarious liability" inter-

99. *Id.*

100. *Id.* The Court distinguished the "dance hall" cases from the "landlord-tenant" cases. *Id.* n.18; see *supra* notes 34-37 and accompanying text.

101. 104 S. Ct. at 786 (footnote omitted). In opposition to the Court's contention with respect to Sony's lack of control, the dissenting opinion, relying on the "dance hall" cases, explained that direct control is not necessary to a finding of contributory liability. *Id.* at 812. However, the dissent failed to recognize that the "dance hall" cases do not require that the alleged contributory infringer have the *right* to supervise in order to hold him liable. This is an important point, as Sony does not have the *right* to supervise the Betamax user's activity.

102. *Id.* at 786.

103. A "means" analysis and "ongoing relationship" standard are tests used to determine vicarious liability, and may be distinguished from contributory infringement on the ground that knowledge of the infringing conduct is not required for vicarious liability. See *supra* notes 33-37 and accompanying text. The Court's reliance on the "dance hall" and "landlord-tenant" cases, 104 S. Ct. at 786 n.18, exemplifies its use of the vicarious liability doctrine, despite the failure to label it as such.

104. *Gershwin Publishing Corp. v. Columbia Artist Management, Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971).

105. 104 S. Ct. at 787. The district court held that Sony did not have constructive knowledge of the infringing uses based on the fact of a warning in the instruction manuals of the Betamax. 480 F. Supp. at 436.

changeably. The Court expressly stated that “[t]here is no precedent in the law of copyright for the imposition of vicarious liability on such a theory [i.e., constructive knowledge].”<sup>106</sup>

The Court failed to find support for such a theory in the law of copyright and considered the question under patent law.<sup>107</sup> The Patent Code contains provisions for both direct infringement and contributory infringement of a patentee’s invention.<sup>108</sup> The Court pointed out that for a party to be held liable as a contributory infringer of a patent, that party must sell a “component” with knowledge that such part is “especially made for use in connection with a particular patent.”<sup>109</sup> On the other hand, if the component part is fit for use in connection with another patent, the item is a “‘staple article or commodity of commerce suitable for substantial noninfringing use.’”<sup>110</sup>

In holding that the sale of a component is contributory infringement, a court, in effect, recognizes that the “disputed article is within the monopoly granted to the patentee.”<sup>111</sup> Such a holding affects the public access to the “article of commerce” or component and effectively enlarges the scope of the patentee’s monopoly over the invention and any related components or parts. If a monopoly were granted over an article which has uses other than those of the

106. 104 S. Ct. at 787. The dissenting opinion disagreed with the Court’s analysis. The dissent suggested that constructive knowledge of an infringing use is enough. *Id.* at 812 (citing *Gershwin*, 443 F.2d 1159 (2d Cir. 1971)). The dissent further pointed out that it is not necessary for an infringer to be aware that the activity violates the copyright laws. 104 S. Ct. at 813. In support of this proposition, the dissent looked to § 504(c)(2) of the Copyright Act. Section 504(c)(2), while allowing for a reduction in statutory damages when an infringer is able to prove he “was not aware and had no reason to believe that his or her acts constituted an infringement of copyright,” creates no general exemption for those who believe their infringing conduct is legal. 104 S. Ct. at 813 (quoting § 504(c)(2) of the Copyright Act).

107. 104 S. Ct. at 787. The Court deemed it “appropriate to refer [to patent law] because of the historic kinship between patent law and copyright law.” *Id.* (footnote omitted). The Court cited several cases in support of this position, *id.* n.19. In each of the cases cited, patent concepts were used by *analogy* in copyright controversies. This was not the case in the *Sony* Court’s decision. Although the Court stated that it was applying patent law by analogy, *id.* at 787, it appears that a patent law doctrine was imported wholesale into their copyright analysis, and served as a basis for the decision. *See infra* notes 203-04 and accompanying text. It should be noted that the Court cited *Bobbs-Merrill v. Straus*, 210 U.S. 339, 345 (1908) in support of its application of patent law. 104 S. Ct. 778 n.19. However, the *Bobbs-Merrill* Court expressly refused to apply patent law in that copyright case. *See infra* notes 199-202.

108. *See* 35 U.S.C. § 271(a)-(d) (1982).

109. 104 S. Ct. at 788.

110. *Id.* (quoting 35 U.S.C. § 271(c) (1982)). The Patent Code holds the seller of a *part* of a patented invention liable for contributory infringement. 35 U.S.C. § 271(c) (1982). *See supra* notes 38-50 and accompanying text for a discussion of patent contributory infringement.

111. 104 S. Ct. at 788 (footnote omitted).

patented invention or process, the flow of commerce would be impeded.<sup>112</sup> Consequently, the Court paid particular attention to the extent a patentee may control the subject of the patent and the effect of such control on commerce. The Court emphasized the “critical importance of not allowing the patentee to extend the monopoly beyond the limits of his specific grant.”<sup>113</sup>

The Court then acknowledged the “substantial differences” between patent and copyright, but nonetheless deemed it appropriate to apply patent law to the copyright claims in issue. The Court expressed the need to examine external factors when a claim of contributory infringement is raised.<sup>114</sup> To protect the monopoly granted, a court may be required to examine the device or product which makes the duplication possible.<sup>115</sup> The Court then made the following statement: “The *staple article of commerce doctrine* must strike a balance between the *copyright holder’s* legitimate demand for effective - not merely symbolic - protection of the statutory monopoly, and the rights of others freely to engage in substantially unrelated areas of commerce.”<sup>116</sup> Accordingly, the Court stated that the sale of copying equipment capable of legitimate uses is not contributory infringement because such equipment is “capable of substantial non-infringing uses.”<sup>117</sup>

Following its general discussion of patent law, the Court applied the staple article of commerce doctrine of section 271(c) to the various uses of the Betamax and considered whether such uses constituted copyright contributory infringement. The Supreme Court was unclear as to whether it was applying copyright contributory infringement, patent contributory infringement, or a broad vicarious

112. *Id.*

113. *Id.* “[A] sale of an article which though adapted to an infringing use is also adapted to other and lawful uses, is not enough to make the seller a contributory infringer. Such a rule would block the wheels of commerce . . . .” *Id.* (quoting *Henry v. A. B. Dick Co.*, 224 U.S. 1, 48 (1912), *overruled on other grounds*, *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 517 (1917)).

114. 104 S. Ct. at 788-89.

115. *Id.* at 789. This point is made in the context of both patent and copyright law; however, the Court implicitly referred to the Betamax and its capability of duplicating a work which a copyright holder has a monopoly over.

116. *Id.* (emphasis added). The Court’s phraseology of “staple article of commerce doctrine” seems to be a new label for 35 U.S.C. § 271(c). This statement clearly demonstrates the Court’s confusion over and intermingling of potential patent and copyright principles.

117. 104 S. Ct. at 789. The Court’s reference to “contributory infringement” at this juncture is somewhat unclear as to whether it refers to copyright contributory infringement or patent contributory infringement. The reason for this ambiguity is the Court’s infusion of patent law into its copyright analysis. Although it appears that the Court is referring to copyright contributory infringement, their use of patent law language belies this impression.

liability theory. This approach has created confusion with respect to a general analysis of a copyright contributory infringement claim. Nevertheless, its analysis of the staple article of commerce doctrine fell under its general discussion of liability based on constructive knowledge. This application of the staple article of commerce doctrine served as a basis for the Court's decision. Thus, the question was framed in terms of "whether the Betamax [was] capable of commercially significant noninfringing uses."<sup>118</sup> The Court summarized its holding that private, noncommercial time-shifting in the home met this standard because certain taping was authorized by copyrightholders, and even when not authorized, such activity constituted a fair use.<sup>119</sup>

Under the question of whether the Betamax time-shifting capability was a noninfringing use, the Court considered separately the issues of authorized and unauthorized time-shifting. In the case of authorized time-shifting, the Court again relied heavily on the district court's findings of fact that a large percentage of the programs recorded off-the-air were authorized or permitted by the copyrightholder, and that the total viewing audience was enlarged by time-shifting.<sup>120</sup> The Court explained that the argument that other copyrightholders do allow such recording would not be persuasive in an action for direct infringement because the consequences of a holding against the direct infringer affect only that particular infringer.<sup>121</sup> However, as the Court pointed out, a holding of contribu-

---

118. *Id.* at 789. Although the dissent adopted the staple article of commerce doctrine, it utilized an analysis which varied from that employed by the majority opinion. The dissent emphasized what the majority did not: that a *significant* portion of the product's use must be noninfringing in order to absolve a defendant from liability for contributory infringement, *id.* at 814, whereas the majority used the lower standard of "merely . . . substantial" non-infringing use in rendering its decision. *Id.* at 789. The dissent construed this to mean that "[i]f virtually all of the product's use, however, is to infringe, contributory liability may be imposed; if no one would buy the product for noninfringing purposes alone, it is clear that the manufacturer is purposely profiting from the infringement, and that liability is appropriately imposed." *Id.* at 814. The dissent concluded that the key issue was the amount of VTR use that was infringing. *Id.* As this is a question of fact, the dissent stated that the case should have been remanded to the district court for further consideration. *Id.* at 815.

The dissent's position is supported by the fact that some VTRs sold by Sony have all of the Betamax capabilities, except that of recording off-the-air. *Id.* at 797 n.1. Therefore, it would appear that the consumer would choose a Betamax over another VTR model only if the Betamax is not to be used primarily for off-the-air taping and the librarying of such tapes.

119. *Id.* at 789.

120. *Id.* at 789-90. One published program guide which listed whether program taping was authorized or not reported that 58% of the copyrightholders authorized the taping. *See id.* at 790.

121. *Id.* at 791. Notably, direct infringement was not at issue in the *Sony* case.

tory infringement against Sony (and hence a grant of injunctive relief) would have an effect on the interests of both infringing and noninfringing Betamax users and consenting and non-consenting copyright holders.<sup>122</sup> The Court concluded that a significant portion of the television programming industry permitted the practice of time-shifting and, therefore, the Betamax was capable of substantial noninfringing uses.<sup>123</sup>

Further, the Court addressed the issue of whether unauthorized time-shifting was a commercially significant noninfringing use, and again framed the issue in the context of the patent law staple article of commerce doctrine. Within this discussion, the Court applied section 107 of the Copyright Act.<sup>124</sup> Although a party may not make use of a work without authorization from the copyright holder, such use will not be an infringement if it is a "fair use."<sup>125</sup> The Court analyzed the contributory infringement claims in Sony in terms of the four factor test established in section 107.<sup>126</sup>

The first factor is "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes."<sup>127</sup> The Court found that because the use was non-commercial,<sup>128</sup> it was presumptively fair.<sup>129</sup> The Court only mentioned, without analysis, the second factor, "the nature of the

122. *Id.* at 791. The dissent stated that the majority's reasoning on this point "simply confuses the question of liability with the difficulty of fashioning an appropriate remedy." *Id.* at 815.

123. *Id.* at 791.

124. 17 U.S.C. § 107 (1982).

125. As Professor Alan Latman has explained, § 107 of the Copyright Act has three parts: "(1) a conclusory statement that 'fair use . . . is not an infringement of copyright'; (2) an illustrative list of the *purposes* of uses which may be included within the exemption; and (3) an illustrative list of the *factors* or criteria to be used in making the pertinent determination." LATMAN, *supra* note 15, at 204 (emphasis in original).

The Court regarded the doctrine of fair use as an "equitable rule of reason." 104 S. Ct. at 792 (citing H.R. REP. NO. 476, 94th Cong., 2d Sess. 66, reprinted in 1976 U.S. CODE CONG. & AD. NEWS 5659, 5680).

126. 104 S. Ct. at 792-95.

127. 17 U.S.C. § 107(1) (1982).

128. 104 S. Ct. at 792. The Court followed the district court's characterization of nonprofit use. 480 F. Supp. at 453.

129. 104 S. Ct. at 792. The dissent criticized the Court's analysis of the first factor of section 107. The dissent argued that the purpose of this section is to encourage secondary users of copyrighted works to engage in activities which serve to benefit others. *Id.* at 816. The dissent noted one commentator's observation that "time-shifting is non-commercial in the same sense that stealing jewelry and wearing it—instead of reselling it—is non-commercial." *Id.* at 816-17 (citing *Home Recording of Copyrighted Works: Hearing before Subcomm. on Courts, Civil Liberties and the Administration of Justice of the House Comm. on the Judiciary*, 97th Cong., 2d Sess. 1250 (1982) (memorandum of Prof. Laurence H. Tribe)). The majority opinion also addressed this proposed analogy and found it unconvincing. The Court explained:



copyrighted work.”<sup>130</sup> The third factor is “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.”<sup>131</sup> The Court noted that normally when an entire work is reproduced, fair use will not be found.<sup>132</sup> Although the Court did find that entire copyrighted works were being copied, it determined that this factor would not be given its ordinary effect because the programs had been televised free of charge.<sup>133</sup> Finally, the Court considered the fourth factor, “the effect of the use upon the potential market for or value of the copyrighted work.”<sup>134</sup> This factor received more extensive treatment from the Court than the other factors.

Initially, the Court discussed the copyright law purpose of providing incentive to the copyright holder to create original works of au-

---

Theft of a particular item of personal property of course may have commercial significance, for the thief deprives the owner of his right to sell that particular item to any individual. Timeshifting does not even remotely entail comparable consequences to the copyright owner. Moreover, the timeshifter no more steals the program by watching it once than does the live viewer, and the live viewer is no more likely to buy pre-recorded videotapes than is the timeshifter.

104 S. Ct. at 793 n.33.

130. 104 S. Ct. at 792 (citing 17 U.S.C. § 107(2) (1982)). However, as the dissent pointed out, the nature of most of the programs recorded by Betamax users is entertainment. 104 S. Ct. at 817. Generally, informational works are granted less copyright protection than are creative works of entertainment. This is so because informational works are usually the product of diligence, rather than creativity. Further, the doctrine of fair use is more readily recognized where the use is for historical, educational, scientific or legal purposes. See *Martin Luther King, Jr. Center for Social Change, Inc. v. American Heritage Prods., Inc.*, 508 F. Supp. 854 (N.D. Ga. 1981); *Public Affairs Assoc., Inc. v. Pickover*, 268 F. Supp. 444 (D.D.C. 1967); *Eisenschiml v. Fawcett Publications, Inc.*, 246 F.2d 598 (7th Cir.), *cert. denied*, 355 U.S. 907 (1957). One court has held that even where the overall function of the copyrighted work was entertainment, the reproduction of the work did not deserve fair use protection because it had the same function as the original work and was, therefore, likely to harm the potential market for the copyrighted work. See *Metro-Goldwyn-Mayer, Inc. v. Showcase Atlanta Co-op Prods., Inc.*, 479 F. Supp. 351 (N.D. Ga. 1979). However, this case seems more relevant to the issue of harm. See 17 U.S.C. § 107(4) (1982).

131. 17 U.S.C. § 107(3) (1982).

132. 104 S. Ct. at 792-93.

133. *Id.* But cf. *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303 (2d Cir. 1966) (verbatim copying of material set down by another cannot satisfy the fair use standard), *cert. denied*, 385 U.S. 1009 (1967); *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978) (when copying is virtually complete or almost verbatim, the defense of fair use cannot be applied), *cert. denied*, 439 U.S. 1132 (1979). The fact that a copyright owner consents to his work being broadcast over the “public airwaves” does not diminish the rights granted him under § 106 of the Copyright Act. See, e.g., *Encyclopaedia Britannica Educ. Corp. v. Crooks*, 542 F. Supp. 1156, 1180 (W.D.N.Y. 1982).

The dissent stated that fair use applies to the copying of small portions of original works for productive purposes. Fair use is not intended to protect complete duplication for nonproductive purposes. 104 S. Ct. at 817.

134. 104 S. Ct. at 793 (quoting 17 U.S.C. § 107 (1982)).

thorship.<sup>135</sup> In a commercial copying context, the economic incentive is diminished if a party is permitted to gain from the use of a copyrighted work without authorization from the author, particularly if the value of or market for the copyrighted work is impaired by such use. The Court noted that these problems may arise even if noncommercial copying occurs.<sup>136</sup> Conversely, when the use, whether it be commercial or noncommercial, does not do damage to the copyrighted work, the incentive purpose remains intact.<sup>137</sup>

The Court stated that in order to succeed on a claim of noncommercial unlawful copying of copyrighted work, the copyright holder must prove actual harm to the copyright or the possibility of harm if such use persists.<sup>138</sup> In accordance with the district court's factual findings, the Court held that Universal failed to carry its burden of proof of actual or potential harm to the copyrighted works.<sup>139</sup>

135. 104 S. Ct. at 793.

136. *Id.*

137. *Id.* & n.34 (citing LATMAN, FAIR USE OF COPYRIGHTED WORKS (1958), reprinted as Study No. 14 in Senate Judiciary Committee, Copyright Law Revision, Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights, 86th Cong., 2d Sess. 30 (1960): "In certain situations, the copyright owner suffers no substantial harm from the use of the work . . . Here again, is the partial marriage between the doctrine of fair use and the legal maxim *de minimus non curat lex*"). In effect, the Court is drawing a direct correlation between the incentive purposes, and the market for or value of the copyrighted work. The Court's particular emphasis on this factor is discussed more fully in an analysis of the Court's fair use application, *infra* notes 257-67 and accompanying text.

138. 104 S. Ct. at 793. "What is necessary is a showing by a preponderance of the evidence that *some* meaningful likelihood of future harm exists . . . But if it is for a noncommercial purpose, the likelihood must be demonstrated." *Id.* (emphasis in original).

139. *Id.* at 794, 795. The Court quoted extensively from portions of the district court opinion regarding the issue of potential harm to the copyrighted material. The thrust of the district court's analysis was that future harm was too speculative, and the benefits of the machine (i.e., increased viewing audience) too great, to impose liability on Sony.

Plaintiffs' experts admitted at several points in the trial that the time-shifting without librarying would result in "not a great deal of harm." Plaintiffs' greatest concern about time-shifting is with "a point of important philosophy that transcends even commercial judgment." They fear that with any Betamax usage, "invisible boundaries" are passed: "the copyright owner has lost control over his program."

*Id.* at 793 (quoting 480 F. Supp. at 467).

In the district court, the respondents had argued that due to time-shifting practices, fewer people would watch the copyrighted works when they were re-run and, therefore, revenues from advertisers would decline. 480 F. Supp. at 466. The Supreme Court rejected this argument and explained that in current market practices, advertising revenues generated for re-runs are based on the number of viewers in the original audience. 104 S. Ct. at 794. The Court further noted that the technology employed by television rating companies does measure Betamax use as part of the live audience. *Id.* at 794 nn.36-38.

Jack Golodner, an AFL-CIO executive who represents television and film performers and technicians, has remarked: "Take *The Wizard of Oz*, which is shown every year on television. If 40 to 50 million people have taped it, what sponsor would want to buy time on another broadcast?" Stengel, "Decision: Tape It to the Max," *Time*, Jan. 30, 1984, at 67. However,

In addition, the Court considered its recent decision which upheld the public interest in increased access to television broadcasting.<sup>140</sup> Applying an “equitable rule of reason,” the Court weighed all factors and concluded that “home time-shifting is fair use.”<sup>141</sup> In so holding, the Court expressly rejected the court of appeals ruling that home time-shifting is not a fair use because it is not a “productive use.”<sup>142</sup>

---

Professor Nimmer has explained that, generally, the networks are not paid in proportion to the size of the viewer audience. Usually, the copyright holder receives a pre-determined fixed amount. 3 NIMMER, *supra* note 22, § 13.05[F], at 100. Therefore, there is no likelihood of a reduction in advertising revenues to the copyright holder for the broadcast of re-runs.

However, there are two new devices on the market, which can be attached to VTRs, that automatically eliminate commercials with no viewer participation necessary (i.e., the pause control need not be activated by the viewer). These devices are *The Killer* and *The Editor 100 Series*. However, no VTRs currently on the market come equipped with these devices. See Note, *VCR Home Recording*, *supra* note 3, at 817 nn.188, 193 (citing *Now You Can Edit Ads From Video Tape Recordings*, Consumer Rep., Feb. 1981, at 65, and Keppler, *No More TV Commercials?*, High Fidelity, June 18, 1981, at A10). Had the use of a VTR with an automatic commercial erasing capability been at issue in the *Sony* case, perhaps the Court's conclusion as to potential harm would have been different.

The dissent disagreed with the Court's analysis of potential harm and found that time shifting does threaten the copyright holder with the likelihood of future harm. 104 S. Ct. at 817. The dissent found potential harm in that the value of the respondent's copyrights would increase if they were compensated for the copies that were used by people who would want to watch television shows at times other than when they were broadcast. *Id.* at 817-18. Instead, the benefits of this market (people who time-shift to be able to view shows at a later time) would go to Sony through Betamax sales. *Id.* at 817. The dissent concluded that the Court allowed the lack of pragmatic possible remedies to decide the issue of liability. *Id.* at 818. However, the dissent failed to address the issue of who this market really belongs to. It may be argued that this market belongs to Sony, as Sony, not Universal, developed the Betamax. Therefore, it seems inequitable to suggest that Universal should benefit from Sony's technological development.

140. 104 S. Ct. at 795 (citing *Community Television of S. Cal. v. Gottfried*, 459 U.S. 498, 508 n.12 (1983)).

141. 104 S. Ct. at 795.

142. *Id.* In a footnote, the Court noted that the court of appeal's distinction of “productive” and “nonproductive” uses “cannot be wholly determinative” of whether a use is fair or not. The Court stressed the Congressional intent to balance all interests, rather than to focus on one factor. 104 S. Ct. at 795 n.40.

However, the dissent adopted the “productive use” analysis in finding that time-shifting was not a fair use. *Id.* at 807. In addition to considering the factors to be used in determining fair use, the dissent also considered the purpose of the use. *Id.* at 808. The dissent made the distinction between the “ordinary user,” whose decision to forego the use of a copyrighted work only deprives that individual user of the work, and the scholar, whose decision to forego the use of copyrighted works negatively affects his own work *as well as* depriving the public of his contribution to knowledge. *Id.* at 807.

The dissent offered section 107 in support of this distinction. *Id.* The illustrative fair use purposes set forth in section 107 are purposes “such as criticism, comment, news reporting, teaching, (including multiple copies for classroom use), scholarship, or research.” 17 U.S.C. § 107 (1982). The dissent stated that each of these uses, although not exclusive, reflects the common theme of a productive use which results “in some added benefit to the public beyond

In conclusion, the Court summarized its findings on two grounds: (1) a significant portion of the copyright holders of television programs would not object to home time-shifting; and (2) the "likelihood of nonminimal harm to the potential market for, or the value of" the copyrighted works was not proved.<sup>143</sup> Immediately thereafter, the Court stated "[t]he Betamax is, therefore, capable of substantial noninfringing uses."<sup>144</sup> As such, the Court held that Sony was not liable for contributory infringement.<sup>145</sup> The Court concluded its opinion by commenting that nowhere does the Copyright Act prohibit the recording of television programs by the general public, or the sale of equipment which makes such copying possible.<sup>146</sup>

### III. COPYRIGHT v. PATENT PROTECTION

The *Sony* Court applied, "by analogy," the patent law doctrine of contributory infringement. Arguably, this application has expanded the copyright monopoly to that provided by the patent monopoly. An exposition of the basic differences between copyrights and patents and the differing degrees of protection provided for both will allow for a better understanding of the possible inappropriateness of the *Sony* Court's application of patent law principles to a copyright case.

---

that produced by the first author's work." 104 S. Ct. at 807. For cases which support this theory see, e.g., *Marvin Worth Prods. v. Superior Films Corp.*, 319 F. Supp. 1269 (S.D.N.Y. 1970); *Rohauer v. Killiam Shows, Inc.*, 379 F. Supp. 723 (S.D.N.Y. 1974), *rev'd on other grounds*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977); *Robert Stigwood Group Ltd. v. O'Reilly*, 346 F. Supp. 376 (D.C. Conn. 1972), *rev'd on other grounds*, 530 F.2d 1096 (2d Cir.), *cert. denied*, 429 U.S. 848 (1976). See also 3 NIMMER, *supra* note 22, § 13.05[B], at 67 (discussing the "functional test": "If the defendant's work, although containing substantially similar material, performs a different function than that of the plaintiff's, the defense of fair use may be invoked.") (footnote omitted). However, the dissent did point out that productive use is not always considered fair use; the balancing factors of section 107 must also be taken into consideration. 104 S. Ct. at 808. From this analysis, the dissent determined that VTR recording created no public benefit as intended by the drafters of section 107 in determining fair use, and that home VTR use was an ordinary rather than a productive use. *Id.* The dissent concluded "[t]here is then no need whatsoever to provide the ordinary user with a fair use subsidy at the author's expense." *Id.* See also Nimmer, *Copyright Liability for Audio Home Recording: Dispelling the Betamax Myth*, 68 VA. L. REV. 1505 (1982) (discussing why off-the-air taping for private use should not be deemed fair use).

One commentator has argued that the very distinction between productive uses and entertainment uses suggests that entertainment be viewed as less deserving of public access. See Comment, *The Home Videotaping Controversy: Fair Use or Fair Game?*, 49 BROOKLYN L. REV. 363 (1983).

143. 104 S. Ct. at 796.

144. *Id.*

145. *Id.*

146. *Id.*

The Supreme Court has acknowledged that the same purpose underlies both the patent and copyright laws.<sup>147</sup> The Court has stated that “[t]he copyright law, like the patent statutes, makes reward to the owner a secondary consideration” and that “the primary object in conferring the monopoly lie[s] in the general benefits derived by the public from the labors of authors.”<sup>148</sup> Although these sections strive for similar goals, the specific provisions differ greatly with respect to the monopolies granted. The differences between patent and copyright protection may be best understood by first examining copyright law and patent law separately and then contrasting the two.

Copyrightholders are granted limited “exclusive rights” to reproduce their works, to develop derivative works and to “sell, rent, lease, or lend [them].”<sup>149</sup> The copyright laws protect a variety of artistic works, including those enumerated in section 102 of the Copyright Act: “literary works; musical works, including any accompanying words; dramatic works, including any accompanying music; pantomines and choreographic works; pictorial, graphic and sculptural works; motion pictures and other audiovisual works; and sound recordings.”<sup>150</sup> This listing is illustrative and is not intended to be exclusive.<sup>151</sup> In the case of works prepared by individual authors, this protection endures for the duration of the author’s life plus 50

---

147. The first national patent act was passed on April 10, 1790, and the first copyright act was passed on May 31, 1790. See Hauhart, *The Origin and Development of the British and American Patent and Copyright Laws*, 5 WHITTIER L. REV. 539, 552 (1983) (citing Patents Act, ch. 7, 1 Stat. 109 (1790); Copyright Act, ch. 15, 1 Stat. 124 (1790)) [hereinafter cited as Hauhart].

148. *United States v. Loew’s Inc.*, 371 U.S. 38, 46-47 (1962) (quoting *United States v. Paramount Pictures Inc.*, 334 U.S. 131, 158 (1948)). The Supreme Court has noted that the “economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and useful Arts.’” *Mazer v. Stein*, 347 U.S. 201, 219 (1954). This formula yields the consequent result that a wider range of information and ideas are presented and made available to the public. However, this statement presupposes that the copyright laws actually do operate to advance the above stated policies. Some have argued to the contrary. See, e.g., Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 HARV. L. REV. 281 (1970); H. BALL, *LAW OF COPYRIGHT AND LITERARY PROPERTY* § 7 (1944).

149. Chudacoff, *Conflicting Options Involved in the Exploitation and Protection of Invention*, 3 NORTHROP U. L.J. OF AEROSPACE - ENERGY AND THE ENV’T 41, 47 (1981) [hereinafter cited as Chudacoff].

150. 17 U.S.C. § 102(a) (1982).

151. *Id.* § 101. See H.R. REP. NO. 1476, 94th Cong., 2d Sess. 53 (1976).

years.<sup>152</sup> A published work should have a notice of copyright printed on it if it is to be protected by the Copyright Act.<sup>153</sup> However, under certain circumstances provided by the Act, an omission of a notice of copyright will not invalidate copyright protection.<sup>154</sup>

152. 17 U.S.C. § 302(a) (1982). However, whenever a work is prepared by two or more authors, copyright protection endures for the life of the last surviving author plus fifty years, *id.* § 302(b), and in the case of anonymous works, pseudonymous works, and works made for hire, copyright protection “endures for a term of seventy-five years from the year of its first publication, or a term of one hundred years from the year of its creation, whichever expires first.” *Id.* § 302(c).

153. A valid copyright notice requires the following, as provided by § 401 of the Copyright Act:

(a) General Requirement—Whenever a work protected under this title is published in the United States or elsewhere by authority of the copyright owner, a notice of copyright as provided by this section shall be placed on all publicly distributed copies from which the work can be visually perceived, either directly or with the aid of a machine or device.

(b) Form of Notice—The notice appearing on the copies shall consist of the following three elements:

(1) the symbol © (the letter C in a circle, or the word “Copyright”, or the abbreviation “Copr.”; and

(2) the year of first publication of the work; in the case of compilations or derivative works incorporating previously published material, the year date of first publication of the compilation or derivative work is sufficient. The year date may be omitted where a pictorial, graphic, or sculptural work . . . is reproduced in or on greeting cards, postcards, stationary, jewelry, dolls, toys, or any useful articles; and

(3) the name of the owner of copyright in the work, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner.

(c) Position of Notice—The notice shall be affixed to the copies in such manner and location as to give reasonable notice of the claim of copyright. The Register of Copyrights shall prescribe by regulation, as examples, specific methods of affixation and positions of the notice on various types of works that will satisfy this requirement, but these specifications shall not be considered exhaustive.

17 U.S.C. § 401 (1982).

Section 407(a) also provides: “A creator must deliver two complete copies of the work, with a copyright notice, to the Library of Congress within three months after the first date of publication.” 17 U.S.C. § 407(a) (1982).

154. Section 405 of the Copyright Act provides in pertinent part:

(a) Effect of Omission on Copyright.—The omission of the copyright notice prescribed by sections 401 through 403 from copies or phonorecords publicly distributed by authority of the copyright owner does not invalidate the copyright in a work if—

(1) the notice has been omitted from no more than a relatively small number of copies or phonorecords distributed to the public; or

(2) registration for the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies or phonorecords that are distributed to the public in the United States after the omission has been discovered; or

(3) the notice has been omitted in violation of an express requirement in writing that, as a condition of the copyright owner's authorization of the public distribution of copies or phonorecords, they bear the prescribed notice.

17 U.S.C. § 405 (1982).

To qualify for copyright protection, the work need only be original and must be “fixed in any tangible medium of expression.”<sup>155</sup> The originality standard requires that the expression of the idea must be created independently.<sup>156</sup> Thus, “copyright prohibits only the actual *copying* of a practical work.”<sup>157</sup> However, unauthorized copying of a creator’s work may not be copyright infringement if the use is a fair use.<sup>158</sup> The copyright law does not provide statutory protection for “ideas, procedures, processes, systems, methods of operation, concepts, principles, or discoveries, regardless of the form in which they are described, explained, illustrated, or embodied.”<sup>159</sup>

A patent also confers a limited monopoly on the patentee.<sup>160</sup> The patent law affords the patentee the “exclusive rights during the life of the patent to make, use, and sell [an] invention.”<sup>161</sup> A patentee can grant a license to others to practice his or her exclusive rights and collect a fee in doing so.<sup>162</sup> Under the patent law, “new designs, processes, tools, products, machines, or substances”<sup>163</sup> are eligible for patent protection.<sup>164</sup> The law provides for two types of patents: design patents and utility patents.<sup>165</sup> Utility patents protect “any new, useful, and unobvious ‘process, machine, manufacture, or composi-

155. *Id.* § 102(a).

156. Chudacoff, *supra* note 149, at 47.

157. Stroup, *A Practical Guide to the Protection of Artists Through Copyright, Trade Secret, Patent, and Trademark Law*, 3 COMM/ENT L.J. 189, 205 (1980-81) (emphasis in original) (citing *Sid & Marty Krofft Television Productions, Inc. v. McDonald’s Corp.*, 562 F.2d 1157, 1164 (9th Cir. 1977) and 3 NIMMER, *supra* note 22, § 13.01[B] (1980)) [hereinafter cited as Stroup].

158. 17 U.S.C. § 107 (1982). See *supra* notes 25-28 and accompanying text for a general discussion of the fair use doctrine.

159. Chudacoff, *supra* note 149, at 47.

160.

[A] patent is an agreement between an inventor and the public, represented by the federal government: in return for a full public disclosure of the invention the inventor is granted the right for a fixed period of time to exclude others from making, using, or selling the defined invention in the United States. It is a limited monopoly, designed not primarily to reward the inventor (this may or may not follow), but to encourage a public disclosure of inventions so that after the monopoly expires, the public is free to take unrestricted advantage of the invention.

KINTNER & LAHR, *supra* note 37, at 7, 11.

161. Stroup, *supra* note 157, at 213 (citing 35 U.S.C. §§ 154, 271 and D. CHISUM, PATENTS (1980)).

162. Stroup, *supra* note 157, at 213.

163. *Id.* at 212.

164. “[A]ny . . . process, machine, manufacture, or composition of matter, or any . . . improvement thereof” which is new, useful, nonobvious, and properly disclosed qualifies for patent protection.” Samuels & Samuels, *supra* note 50, at 333 (citing 35 U.S.C. §§ 101, 102, 103 & 112 (1976)).

165. Stroup, *supra* note 157, at 213.

tion of matter' or any new, useful, and unobvious improvement in those areas"<sup>166</sup> while "[d]esign patents are available for any new, original, and unobvious ornamental design for a manufactured article."<sup>167</sup> To qualify for utility patent protection, the patentee must apply "within one year from the date the invention is first publicly issued or sold."<sup>168</sup> With design patents, such application must be made within six months.<sup>169</sup> To be patentable, the qualifying subject matter must be novel, useful, and nonobvious.<sup>170</sup>

The period of patent protection depends on the fee paid and can last on a design patent either 3.5 years, 7 years or 14 years<sup>171</sup> and on utility patents for a period of 17 years.<sup>172</sup> Patents may not be renewed.<sup>173</sup> An inventor seeking patent protection must apply to the United States Patent and Trademark Office.<sup>174</sup>

One commentator has suggested that a patent does not grant the creator a monopoly. This is so because the granting of a patent to a patentee does not prejudice the public by completely depriving the community of the invention which it had free access to prior to the grant.<sup>175</sup> "Thus, a monopoly takes something from the people."<sup>176</sup> On the other hand, a patentee's invention presumably adds something of value to the community. However, a patent has also been explained to be "a grant which restrains others from the exercise of a right or liberty which they would have been unable to enjoy except for the legal grant of monopoly."<sup>177</sup>

166. *Id.* (citing 35 U.S.C. §§ 101, 103 (1976)).

167. Stroup, *supra* note 157, at 213 (citing 35 U.S.C. § 171 (1976)). "Design patents protect only the appearance of the article and not the structural or utilitarian features." Stroup, *supra* note 157, at 213 (citing A. DELLER, *DELLER'S WALKER ON PATENTS* (2d ed. 1972)).

168. Stroup, *supra* note 157, at 216 (citing 35 U.S.C. § 102 (1976)).

169. Stroup, *supra* note 157, at 216 (citing 35 U.S.C. § 172 (1976)).

170. KINTNER & LAHR, *supra* note 37, at 12.

171. Stroup, *supra* note 157 (citing 35 U.S.C. § 173 (1976)). "The issuance fee for a design patent is \$10 for 3.5 years, \$20 for 7 years and \$30 for 14 years. 35 U.S.C. § 41." Stroup, *supra* note 157, at 214 n.113.

172. 35 U.S.C. § 154 (1982).

173. Stroup, *supra* note 157, at 214. "Consequently, when a patent expires, any person may make, use, or sell the previously patented invention." *Id.* (footnote omitted).

174. *Id.* at 215. "The application must include: (1) a written specification and oath signed by the inventor; (2) a drawing of the invention; and (3) a filing fee. The specification and drawings must fully describe the invention and the manner and process of making and using it." *Id.* at 215 (footnote omitted).

175. Chudacoff, *supra* note 149, at 44.

176. *Id.*

177. Hauhart, *supra* note 147, at 553 (citing G. CURTIS, *A TREATISE ON THE LAW OF PATENTS* 1-2 (1849)).



Section 271(a) of the Patent Code provides that direct patent infringement is a strict liability tort. The infringer need not intend to infringe; the fact that his "invention" does in fact infringe is enough.<sup>178</sup> This is so because the infringer is deemed to have constructive knowledge of the patent that is filed with the U.S. Patent and Trademark Office.<sup>179</sup> Therefore, the protection a patentee is afforded is quite broad.

There are distinctions between the basic principles of patent and copyright law. An examination of the specific differences between these two areas of the law suggests that patent law should not be used as the basis for a decision in a copyright case.

"The similarity of copyright with patents stops with the severe limitation on the copyright owner's protection."<sup>180</sup> Copyright protects the form of expression of the work, *not* the ideas set forth in the work.<sup>181</sup> This may be contrasted to patent protection in that "patent law more closely protect[s] information, processes, devices, materials and applied inventive concepts."<sup>182</sup> However, in some cases, a particular piece of work may qualify for copyright *and* patent design protection. This dual protection may accrue to works of applied art.<sup>183</sup> While the listing of subject matter capable of being copyrighted is merely illustrative,<sup>184</sup> the patent act's listing of patentable subject matter is exclusive.<sup>185</sup> Further, the copyright law

178. Oddi, *Contributory Infringement in the United States of America: Theory, Application, Developments*, 81 PAT. & TRADEMARK REV. 499, 508 (1983) [hereinafter cited as Oddi].

179. *Id.*

In certain circumstances, the ability to determine whether a particular invention is patented may only be a theoretical one. In practice, it may be quite difficult, time consuming and expensive for an actor to try to determine if what he is planning to do infringes a patent. First, he must find any pertinent patents. If at the time of the search no patent covering the invention has been granted, this will not absolutely protect him, for a patent may subsequently be granted based, for example, on an application pending at the time of the search. Since pending applications are held in confidence by the Patent and Trademark Office, they would not be available to the searcher. Even if one or more pertinent patents are found, the difficult questions remain of whether what the actor intends to do would infringe any of the patents and whether the patents are valid.

*Id.* n.31.

180. Chudacoff, *supra* note 149, at 42.

181. See 17 U.S.C. § 102(b) (1982).

182. Stroup, *supra* note 157, at 195.

183. *Id.* "For example, the design on a watch or a lamp base may be protectible under both a copyright and a design patent." *Id.* (citing *In re Yardley*, 493 F.2d 1389 (C.C.P.A. 1974); Note, *Functional Works of Art: Copyright, Design Patent or Both?* 3 COMM/ENT L.J. 83, 102-03 (1980); *Mazer v. Stein*, 347 U.S. 201 (1954)).

184. See 17 U.S.C. § 102(a) (1982).

185. ROSENBERG, PATENT LAW FUNDAMENTALS § 6.01, at 2 (2d ed. 1984) [hereinafter cited as ROSENBERG].

doctrine of "fair use" has the effect of impinging on a copyright owner's exclusive rights.<sup>186</sup>

Copyright protection spontaneously exists in any original work being "fixed in any tangible medium of expression,"<sup>187</sup> while patent protection must be applied for and approved before it exists.<sup>188</sup> Thus, copyrights are easier to obtain than patents.

While copyright protects an artist's work from "unauthorized copying by others,"<sup>189</sup> patent law is broader in that it grants patentees the "exclusive right to make, use, and sell [their] inventions."<sup>190</sup> "A copyright unlike a patent does not give its owner 'the right to exclude' anyone who created the work independently of the author through whom the copyright is derived."<sup>191</sup> Copyright allows two separate creators to develop identical works, copyright them, and be free from liability for copyright infringement.<sup>192</sup> In contrast, the patent law does not allow for this. Should an inventor create what he thinks in good faith is a new invention, when in fact the same innovation has already been created and patented, he runs the risk of being held liable for patent infringement.<sup>193</sup> This raises the distinction between the requirement of originality in copyright law and the requirement of novelty in the patent law.

The copyright law requires a work to be original, while the standard for patentability is novelty.<sup>194</sup> Originality is a less stringent standard to meet than is novelty and, therefore, a patent is more easily subject to attack than a copyright.<sup>195</sup> However, this also means that patented works receive a broader scope of protection than do copyrighted works: "Where a patent owner may establish infringement merely by proving substantial similarity, the copyright

186. See *supra* notes 25-28 and accompanying text for a discussion of fair use.

187. 17 U.S.C. § 102(a) (1982).

188. ROSENBERG, *supra* note 185, at II-1.

189. Stroup, *supra* note 157, at 224 (emphasis added).

190. *Id.*

191. ROSENBERG, *supra* note 185, § 5.01[1], at 3. "No direct analogy can be made to the copyright law of the right patent owners possess to exclude others from using the patented invention." *Id.* § 5.10[4], at 8.

192. Chudacoff, *supra* note 149, at 42.

193. *Id.* In this light, one commentator has characterized the patent law as conferring an absolute monopoly, while the copyright law confers only a limited monopoly. See GOLDBERG, INFRINGEMENT OF COPYRIGHTS 82 (1981).

194. 1 NIMMER, *supra* note 22, § 2.01[A], at 10 (footnote omitted). "Originality" requires the work to be "independently created, and not copied from other works." *Id.* at 8 (footnote omitted). "Novel" requires that the work may not be "substantially similar to a work previously produced by others." *Id.* at 7, 8 (footnote omitted).

195. *Id.* at 10.

owner must establish both substantial similarity and copying.”<sup>196</sup> One court has explained that the differences in standards in the patent and copyright laws are provided for by the Constitution: “[T]he very language of the Constitution differentiates (a) ‘authors’ and their ‘writings’ from (b) ‘inventors’ and their ‘discoveries’ . . . . It is clear, then, that nothing in the Constitution commands that copyrighted matter be strikingly unique or novel.”<sup>197</sup> It may be argued that it is improper to apply patent law principles to copyright cases. Such an application necessarily causes rules developed for works that are novel to be applied to works that are merely original. Consequently, this application expands the scope of the copyright monopoly to that provided for the patent monopoly.

One commentator has issued the caveat: “A copyright must NOT be treated as equivalent to a patent.”<sup>198</sup> The Supreme Court has previously addressed the issue of applying the patent law to a copyright case. In the case of *Bobbs-Merrill v. Straus*,<sup>199</sup> the owners of copyrights held on a particular book sued a store which sold its book. The store had purchased the book from a wholesale dealer (which had permission to sell the book to various retailers) and sold the book to the public at lower than list price. The copyright holder protested that the books were being sold below list price and argued that a copyright owner has the “sole right to ‘vend’ a copyrighted book.”<sup>200</sup> The copyright owner relied on an analogy to patent law to support this argument. In refusing to make this analogy, the Court stated: “There are such wide differences between the right of multiplying and vending copies of a production protected by the copyright statute and the rights secured to an inventor under the patent statutes, that the cases which relate to the one subject are not altogether controlling as to the other.”<sup>201</sup> The *Bobbs-Merrill* Court further explained that the Copyright Act should be construed to give effect to

---

196. *Id.*

197. *Id.* at 7 n.10.

“Those who penned the Constitution, of course, knew the difference. . . . There is a very broad distinction between what is implied in the word “author”, found in the constitution, and the word “inventor.” The latter carries an implication which excludes the result of only ordinary skill, while nothing of this is necessarily involved in the former.”

*Id.* (quoting *Alfred Bell & Co. v. Catalada Fine Arts*, 191 F.2d 99, 100, 102 (2d Cir. 1951)).

198. ROSENBERG, *supra* note 185, § 6.03[2], at 58 (emphasis in original). “Unlike a patent, a copyright does no more than make exact duplication of the protected work unlawful.” *Id.*

199. 210 U.S. 339 (1908).

200. *Id.* at 343.

201. *Id.* at 346 (quoting *Park & Sons v. Hartman*, 153 F. 24, 28 (1907)). The *Bobbs-Merrill* Court further explained: “If we were to follow the course taken in the argument, and discuss the rights of a patentee, under letters patent, and then, by analogy, apply the conclu-

the legislative intent. "[The copyright statutes] ought not to be unduly extended by judicial construction to include privileges not intended to be conferred . . . ." <sup>202</sup> The *Sony* Court did just this by applying patent law principles to a copyright case.

#### IV. THE STAPLE ARTICLE OF COMMERCE DOCTRINE AND THE SONY CASE

The *Sony* Court explained that it referred to patent law only by analogy.<sup>203</sup> However, it appears that the Court used patent law's contributory infringement doctrine as the basis for its holding. In fact, the Court used language from the "staple article of commerce" doctrine in its holding: "The Betamax is . . . capable of substantial noninfringing uses."<sup>204</sup> Not only did the Court apply patent concepts within its copyright analysis, but it also framed this analysis in terms of the capabilities of a *machine*, rather than in terms of the reproduction of the underlying copyrighted works. The troublesome question is whether the *Sony* decision allows courts in the future freely to apply patent law principles directly to copyright cases. If so, this may have the effect of equating the copyright monopoly with the patent monopoly and of blurring the distinctions between the two.

In the context of a copyright infringement claim, a court must necessarily identify the rights of a copyright holder under the Copyright Act, thereby interpreting the scope of the monopoly granted.<sup>205</sup> The extent of permissible control (i.e., the granted monopoly) a copyright holder may exercise is solely derived from the Copyright Act.<sup>206</sup> To examine the scope of the copyright protection in terms other than statutory copyright principles would result in a distortion or alteration of the monopoly granted.<sup>207</sup> Accordingly, the broader scope of patent protection should militate against the incorporation

---

sions to copyrights, we might greatly embarrass the consideration of a case under letters patent." 210 U.S. at 345.

The *Sony* Court cited *Bobbs-Merrill* for the proposition that it is appropriate to apply patent law to copyright cases. However, *Bobbs-Merrill* did not make such an application. See *supra* note 107.

202. *Bobbs-Merrill*, 210 U.S. at 346.

203. 104 S. Ct. at 787.

204. 104 S. Ct. at 796. 35 U.S.C. § 271(c) states: "Whoever sells a component of a patented machine . . . and not a staple article . . . of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer." *Id.* (emphasis added).

205. See 104 S. Ct. at 783. The Court noted that the judiciary must be "circumspect in construing the scope of rights created by a legislative enactment." *Id.*

206. 17 U.S.C. § 102(a) (1982) ("Copyright protection subsists, in accordance with this title . . .").

207. See *supra* notes 180-202 and accompanying text.

of patent concepts into a determination of the scope of copyright protection. If a patent doctrine, which is normally used to determine the scope of the patent monopoly, were applied to a copyright case, the result may be to enlarge the rights granted a copyright holder.

The Court in *Sony* implicitly found that the requirements of patent law section 271(c) were not satisfied, thereby precluding a finding of contributory infringement. Regardless of this finding, the Court's direct application of patent principles to a copyright case sanctions such applications in the future. For, what would the result have been if Sony had been held liable for contributory infringement under section 271(c)?

The Supreme Court noted that a finding of contributory infringement under patent law has the effect of enlarging the patentee's monopoly to articles of commerce which are not protected by the formal patent since it would give the patentee control over the sale of that unpatented article.<sup>208</sup> Therefore, if the Court had found Sony contributorily liable for infringement of Universal's copyrights, it would have effectively given Universal control over the sale of the Betamax. Such a result is beyond the scope of the copyright monopoly because the Betamax is not a "work" which falls within the subject matter of the Copyright Act.<sup>209</sup>

One commentator has acknowledged that the *Sony* Court did apply patent law principles and that such an application is cause for concern: "It is distressing to see the Supreme Court equate copyrights and patents with monopoly, and then proceed to find no contributory infringement of copyrighted works based on these erroneous equations."<sup>210</sup> In essence, the effect of the *Sony* decision is to muddle the distinctions between the patent monopoly and the copyright monopoly.<sup>211</sup>

The *Sony* Court's application of section 271(c) of the Patent Code was improper.<sup>212</sup> The Court neither explained the similarity between

208. 104 S. Ct. at 788. See *supra* notes 111-13 and accompanying text.

209. See 17 U.S.C. § 102 (1982). The Court recognized this fact when it stated: "It seems extraordinary to suggest that the Copyright Act confers upon all copyright owners collectively, much less the two respondents in this case, the exclusive right to distribute VTRs simply because they may be used to infringe copyrights." 104 S. Ct. at 788 n.21.

210. Brunsvold, *Patent Law Concepts of Contributory Infringement Adopted by Supreme Court in Sony "Betamax" VTR Case*, 6 LICENSING L. AND BUS. REP. 134 (1984).

211. *Id.* "The Supreme Court apparently accepted defendant Sony's arguments that the copyrights in suit provided a 'monopoly' position and that the 'monopoly' position was being used in an attempt to restrict commerce in VTRs, an area unrelated to the scope of protection afforded by copyright." *Id.*

212. See *supra* note 180-202 and accompanying text for a discussion of the inappropriateness of combining copyright and patent principles.

section 271(c) and *copyright* contributory infringement, nor the reason for its application of section 271(c). The inappropriateness of the Court's application of section 271(c) to the copyright claims which were in issue may be best highlighted by considering the application of the necessary elements of section 271(c) to the Betamax device, and by considering the way in which the *Sony* Court actually applied section 271(c). A more precise analysis of this application illustrates the impropriety of the Court's approach.

The Court implicitly addressed, to some extent, three of the five requirements of section 271(c). The first element necessary to invoke section 271(c), is as follows:

The thing sold must be 'a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process.' The thing sold is presumably not itself patented since if it were patented the question of contributory infringement, as distinguished from direct infringement, would scarcely arise and the paragraph would have little or no apparent purposes.<sup>213</sup>

Therefore, to make an analogy to section 271(c), as the *Sony* Court did, the VTR machine must be viewed as an apparatus for taking advantage of a copyrighted work. However, the analogy becomes tenuous since, generally, under section 271(c), "[t]he thing sold is presumably not itself patented . . . ."<sup>214</sup> The Betamax itself is a patented article, which therefore, should preclude the application of section 271(c). Moreover, even if the circumstances presented in the *Sony* case are viewed in the framework of section 271(c), as the Court implied, Universal's copyrighted works may be deemed the equivalent of a patented whole and Sony's Betamax the equivalent of a non-patented non-staple article. Were this analysis adopted, it would be tantamount to recognizing that the Betamax should be controlled by the copyright holder, Universal. Such a result is beyond the scope of the copyright monopoly.<sup>215</sup>

Furthermore, this element cannot be satisfied because the Betamax is not a component of Universal's works and it is not a necessary apparatus for use in viewing Universal's works. Viewed in this way, the Court's analogy to section 271(c) is inappropriate. The *Sony* Court did not address this first element.

The second requirement of section 271(c) is that "[t]he thing sold must constitute a material part of the invention, that is, of the pat-

---

213. KINTNER & LAHR, *supra* note 37, at 89 (footnotes omitted).

214. *Id.*

215. 104 S. Ct. at 788. See *supra* note 209 and accompanying text.

ented invention.”<sup>216</sup> The Betamax is not a material part of Universal’s copyrighted works and, therefore, it is difficult to analogize this requirement to the facts of the *Sony* case. Third, in order to apply section 271(c), “[t]he thing sold must be especially made or especially adapted for use in an infringement of the patent.”<sup>217</sup> This requirement is more easily analogized to the facts of the *Sony* case. For the Court to find this standard satisfied and hold Sony liable as a contributory infringer, the Betamax must have been made especially to infringe Universal’s copyrighted works. The *Sony* Court’s analysis of “authorized uses” seems to address this requirement.<sup>218</sup> The Court found that Universal did “not represent a class composed of all copyright holders.”<sup>219</sup> Since the Betamax can be used to record programs other than Universal’s programs, it was not developed especially to copy Universal’s works. Therefore, the third necessary requirement for a finding of contributory infringement under section 271(c) could not be satisfied.

The fourth requirement under section 271(c) is that “[t]he seller must have knowledge [that the thing sold was especially made or adapted to infringe a patent].”<sup>220</sup> The Court found that Sony had no actual knowledge that the Betamax would be used to infringe Universal’s or any other copyright.<sup>221</sup> If vicarious liability were to be imposed on Sony, it would have to “rest on the fact that they have sold equipment with *constructive knowledge* of the fact that their customers may use that equipment to make unauthorized copies of copyrighted material.”<sup>222</sup> The Court then considered the facts in the *Sony* case under the patent law’s doctrine of contributory infringement.<sup>223</sup> However, section 271(c) is not a doctrine based upon constructive knowledge; it requires *actual* knowledge for a finding of contributory infringement.<sup>224</sup> Therefore, the *Sony* Court should not

---

216. KINTNER & LAHR, *supra* note 37, at 89.

217. *Id.* at 90.

218. 104 S. Ct. at 789-91.

219. *Id.* at 791.

220. KINTNER & LAHR, *supra* note 37, at 90.

221. 104 S. Ct. at 787. “Sony certainly does not . . . supply its products to identified individuals known by it to be engaging in continuing infringement of [Universal’s] copyrights.” *Id.*

222. *Id.* at 787 (emphasis added).

223. *Id.* at 787-88.

224. For § 271 to apply,

the seller must have particular knowledge of the purpose to which the article being sold is to be put by the purchaser, namely, “knowing the same to be especially made or especially adapted for use in infringement of such patent.” . . . The conduct that the patent owner is protected against is the selling of a non-staple article known to be used in the direct infringement of his patent.

have developed its analysis of patent law, since the lack of actual knowledge on Sony's part should have precluded the consideration of contributory infringement under patent law's section 271(c).

The last requirement which must be satisfied to invoke section 271(c) is that "[t]he thing sold must not be 'a staple article or commodity of commerce suitable for substantial noninfringing use.'"<sup>225</sup> It appears that the *Sony* Court based its analysis almost entirely on this one factor. In fact, the Court labelled the doctrine of contributory infringement set forth in section 271(c) as the "staple article of commerce doctrine."<sup>226</sup> In analyzing this factor, the Court considered "authorized time-shifting"<sup>227</sup> and "unauthorized time-shifting."<sup>228</sup> The Court's analysis of authorized time-shifting involved the third factor of section 271(c) (i.e., whether the Betamax was especially made to infringe Universal's rights). There, the Court implicitly found that with authorized use, section 271(c) was not violated.<sup>229</sup> However, the Court then went on to consider unauthorized time-shifting.

In determining whether unauthorized time-shifting constituted a substantial non-infringing use, the Court considered the four factors of the fair use doctrine embodied in section 107 of the Copyright Act.

## V. FAIR USE

*Sony* represents the first case in which the Supreme Court has adjudicated a copyright infringement claim on fair use grounds.<sup>230</sup>

---

Oddi, *supra* note 178, at 510. Thus, § 271(c) requires *actual* knowledge of the direct infringing use on the part of the contributory infringer.

225. KINTNER & LAHR, *supra* note 37, at 90.

226. 104 S. Ct. at 789.

227. *Id.*

228. *Id.* at 791.

229. *Id.* at 789-91.

230. The Court has had occasion to hear the question of fair use in two previous cases but has declined to render an opinion. The first case was *Benny v. Loew's Inc.*, 239 F.2d 532 (9th Cir. 1956), *aff'd per curiam by an equally divided court sub nom. Columbia Broadcasting Systems Inc. v. Loew's Inc.*, 355 U.S. 43 (1958). *Benny* presented the issue of whether parody of a dramatic work could constitute a fair use. The district court held that defendants, Jack Benny and Columbia Broadcasting Systems, had not made a fair use. 131 F. Supp. 165 (S.D. Cal. 1955). The Court of Appeals for the Ninth Circuit affirmed, holding that wholesale taking, even if for parody purposes, will not constitute a fair use. 239 F.2d at 536-37. The Supreme Court affirmed the court of appeals decision without opinion. The second case which the Supreme Court heard dealing with fair use was *Williams & Wilkins, Co. v. United States*, 203 Ct. Cl. 74, 487 F.2d 1345 (1973), *aff'd per curiam by an equally divided court*, 420 U.S. 376 (1975). The court of claims held that the photocopying of an entire article from a journal for the purposes of distribution to others was a fair use. Specifically, certain government libraries



This analysis, although not dispositive precedent,<sup>231</sup> is significant as a paradigm to which courts may look in the future in deciding fair use cases.

There are two particularly salient aspects of the Court's fair use application. The first is the context in which the overall discussion of fair use was applied, namely, whether Sony was liable for contributory infringement. Normally, fair use is only considered *after* a party's acts are determined to constitute direct infringement.<sup>232</sup> The Court, in attempting to decide whether the Betamax was a staple article of commerce (i.e., capable of commercially significant noninfringing uses), considered fair use under the category of unauthorized uses of the Betamax. The four factor test of section 107 was evaluated in terms of the capabilities of the Betamax, rather than the activity of a particular Betamax user.<sup>233</sup> The *Sony* Court's analysis of using a copyright principle (fair use) within a patent law doctrine (staple article of commerce [section 271(c)]) and applying this conglomeration to a machine, rather than any particular user, was

---

engaged in the practice of photocopying one or more articles from a medical journal and distributing them to patrons of the library. The defendants' libraries copied several million pages a year. The court of claims held this practice was a fair use on three grounds: (1) plaintiffs suffered no harm from the practice; (2) the interests of medicine and medical research would be harmed if it was prohibited; and (3) the relationship between medicine and authors should be legislated by Congress. 487 F.2d at 1359. The Supreme Court affirmed the decision without opinion. 420 U.S. 376 (1975).

It is interesting to note that part of the court of claims' reasoning in *Williams & Wilkins* was based on deference to congressional action. 487 F.2d at 1360. Similarly, the *Sony* Court indicated a need for congressional response to the issue of VTR technology. 104 S. Ct. at 796. However, despite this call for legislation, the Court fashioned a result which altered copyright law in general, and more specifically, distorted the careful balance of fair use as established by Congress in the Copyright Act of 1976.

231. The doctrine of fair use is an "equitable rule of reason" not capable of precise definition and each case must be adjudicated on its own facts. H.R. REP. NO. 1476, 94th Cong., 2d Sess. 65, reprinted in 1976 U.S. CODE CONG. & AD. NEWS 5659, 5679.

232. Fair use is considered after

it is established by admission or by the preponderance of the evidence that the defendant has copied sufficiently from the plaintiff so as to cross the line of substantial similarity. The result must necessarily constitute an infringement unless the defendant is rendered immune from liability because the particular use which he has made of plaintiff's material is a "fair use". In this more meaningful sense fair use is a defense not because of the absence of substantial similarity but rather despite the fact that the similarity is substantial.

3 NIMMER, *supra* note 22, § 13.05, at 64-65.

233. The Court never considered fair use in terms of any individual Betamax user's reproduction of any particular copyrighted television program. The Court held that the practice of "home time-shifting is fair use." 104 S. Ct. at 795. This pronouncement evidences the far-reaching effects of the Court's decision. As of 1984, there were over 10 million VTRs in use (an enormous increase from the 800,000 in use in 1978). 3 NIMMER, *supra* note 22, § 13.05 [F][5][b][i], at 120 n.172.

certainly not a practice contemplated by Congress when it drafted section 107.<sup>234</sup> The Court expressed its reluctance to alter the statutory copyright protections granted by Congress;<sup>235</sup> yet, in attempting to fashion an appropriate result, it radically departed from the traditional structure and application of the copyright laws.<sup>236</sup>

Within the context of the staple article of commerce doctrine, the Court applied the four factors of section 107.<sup>237</sup> The Court referred to the first factor in terms of the “commercial or nonprofit character of an activity.”<sup>238</sup> The actual wording of the statute is “the purpose *and* character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.”<sup>239</sup> The *Sony* Court succinctly commented that because private home time-shifting is a noncommercial, nonprofit activity, it is presumptively fair.<sup>240</sup>

The Court’s treatment of this factor seems unduly simplistic. In focusing on the narrow terms of “noncommercial” and “nonprofit” uses, the Court failed to consider the illustrative list of purposes set out in the introductory passage to section 107.<sup>241</sup> The creation of a presumption of fair use for noncommercial uses expands the scope of this section beyond that granted by Congress. The legislature’s intent in adopting section 107(1) is evidenced by the language of the section.<sup>242</sup> There is no indication that Congress wished to create a presumption of fairness in favor of noncommercial uses. The Court’s

234. *See supra* note 197 and accompanying text.

235. *See* 104 S. Ct. at 783.

236. The Court’s reasoning may be explained by the absence of provisions in the Copyright Act to cover technological advances, such as the Betamax. *See supra* notes 3-7 and accompanying text. It seemed that the Court was guided by a strong public policy problem in that the restriction of the sale of the Betamax would cause a serious impediment to the free flow of commerce. *See* 104 S. Ct. at 778. Closely related to this issue was the problem of enforcement. *See id.* at 815-16. All these considerations combined have produced an opinion that does damage to the future application of the copyright laws.

237. 17 U.S.C. § 107 (1982).

238. 104 S. Ct. at 792, *quoting* H.R. REP. NO. 1476, 94th Cong., 2d Sess. 66, *reprinted in* 1976 U.S. CODE CONG. & AD. NEWS 5659, 5679. The Court did not cite the specific provisions of § 107(1).

239. 17 U.S.C. § 107(1) (1982) (emphasis added).

240. 104 S. Ct. at 792. The Court relied on the district court’s finding that home time-shifting was noncommercial and nonprofit. *Id.*

241. Subsection (1)

in itself does not specify which purposes (beyond the “nonprofit educational”) will tend to render a given use “fair,” and which will not. But the preamble to Section 107 does enumerate certain purposes which, among others, are most appropriate for a finding of fair use. These are the purposes of “criticism, comment, news reporting, teaching . . . scholarship, and research.”

3 NIMMER, *supra* note 22 § 13.05[A][1], at 66-67 (footnotes omitted).

242. *Id.*

treatment of this section seems to tip the scales heavily in favor of the noncommercial user without giving due consideration to the possible effects such a presumption will have on the delicate balance that exists among the four factors.

Furthermore, its distinction between commercial and noncommercial uses as the sole consideration under section 107(1) lacks support in the case law.<sup>243</sup> Moreover, Professor Nimmer has commented that “the fact that a given case is ‘of a commercial nature’ does not necessarily negate a fair use determination, nor does a ‘nonprofit educational’ purpose necessarily require a finding of fair use.”<sup>244</sup> The Court did note that this first factor alone was not determinative; however, it virtually ignored the second and third factors of the test and based its finding of fair use on the first and fourth factors.<sup>245</sup>

The Court also ignored the “character” of the use under section 107(1). Normally, a court will examine the manner in which a defendant acts and, in particular, whether a defendant has acted in good faith in making a particular use.<sup>246</sup> The Court could have considered Sony’s motives in producing and selling the Betamax but had no way of determining the good faith or lack thereof on the part of any Betamax users, either individually or as a group. Clearly, the Court had no basis from which to consider Sony’s motives with respect to Universal.

The Court entwined the second and third factors of section 107.<sup>247</sup> “[W]hen one considers the nature of a televised copyrighted audiovisual work, [section 107(2)], and that time-shifting merely enables a viewer to see such a work which he had been invited to witness free of charge, the fact that the entire work is reproduced [section 107(3)], does not have its ordinary effect of militating against a finding of fair use.”<sup>248</sup> This was the extent of the Court’s treatment of factors (2) and (3) of section 107.

243. See *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1175 (5th Cir. 1980); *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 304 (2d Cir. 1966); *New York Times Co. v. Data Interface, Inc.*, 434 F. Supp. 217, 221 (D.N.J. 1977). On the other hand, nor will a “nonprofit educational” purpose mandate a finding of fair use. 3 NIMMER, *supra* note 22, § 13.05[A], at 66 (footnotes omitted).

244. 3 NIMMER, *supra* note 22, § 13.05[A].

245. See *infra* text accompanying note 268.

246. *Iowa State Univ. Research Found., Inc. v. American Broadcasting Cos.*, 621 F.2d 57 (2d Cir. 1980) (defendants denied using plaintiff’s work; court held this militated against fair use).

247. 104 S. Ct. at 792.

248. *Id.* at 792-93 (footnote omitted).

Although the Court minimized the importance of the nature of the copyrighted work, previous judicial treatment indicates that a finding of fair use is less likely when dealing with creative works, as opposed to factual, informational, or compilation-type works.<sup>249</sup> The works reproduced by the named Betamax user were creative, original copyrighted works.<sup>250</sup> The Court did not indicate or apply this fact to its analysis of the nature of the work. Again, the Court's task was made more difficult because it did not analyze the nature of any particular copyrighted work used; it dealt solely with the general capabilities of the Betamax.

As the *Sony* Court indicated, a total reproduction of copyrighted television programs did not "have its ordinary effect of militating against a finding of fair use."<sup>251</sup> The capabilities of the Betamax make possible the entire reproduction of copyrighted television programs.<sup>252</sup> Yet the Court found this factor insignificant to its fair use analysis.<sup>253</sup> Again, the Court's findings are contrary to established copyright doctrine. As one commentator has noted:

A number of courts have held that the defense of fair use is *never* available to immunize copying which results in similarity which is not only substantial, but is indeed virtually complete or almost verbatim. This may be regarded as a reasonable limitation on fair use since a subsequent user does not require such complete copying if he is truly pursuing a different functional milieu.<sup>254</sup>

Thus, when a user takes a copyrighted work in its entirety, he may be supplanting the function and the market of the copyrighted work. In *Sony*, the practice of time-shifting allowed a Betamax user to tape an entire program and view it at a later time. The user is not adding to the copyrighted material to create a new and different

---

249. Although the Court did characterize the copyrighted works as a "televised copyrighted audiovisual work . . . [offered] free of charge," *id.* at 792, it neglected to discuss whether these copyrighted works were mainly creative or factual in nature. *Cf. MCA, Inc. v. Wilson*, 677 F.2d 180, 182 (2d Cir. 1981) ("[a] court may consider, among other things, whether the work was creative, imaginative, and original.").

250. 104 S. Ct. at 779 n.3.

251. *Id.* at 793.

252. *Id.* at 779.

253. *Id.* at 793.

254. 3 NIMMER, *supra* note 22, § 13.05 [D][1], at 89-90 (emphasis added). *See also* Walt Disney Prods. v. Air Pirates, 581 F.2d 751, 758 (9th Cir. 1978) ("excessive copying precludes fair use" even if the other fair use factors point to a contrary result); *Marcus v. Rowly*, 695 F.2d 1171, 1176 (9th Cir. 1983) ("wholesale copying" precludes fair use); *Walt Disney Prods. v. Mature Pictures Corp.*, 389 F. Supp. 1397 (S.D.N.Y. 1975); *Quinto v. Legal Times of Wash., Inc.*, 506 F. Supp. 554 (D.D.C. 1981) ("reprinting of approximately 92% of plaintiff's story precludes the fair use defense").

work, but is merely reproducing it in its entirety for convenience. Arguably, this practice does not affect any rights of the copyright holder because the program is recorded only for convenience to be viewed once at a later time and is then erased.<sup>255</sup> However, if the user did not have the time-shifting function, and wished to view this program at a later time, conceivably he might wish to purchase a tape of the program. There would then exist a market from which the copyright holder may benefit. Thus, the interests and rights in this market would be trammelled by the existence of the time-shifting capacity. If the above were the case, then the user's ability to reproduce the work in its entirety most certainly would deserve greater treatment and concern than the Court chose to devote to this factor. This element is closely related to the fourth factor in terms of the extent the defendant's use fulfills the need and market of the original copyrighted material.<sup>256</sup>

The fourth and most extensively treated factor was "the effect of the use upon the potential market for or value of the copyrighted work."<sup>257</sup> The Court focused on the economic incentives that accrue to the creator of a work and held that when there is a noncommercial taking by a party the use will be fair if no actual or potential harm is proved.<sup>258</sup>

The fourth factor has come to be regarded as the most important of the designated fair use factors.<sup>259</sup> This elevation in the status of the fourth factor reflects the basic purposes in copyright law to secure economic benefits to those who contribute original works to society.<sup>260</sup> The *Sony* Court's finding that the practice of time-shifting did not impair the economic value of television programming was based on a lack of evidence of potential harm to the television industry in general.<sup>261</sup>

255. See *supra* note 9. However, as the dissent pointed out, this function may cause commercial harm to the copyright holder, since the advertiser may believe that its commercials are not being viewed and, therefore, will be reluctant to sponsor television programs in the future. 104 S. Ct. at 794 n.35 (citing 480 F. Supp. at 468).

256. See *infra* notes 263-64 and accompanying text.

257. 17 U.S.C. 107(4) (1982).

258. 104 S. Ct. at 793.

259. See *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1177 (5th Cir. 1980); *Dow Jones & Co. v. Board of Trade*, 546 F. Supp. 113, 121 (S.D.N.Y. 1982).

260. The philosophy behind the enactment of copyright legislation is "the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors." *Mazer v. Stein*, 347 U.S. 201, 219 (1954).

261. See 104 S. Ct. at 793-95. The Court neglected to consider harm with respect to any particular copyrighted television program.

As one commentator has noted, a court must consider whether the works serve similar functions in deciding if economic harm may result.<sup>262</sup> The effect that a subsequent use may have on the market and value of the original work may depend on the function the second use fulfills. This “functional test” has been adopted by various courts to determine the extent of actual or potential harm on the value of or the market for a copyrighted work.<sup>263</sup> “If *both* the plaintiff’s and defendant’s works are used for the same purpose, then under the functional test the defense of fair use should not be available since the defendant’s work serves the same function as that of the plaintiff’s.”<sup>264</sup> If this occurs, the defendant’s work usurps the market for plaintiff’s work, thereby reducing its value.

In *Sony*, the purposes of the use made by a Betamax user is identical to that of the original broadcast.<sup>265</sup> The work is reproduced in its entirety and watched from the tape for the same purpose as if it were being viewed as originally broadcast over the air. Although the Court failed to consider this functional test, it did examine the evidence presented as to the harm caused by time-shifting. Its central premise was that time-shifting only served to increase the viewing audience, and caused no harm to the copyrightholders’ work because it was only viewed once.<sup>266</sup> The majority failed to consider the scenario where a viewer, unable to record a program, would purchase a tape of the program. As the dissent pointed out, this potential market for the taped program should belong to the copyrightholder.<sup>267</sup>

In sum, the Court’s fair use analysis has departed from a number of established copyright principles advanced by Congress and the courts. The effect of the Court’s emphasis on factors (1) and (4) of section 107 is to narrow the scope of copyright protection afforded a copyrightholder. By dismissing the second and third factors, the Court, in effect, has eliminated two important restrictions that a second user must overcome to show fair use. As the dissent aptly noted:

---

262. 3 NIMMER, *supra* note 22, § 13.05[B], at 82.

263. *See, e.g.,* Marcus v. Rowley, 695 F.2d 1171, 1175 (9th Cir. 1983).

264. 3 NIMMER, *supra* note 22, § 13.05.

265. 104 S. Ct. at 779.

266. *Id.* at 794.

267. *Id.* at 817. The dissent noted that the development of VTR technology has created a new market for copyrighted television programs. *Id.* Universal’s desire to expand into this market by selling tapes of copyrighted programs is virtually frustrated by the further development of VTR technology which enables a user to time-shift. The dissent argued that the copyrightholder should share in this market. *Id.* However, it may be argued that Sony, or any other VTR manufacturer, conducted the research and developed the technology and, therefore, should reap the benefits.

“[T]he decision today erodes much of the coherence that these doctrines have struggled to achieve.”<sup>268</sup>

## CONCLUSION

The *Sony* Court may have gone beyond the necessary bounds in considering Sony’s liability for contributory infringement. The Court could have halted its analysis after its consideration of *copyright* contributory infringement. Based on these copyright principles, the Court found Sony was not liable. The Court should not have resorted to the patent law in a last effort to hold Sony liable for contributory infringement.

Patent protection is broader than copyright protection and, therefore, the *Sony* Court’s application of patent law to a copyright case extended copyright principles to include rights Congress did not intend to be conferred on copyright holders. Furthermore, the Court was unclear as to whether it had applied patent law’s staple article of commerce doctrine in the context of copyright contributory infringement, patent contributory infringement, or a broad vicarious liability theory. Nevertheless, it appears that the Court used the staple article of commerce doctrine as the basis for its holding and framed its analysis in terms of the capabilities of a machine, rather than in terms of the reproduction of the underlying copyrighted works.

The Court also applied the copyright law doctrine of fair use (§ 107) in regard to Sony’s liability for contributory infringement under patent law principles. The Court emphasized the first and fourth factors of the fair use doctrine, virtually ignoring the second and third factors of § 107. Accordingly, the Court has narrowed the scope of copyright protection afforded a copyright holder under the fair use doctrine. This approach is particularly significant because the *Sony* case is the first case in which the Supreme Court has decided a copyright infringement claim on fair use grounds. Therefore, this decision may serve as a framework in which courts in the future may apply fair use.

Had the Court found Sony liable for contributory infringement, it would have effectively given Universal control over the sale of the Betamax. This result is beyond the scope of the copyright monopoly. However, the *Sony* decision lends support to the application of such an analysis to future cases. The unfortunate effect of the Court’s

---

268. *Id.* at 815.

1985]

*COPYRIGHT MONOPOLY*

197

application of patent law in this copyright case is effectively to enlarge the scope of copyright protection by encouraging courts to apply patent law to copyright cases.

0



8

8