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David A. Householder

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# ARTICLES

## THE PROGRESS OF KNOWLEDGE: A REEXAMINATION OF THE FUNDAMENTAL PRINCIPLES OF AMERICAN COPYRIGHT LAW

*By David A. Householder*

### I. INTRODUCTION

American copyright law operates at the juncture between the marketplace of ideas and the marketplace of property. The marketplace of ideas was a revolutionary, political notion to the Framers of the Constitution, reflecting their faith in the wisdom of the people at large to sift through a multitude of ideas and accept those that were in their best interests. It was a political notion because the writings most familiar to the Framers were what today we would call nonfiction and largely relevant to political thought. This faith is embodied in the First Amendment, which explicitly protects the marketplace of ideas from interference by the government.<sup>1</sup> The latter half of the eighteenth century was known as the Age of Enlightenment, a neoclassical, Augustan age. Contemporary writings of the creative or imaginative type were scarce. Those types of works that were considered to be creative or imaginative, such as music, painting, and architecture, were generally not thought of as copyrightable subject matter. Motivating such creativity was not a priority. Instead, the willingness to protect the writings of authors was motivated by a desire to promote the progress of science or what would now be referred to as general knowledge.

In order for a marketplace of ideas to operate optimally and efficiently, economical and effective dissemination of information is necessary. Copyright is a means by which the ideas traded in the marketplace can be disseminated. Copyright confers property rights on the owner, an appropriate vehicle to achieve such dissemination. American copyright law is just as concerned with protecting and encouraging the dissemination of

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1. U.S. CONST. amend. I.

copyrightable works as it is with the origination of such works.<sup>2</sup> However, it has nothing to do with the content or nature of the ideas disseminated.

Copyright law separates ideas from their expressions and regulates only uses of the latter because only expressions have the tangibility necessary for a property right. Ideas and their creation are beyond the scope of copyright law. American copyright law is a trade law, not an art or moral law. It is concerned only with controlling the uses that others make of the original, tangible expressions by which an author's ideas are conveyed.

Over the years however, courts have given credence to a number of concepts that, through ritualistic incantation have attained the unfortunate status of basic tenets of copyright law, even though they have little if any relevance to the basic purposes of American copyright law. Each of these erroneous concepts is cited in one of the Supreme Court's most recent and most influential discussions of the fundamental principles of copyright law, *Sony Corp. of America v. Universal City Studios, Inc.*:<sup>3</sup>

1. A copyright is a monopoly;<sup>4</sup>
2. Copyright is intended to motivate creativity;<sup>5</sup>
3. Copyright law makes reward to the owner a secondary consideration;<sup>6</sup>
4. The public interest is served primarily by the limited duration of copyright;<sup>7</sup> and
5. The public interest competes with the interests of individual authors.<sup>8</sup>

None of these concepts would have been familiar to James Madison as a Framers of the Constitution, nor do they reflect an especially accurate understanding of the practical application of copyright law in society.

This article will undertake a systematic reevaluation of the basic policy and principles of American copyright law by returning to the source of such law, the Copyright Clause of the United States Constitution: "The Congress shall have Power . . . To promote the Progress of Science . . . by

2. See 1 MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* §§ 1.03[A], 1.04, 1.06[A] (1993).

3. 464 U.S. 417 (1984).

4. *Id.* at 429.

5. *Id.*

6. *Id.* (citing *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948)).

7. *Id.*

8. *Sony Corp.*, 464 U.S. at 429.

securing for limited Times to Authors . . . the exclusive Right to their respective Writings. . . .”<sup>9</sup>

The remainder of the terms in the Copyright Clause will be analyzed in more detail. Madison’s commentary in *The Federalist* is the only authoritative interpretation of the Copyright Clause by the Framers, and it will be used to assist in the analysis of the Copyright Clause.<sup>10</sup> The structure of the Copyright Clause is one of successive modification, where each term is modified by those succeeding it, roughly making the first term the most qualified and most dependent on context, and the last term the least qualified and least dependent on context. For this reason, the terms will be considered from last to first in an attempt to understand the true meaning of the policy and principles expressed in the Copyright Clause.

## II. WRITINGS

The Copyright Act of 1790 protected only books, maps and nautical charts as writings.<sup>11</sup> With the advance of technology, however, other types of tangible expression became publishable,<sup>12</sup> and Congress and the courts thought it appropriate to confer copyright protection on such expressions.<sup>13</sup> By the late nineteenth century, a broad definition of the constitutional term “writings” had become well accepted: “By writings in that clause is meant the literary productions of those authors, and Congress very properly has declared these to include all forms of writing, printing, engraving, etching, [etc.], by which the ideas in the mind of the author are given visible expression.”<sup>14</sup> In the Copyright Act of 1976 (the “1976 Act”),<sup>15</sup> “writings” has been replaced with the phrase “original works of authorship fixed in any tangible medium of expression. . . .”<sup>16</sup>

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9. U.S. CONST. art. I, § 8, cl. 8 (It must be noted that the word science follows eighteenth century usage in denoting general knowledge, which may be advanced by both informational or scientific works, and creative or imaginative works. One would be hard pressed to find a court or commentator in disagreement with this premise. Modern usage of the word science refers to the progress of knowledge, and this article will adopt such usage.).

10. THE FEDERALIST NO. 43 (James Madison).

11. Taylor v. Gilman, 24 F. 632, 633 (S.D.N.Y. 1885).

12. *Id.* at 633.

13. *Id.*

14. Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53, 58 (1884).

15. All section references in the text are to the Copyright Act of 1976, 17 U.S.C. §§ 101-810 (1988).

16. 17 U.S.C. § 102(a) (1988).

A. *Ideas and Expression*

Writings are the tangible expressions of an author. The distinction between an author's ideas and his expressions is a fundamental principle of copyright law. Countering the proposition that books are made up of ideas that are incapable of appropriation as property, an early advocate of copyright noted that "books are not made up of ideas alone, but are, and necessarily must be clothed in a language, and embodied in a form, which give them an individuality and identity, that make them more distinguishable than any other personal property can be."<sup>17</sup>

This distinction is commonly known as "the idea-expression dichotomy."<sup>18</sup> This principle forms the basis of section 102 of the Copyright Act of 1976. Together, subsections (a) and (b) of the 1976 Act support this principle. Subsection (a) states in pertinent part that "[c]opyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression. . . ."<sup>19</sup> Subsection (b) states in pertinent part that copyright protection does not "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."<sup>20</sup> The idea-expression dichotomy recognizes the difference between the concrete (the actual description, explanation, illustration or embodiment) and the abstract (the idea or procedure, etc.). Despite the difficulty faced in applying it, courts have recognized this principle and have stated succinctly that "[c]opyright law protects an author's expression; facts and ideas within a work are not protected."<sup>21</sup>

17. *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 596 (1834) (argument of Mr. Paine for appellants). Although the distinction between ideas and expression was recognized by counsel in *Wheaton* the import of this distinction apparently was not very clear in the mind of Justice M'Lean, who wrote in the opinion:

A book is valuable on account of the matter it contains, the ideas it communicates, the instruction or entertainment it affords. Does the author hold a perpetual property in these? Is there an implied contract by every purchaser of his book, that he may realise [sic] whatever instruction or entertainment which the reading of it shall give, but shall not write out or print its contents[?]

*Id.* at 657. The contemplated answer to the second rhetorical question appears to be "no," but modern courts would not hesitate to respond in the affirmative (although the duty not to copy would be said to arise as a matter of statutory tort, not implied contract).

18. See 1 NIMMER & NIMMER, *supra* note 2, § 2.03[D].

19. 17 U.S.C. § 102(a) (1988).

20. 17 U.S.C. § 102(b) (1988).

21. *Shaw v. Lindheim*, 919 F.2d 1353, 1356 (9th Cir. 1990) (citing *Narell v. Freeman*, 872 F.2d 907, 910 (9th Cir. 1989)).

The distinction between ideas and expression is not merely a matter of convenient language; it achieves important policy goals. First, this distinction serves to ensure that copyright law does not conflict with the principles of the First Amendment.<sup>22</sup> Second, the distinction also differentiates copyright law from the related patent law. As will be discussed later, the line between ideas and expression allows copyright law to avoid the type of antitrust abuses that are possible in patent law.<sup>23</sup> In essence, because copyright law affords protection only to particular expressions and not to ideas, a copyright is not a monopoly and should not be referred to as such.<sup>24</sup> The distinction between ideas and expression also accounts for the differing application of the "limited times" requirement to copyright and patent.<sup>25</sup>

### *B. Abstraction, Compilation and Structural Expression*

In literary works especially, the line between ideas and expressions is not always easy to draw because expression in literary works includes not merely literal expression (the order of the words on the page) but also elements of structural expression.<sup>26</sup> Structural expression must be abstracted from a work, but at a certain level of abstraction, one begins describing unprotectable ideas, not protectable expression. This problem was described most eloquently by Judge Learned Hand:

Upon any work . . . a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the [work] is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since other-

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22. See *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 555-60 (1985).

23. See *infra* part III.E.

24. See *infra* part III.C.

25. See *infra* parts III.D., V.

26. Nimmer refers to this concept as "comprehensive nonliteral" expression. 3 NIMMER & NIMMER, *supra* note 2, § 13.03[A][1]. The term "structural" expression goes further in describing this type of expression; it is borrowed from the field of linguistic literary criticism, which itself borrowed the term from Claude Levi-Strauss's seminal study of primitive cultures, *Structural Anthropology*. Structuralism refers to any study of the relationship of tangible components of any text, i.e., any object of analysis. All works of art have structural components as well as tangible or literal components.

wise the [author] could prevent the use of his "ideas," to which, apart from their expression, his property is never extended.<sup>27</sup>

Judge Hand thought that the problem of defining the difference between abstractions that are protectable expression and those that are unprotectable ideas was insoluble: "Nobody has ever been able to fix that boundary, and nobody ever can."<sup>28</sup> The principle by which this distinction may be made, however, is expressed in the 1976 Act, although the universality of its application has not always been recognized.<sup>29</sup>

When an author writes (writing out words in a particular order), he not only composes, he also compiles (giving structure to the information and ideas that he expresses). Compilation, which describes a process more than a result, is defined in section 101 of the 1976 Act: "A 'compilation' is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship."<sup>30</sup> This principle recognizes that an arrangement of expressions is itself an expression. This is best illustrated by cases involving directories and other factual or data compilations, where only structural expression, or compilation, is protected.<sup>31</sup>

Imagine a copyrighted work as a stone wall, and the stones therein as literal expressions. If an author forms the stones themselves, the stones themselves are protectable. But even if he lawfully uses stones formed by others or those in the public domain, his selection and arrangement of those unoriginal stones is still protectable. Another mason may not utilize the same selection and arrangement of the same unoriginal stones without the previous mason's authorization. Appropriation of the structural expression constitutes an infringement of the copyright. According to section 101 of the 1976 Act, compilation consists of collection and assembly through a process of selection, coordination or arrangement.<sup>32</sup> Compilation is a form of protectable expression, even though the literal expressions compiled may not be protectable.<sup>33</sup>

The compilation principle applies to all copyrightable works, not just to factual or data-based works, because it is impossible to draw a line of

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27. *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930).

28. *Id.*

29. *See supra* note 15.

30. 17 U.S.C. § 101 (1988).

31. *Feist Pub., Inc. v. Rural Tel. Serv. Co.*, 111 S. Ct. 1282 (1991).

32. *See, e.g.*, 17 U.S.C. § 101 (1988).

33. *Id.*

distinction between those ideas that constitute pure information or data, those that constitute scientific and philosophical concepts, and those that constitute mere entertainment.<sup>34</sup>

The courts, however, have been reluctant to recognize the absence of a true distinction.<sup>35</sup> In the case of factual works, this result may be due to the notion that facts are not protectable, and the only protectable form of expression is the manner in which those facts are compiled. In fictional, literary, and dramatic works, literal expressions such as lines of dialogue, characters, settings, and specific incidents, may be protectable if original. But this does not negate the validity of the principle that the manner in which they are selected, coordinated or arranged is also a protectable form of expression, notwithstanding the protectability of the literal expressions.

### C. Derivation

Frequently, an author derives his work from a previous work. This derivation principle is expressed in the definitional section of the 1976 Act: "A 'derivative work' is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted."<sup>36</sup> The right of derivation is one of the exclusive rights granted to the owner of a copyright.<sup>37</sup> A derivative work is one that uses both original and unoriginal, or preexisting, forms of expression.

An author may take ideas as well as expressions from preexisting works. For example, Shakespeare took from Holinshed many of the ideas for his history plays, as well as the substance of a few of the characters' speeches.<sup>38</sup> If Shakespeare had been operating under the current copyright

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34. Consider today's most technologically advanced medium for the mass transfer of information: television. The most watched television shows, and those whose viewer numbers are rapidly increasing, are those that blur the line between traditional news and traditional entertainment, such as docu-dramas, historical reenactments, and movies based on true stories. Even presidential campaigns conducted through talk-show formats are commonly viewed as entertainment. Any attempt by the law that draws a distinction between creative ideas and information is entirely futile.

35. See generally, *Nichols*, 45 F.2d 119 (2d Cir. 1930); *Feist*, 111 S. Ct. 1282 (1991).

36. 17 U.S.C. § 101 (1988).

37. 17 U.S.C. § 106(2) (1988).

38.

Johnson's flat assertion that the play was "extracted" from Holinshed's *Chronicles* "with very little alteration" has not deterred research . . . . Although Shakespeare's



law, he would have negotiated a contract with Holinshed's estate to purchase the right to make derivative works from his *Chronicles*. Yet the careful construction of Shakespeare's plots, the richness and sheer beauty of his language, and the fullness of his characters, combined to produce truly inspired works of dramatic art of which Holinshed was entirely incapable. If the copyright law would have hindered Shakespeare in obtaining and maintaining the right to use Holinshed's work, thereby inhibiting him from writing the histories, then the policy objective of promoting the progress of knowledge would not have been satisfied.

Assuming that the policy of copyright law is to promote the progress of knowledge, one must consider whether that policy is furthered by giving the original author the right to restrict the derivative author's ability to disseminate his derivative work thereby restricting dissemination of the original expressions contained in the derivative work. American copyright law has always given an author the right to recapture his exclusive rights after expiration of a certain period of time because the author originally may have been in a weak bargaining position with his publisher.<sup>39</sup> Allowing the author to recapture gives him a bargaining position more commensurate with the relative value of the work which often remains unknown until after extensive dissemination has taken place. The question remains whether an author whose work is lawfully<sup>40</sup> used as the basis of a derivative work can retain exclusive rights in the latter work that may be recaptured at the prescribed time. Moreover, should the derivative author be in the same position as the publisher of the preexisting work, and similarly be subject to the possibility of recapture by the first author?

The Supreme Court has decided that when the author of a preexisting work exercises his right of recapture, he recaptures rights to control the dissemination of the derivative work.<sup>41</sup> In *Stewart v. Abend*, the plaintiff was the successor to the copyright in Cornell Woolrich's story "It Had To

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debt to the second (1587) edition of Holinshed is clear, not only for the record of the main events of Richard's later reign but sometimes (as in II.iv.) for the very language of a scene, several other alleged sources have been put forward.

Hershel Baker, *Introduction to Richard II*, in *THE RIVERSIDE SHAKESPEARE* 800 (1974). "Sometimes, however, as when Canterbury 'justly and religiously' expounds the Salic law (I.ii.33-95) and when Henry upbraids the conspirators (II.ii.166-81), Shakespeare simply versifies Holinshed's *Third Volume of Chronicles* (1587), errors and all. . . ." Hershel Baker *Introduction to Henry V*, *id.* at 930.

39. See generally, Copyright Act of 1909, 17 U.S.C. §§ 1-64 (1909). See also *Stewart v. Abend*, 495 U.S. 207, 217-18 (1990).

40. The right to prepare a derivative work is conveyed by the owner of the rights in the preexisting work.

41. *Stewart v. Abend*, 495 U.S. 207 (1990).

Be Murder.”<sup>42</sup> In exercising his right of recapture, the plaintiff successfully halted public exhibition of Alfred Hitchcock’s classic motion picture, *Rear Window*, which was derived from Woolrich’s story.<sup>43</sup> If this result were to have lasting precedential value, Hollywood would be forced to curtail purchasing the rights to stories and novels for derivative motion pictures because the authors of the preexisting works might obtain the right to control dissemination of the motion pictures derived therefrom. The possibility of such control by the author would deprive the producer of his full return on the considerable investment required to produce a motion picture. Clearly, neither authors, studios or the public are served by such a policy.

The language of the statute expresses the correct policy; the *Stewart* holding does not. The *Stewart* Court noted that section 304(c)(6)(A) of the 1976 Act explicitly denied authors of works originated under the Copyright Act of 1909 (the “1909 Act”) any exclusive rights in others’ works lawfully derived from such 1909 Act works.<sup>44</sup> The Court further remarked that this section provided an exception to what would otherwise be “a third opportunity for the author to benefit from a work” created under the 1909 Act.<sup>45</sup> Furthermore, the Court was of the opinion that the 1976 Act’s offer of a third bite of the apple had no bearing on the scope of the 1909 Act’s second renewal bite, which the Court said did not exclude already prepared derivative works.<sup>46</sup>

For works created under the 1976 Act, however, the only subsequent bite is exactly that described as the “third” bite in the *Stewart* opinion and set forth in section 304(c)(6)(A).<sup>47</sup> The right of recapture is defined in section 203(b)(1) in exactly the same language as the third bite cavalierly disregarded by the Court in *Stewart*.<sup>48</sup> By the Court’s own admission and by the plain language of the statute, this provision prevents an author from recapturing rights in works already lawfully derived from his work.<sup>49</sup> As works originating under the 1909 Act slide into the public domain and are replaced by works originating under the 1976 Act, only section 203(b)(1)

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42. *Id.*

43. See generally, *id.* at 238.

44. *Id.* at 226 (citing 17 U.S.C. § 304(c)(6)(A) (1988)).

45. *Stewart*, 495 U.S. at 225 (The first being the original sale, and the second being the right of recapture exercisable at the time of renewal).

46. See *id.*

47. *Id.*

48. *Id.* at 226 (citing 17 U.S.C. § 203(b)(1) (1988)).

49. *Id.*

will be applied to recapture rights, rendering the conclusions of the *Stewart* Court inapplicable.

### III. EXCLUSIVE RIGHTS

#### A. *A Copyright as a Property Right*

Under the Copyright Clause, Congress may grant the exclusive rights to authors' expressions.<sup>50</sup> It is now politically correct to call a copyright a monopoly,<sup>51</sup> but there is no good reason to do so. Copyrights are simply property rights because they have the main characteristics of property, value and enforceability.<sup>52</sup> Calling a copyright a monopoly has never added anything to an analysis of a dispute arising under copyright law. It is perhaps the most prominent example of language that does not fit its underlying concepts in the copyright field.

A copyright has value because of its transferability and because there is a market for it.<sup>53</sup> A market kept free from unwarranted interference is the best way to assure that writings most valuable to society become the most widely disseminated. Because we live in a democratic society free from most government regulation of writings, there can be no value judgment made on copyrightable works by Congress or the courts. As long as a work meets the two minimal requirements, tangibility and originality, it is entitled to enter the market.<sup>54</sup> The market alone determines its value. An unfettered market represents the most direct form of democracy. A copyright owner's efforts are rewarded in proportion to the number of people who find the work valuable.

In fact, because of the First Amendment and the unique characteristics of reproducible intellectual property, the market created by copyright law is one of the most democratic of all markets. The value of the intellectual material cannot adequately be estimated *a priori*, but may be determined in large measure by the sheer number of sales. All competing motion pictures and books are similarly priced for the buying public because the actual

50. U.S. CONST. art I, § 8, cl. 8.

51. Even Nimmer calls a copyright a monopoly, but he uses the term in its most reduced meaning, referring to nothing more than the right of a property owner over his property. See 1 NIMMER & NIMMER, *supra* note 2, § 1.03[A].

52. Copyright law is intended "to grant *valuable*, [and] *enforceable* rights to authors, publishers . . . ." *Washingtonian Pub. Co. v. Pearson*, 306 U.S. 30, 36 (1939) (emphasis added).

53. *Id.*

54. 1 NIMMER & NIMMER, *supra* note 2, § 1.03[B].

material cost is equal for all works of a similar type. Furthermore, they can be sold more or less indefinitely without damaging the intellectual content of the work. The reward to the copyright owner increases not as a result of his ability to raise the price of his work, but primarily as a result of his ability to sell the same thing at the same price more often. Using a democratic metaphor, he gets more "votes" for his work.

A paradox of the market concept is that, while a market must be free from unwarranted regulation to work most effectively, it cannot work at all without the protection of the government. An exclusive right requires a power capable of enforcing the owner's right to exclude. Congress has the power to decide which uses of a copyrightable work are to be exclusive to the owner.<sup>55</sup> The sole function of the courts is to provide a remedy for wrongs committed in the copyright marketplace, and by doing so to assure the smooth functioning of the market. Without such protection, disseminators would be unwilling to purchase copyrightable works because their exclusivity could not be assured, and the market would break down. The Framers empowered Congress to grant exclusive rights so that a market for writings could exist, a market free from executive interference but subject to judicial control over abuses of the market within the parameters of rights prescribed by the legislature.<sup>56</sup>

### *B. A Copyright is a Natural Property Right*

Copyright, like other forms of property, was considered a natural right.<sup>57</sup> There is no evidence that the Framers considered it to be a monopoly or purely a statutory creature. James Madison clearly thought it was a natural right: "The copyright of authors has been solemnly adjudged, in Great Britain, to be a right of common law."<sup>58</sup> Nevertheless, copyright was considered to be subject to extraordinary regulation because

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55. U.S. CONST. art. I, § 8, cl. 8.

56. U.S. CONST. art. I, § 8, cl. 8.

57. See 1 NIMMER & NIMMER, *supra* note 2, § 1.03[A].

58. THE FEDERALIST NO. 43, at 309 (James Madison) (Benjamin Fletcher Wright ed., 1961). Recent scholarship has suggested that the traditional view of the holding referred to here by Madison is incorrect, and that the House of Lords in fact decided that there was no common law copyright. *Donaldson v. Beckett*, 98 Eng. Rep. 257 (H.L. 1774). This, of course, raises an interesting question: if Madison was under a mistaken impression as to the state of British common law and wrote that impression into the Constitution, should the Constitution be interpreted as meaning what Madison thought the law to be, or what the law actually was despite Madison's mistaken impression?

of its extraordinary nature.<sup>59</sup> Unlike other forms of property, not all uses should be exclusive to owners. But, a copyright should be allowed to function in a market like any other form of property.

The first significant case under American copyright law was *Wheaton v. Peters*.<sup>60</sup> The sole question for review was whether a natural, common law right could be enforced in the face of the statutory provisions for copyright.<sup>61</sup> It is apparent that neither side advanced any notion that copyright was a monopoly, and therefore susceptible to the evils of a monopoly. Arguing in favor of such enforcement, Daniel Webster seemed to have the best grasp of the nature of copyright:

The import of the [A]ct of [C]ongress of 1790 is, that before its enactment, there were legal rights of authorship existing; it provides for existing property, not for property created by the statute. There is nothing for its provisions to stand upon, but the common law. That law is not one of grant or bounty; it recognizes existing rights, which it secures. The aim of the statute was to benefit authors, and thereby the public.

The right of an author to the production of his mind is acknowledged every where [sic]. It is a prevailing feeling, and none can doubt that a man's book is his book — is his property. It may be true that it is property which requires extraordinary legislative protection, and also limitation. Be it so.<sup>62</sup>

All participants in the *Wheaton* case must have been well aware of the case of *Donaldson v. Beckett*, which had been decided in the House of Lords only thirteen years before the Constitutional Convention.<sup>63</sup> Moreover, everybody assumed that the Framers were familiar with *Donaldson*, so they looked to that case to determine the intent of the Framers in giving Congress the power to enact copyright legislation.<sup>64</sup> According to the *Wheaton* Court, *Donaldson* determined that the effect of the British copyright statute was to take away this natural right and to replace it with a right as delineated in the statute, although copyright was a natural right originally enforceable at common law.<sup>65</sup> The *Wheaton* Court, therefore, followed *Donaldson* as closely as possible. "That every

59. See generally *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834).

60. *Id.*

61. *Id.*

62. *Id.* at 653.

63. *Donaldson v. Beckett*, 1 Eng. Rep. 837 (H.L. 1774). The Constitutional Convention convened in June, 1787.

64. *Wheaton* 33 U.S. (8 Pet.) at 602.

65. *Id.* at 656.

man is entitled to the fruits of his own labour must be admitted; but he can enjoy them only except by statutory provision under the rules of property, which regulate society, and which define the rights of things in general."<sup>66</sup> *Wheaton* accepted the proposition that copyright was a property right, but only enforceable pursuant to statutory regulation from Congress because of its extraordinary nature.

### C. *A Copyright is Not a Monopoly*

It was less than a decade after *Wheaton* that the notion of copyright as a monopoly began to gain acceptance. The British historian Thomas Macaulay advanced this notion in an address to Parliament in 1841:

Copyright is monopoly, and produces all the effects which the general voice of mankind attributes to monopoly. The effect of monopoly generally is to make articles scarce, to make them dear, and to make them bad. It is good that authors should be remunerated; and the least exceptionable way of remunerating them is by a monopoly. Yet monopoly is an evil. For the sake of the good we must submit to the evil; but the evil ought not to last a day longer than is necessary for the purpose of securing the good.<sup>67</sup>

Lord Macaulay's conclusions are undoubtedly correct, but his premise is not. Copyright, properly defined and limited, is not a monopoly.

Monopoly is defined as "[a] privilege or peculiar advantage vested in one or more persons or companies, consisting in the exclusive right (or power) to carry on a particular business or trade, manufacture a particular article, or control the sale of the whole supply of a particular commodity."<sup>68</sup> A monopoly is usually considered to be a power to exclude competitors from the marketplace, thereby destroying the effectiveness of the market to regulate prices.<sup>69</sup> An open market is the best mechanism for regulating prices by adjusting the price of each transaction to more closely approximate the actual value (cost plus value) being conveyed. The vice

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66. *Id.* at 658.

67. Address by Thomas Babington Macaulay to Parliament (1841), in BARBARA A. RINGER, *THE DEMONOLOGY OF COPYRIGHT* 13 (1974).

68. BLACK'S LAW DICTIONARY 1007 (6th ed. 1990).

69. See also 1 RUDOLPH CALLMAN, *THE LAW OF UNFAIR COMPETITION, TRADEMARKS & MONOPOLIES* § 4.21 (Louis Altman ed., 1981 rev.) ("Monopolization presupposes the possession of market control . . . by means of which it is possible to exclude actual or potential competitors from any part of the [market].").

of monopoly "is the denial to commerce of the supposed protection of competition."<sup>70</sup>

A monopolist has the exclusive right to exclude competitors from the market; the exclusive right of a copyright owner, like that of other property owners, is merely the right to exclude others from using the property.<sup>71</sup> If, as the *Wheaton* Court stated, "[a] book is valuable on account of the matter it contains, the ideas it communicates, the instruction or entertainment it affords,"<sup>72</sup> then it is clear that a copyright owner has no monopoly.

Because copyright protection extends only to particular expressions, not ideas, a copyright owner has no power to exclude other expressions of the same ideas and information that are encompassed in his work. If another expresses even substantially similar ideas in a different but more direct, more understandable, or more entertaining manner, usurping some portion of a previous copyright owner's market, the first owner is powerless to prevent this competition. Although the first owner may hold the exclusive right to produce copies of his particular expression, he controls only the market for that particular expression, which still must compete with other expressions of the same or similar ideas. It is like saying the owner of the lot on the northwest corner of Elm and First Streets controls, and is able to exclude competitors from the market for, property on the northwest corner of Elm and First Streets. That owner's right is a property right; calling it a monopoly adds nothing to an understanding of the owner's rights. Such usage merely serves to make the meaning of the term "monopoly" less precise and therefore less useful.

A copyright is not a true monopoly for the same reasons that it does not interfere with First Amendment rights: copyright protects only expressions and not ideas.<sup>73</sup> Because no one is given exclusive rights in the marketplace of ideas, there is no power to exclude competitors from the public market for any particular copyrightable work.

70. *United States v. Aluminum Co. of Am.*, 148 F.2d 416, 428 (2d Cir. 1945).

71. A copyright is even more narrow than other property rights, because the uses that may be excluded are more narrowly and precisely defined. See 17 U.S.C. § 106(a) (1988).

72. 33 U.S. (8 Pet.) at 657.

73. 17 U.S.C. § 102(a)(6) (1988).

#### D. The Difference Between Copyright and Patent

There is an important distinction between copyright and patent. A patent can confer monopoly power and is designed to do so.<sup>74</sup> The more valuable patents are those that give the owner exclusive right to produce a particular product, bestowing the right to exclude competing producers of the same product. Unlike copyright protection, patent protection extends to ideas. The Patent Clause of the Constitution, intertwined with the Copyright Clause, empowers Congress to extend exclusive rights to discoveries.<sup>75</sup> However, "[i]n no case does copyright protection . . . extend to any . . . discovery, regardless of the form in which it is described, explained, illustrated, or embodied in [a copyrightable] work."<sup>76</sup> Patent protection also bars like but subsequent and independent discoveries from being marketed, whereas copyright does not empower the owner to exclude such works from the market.<sup>77</sup>

This distinction is often overlooked because of the intertwined nature of the Patent and Copyright Clause. For example, in *Wheaton*, counsel for the appellant argued for the enforceability of a common law copyright, and pointed to the Constitutional use of the term "secure" to bolster the claim that the Framers intended merely to empower Congress to recognize an existing property right, not to abrogate and replace it.<sup>78</sup> However, the Court disagreed that the verb "secure" was intended to apply to a natural common law right, since the same word also applied to patent, which nobody had ever contended constituted a natural right.<sup>79</sup>

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74. See U.S. CONST. art. I, § 8, cl. 8.

75. *Id.*

76. 17 U.S.C. § 102(b) (1988).

77. This is because novelty is required for a patent, whereas a copyright requires only originality. See *infra* part IV.B.

78. *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 602-03 (1834). "Had the convention designed to take away, or to authorize congress to take away the common law property, they would have used the words *vest*, or *grant*; and would have carefully avoided the word *secure*." *Id.* (argument of Mr. Peine for appellants).

79.

There is no mode by which the meaning affixed to any word or sentence, by a deliberative body, can be so well ascertained, as by comparing it with the words and sentences with which it stands connected. By this rule the word *secure*, as used in the constitution, could not mean the protection of an acknowledged legal right. It refers to inventors, as well as authors, and it has never been pretended, by any one, either in this country or in England, that an inventor has a perpetual right, at common law, to sell the thing invented.

*Id.* at 661.



The *Wheaton* Court erred, however, when it ruled that "secure" could not be used in reference to a natural right because it was also applied to patents and nobody ever thought a patent was a natural right. Apparently, Madison thought so. After pointing out that copyright is a common law right, he wrote that "[t]he right to useful inventions seems with equal reason to belong to the inventors."<sup>80</sup> Whether or not Madison was correct in this assumption, it does indicate that the *Wheaton* Court may have been wrong, and that the verb "secure" in the Copyright Clause was in fact intended to apply to a natural property right.

### *E. Copyright Alone Cannot Lead to Antitrust Abuses*

With the advance in understanding and application of antitrust principles in the early twentieth century, there has been a failure to recognize the important distinction between copyright and patent, commonly referring to both concepts as monopolies. The most important case analyzing the antitrust implications of copyright was *United States v. Paramount Pictures, Inc.*,<sup>81</sup> an antitrust case against the studio distribution system in Hollywood during the 1940s. It is hard to find a more misguided interpretation of the impact of copyright law.

Among the studio's distribution practices under attack in *Paramount* was "block-booking," the practice of offering one or a group of films to exhibitors on the condition that the exhibitor also purchase a license to other specified films during the same period.<sup>82</sup> Assuming that a copyright was like a patent and therefore a monopoly, the Court saw this practice as a classic case of "tying," or in other words, extorting a price higher than the value of the tied product as a result of the power invested in the seller from the lawful monopoly of the base product.<sup>83</sup> If we assume that antitrust tying can actually occur if the base product is covered by a legal monopoly, such an abuse can obviously be achieved by a patent. A buyer can be forced to pay an inflated price for otherwise easily obtainable accessories if he can purchase a commodity only by also purchasing the accessories from the same seller.

The *Paramount* Court assumed, without inquiry, that the same kind of antitrust abuse could be accomplished by a copyright owner, and found

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80. THE FEDERALIST NO. 43, at 309 (James Madison) (Benjamin Fletcher Wright ed., 1961).

81. 334 U.S. 131 (1948).

82. *Id.* at 156.

83. *Id.* at 157.

that block-booking constituted such a practice.<sup>84</sup> However, the opinion overlooked two basic principles that render this conclusion erroneous.

First, the Court ignored the principle that courts cannot adjudge the value of the intellectual material contained in a copyrightable work; only the public marketplace can make a judgment. Courts are not empowered to make such value judgments; once a work is recognized as meeting the minimal requirements of copyright, originality and tangibility, the intellectual value<sup>85</sup> of a work is beyond the court's sphere of influence. The Court observed that "the reward [to the copyright owner] does not serve its public purpose if it is not related to the quality of the copyright."<sup>86</sup> A court, however, cannot legitimately make a value judgment on the intellectual quality of the work, which would be required if it were to examine the relationship between that value and the price.

Justice Holmes first noted that "[i]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [copyrightable works]."<sup>87</sup> Courts are therefore limited to determining whether the works have value at all, rather than the amount of the intellectual value of the works. That limited inquiry is only one of determining whether the work has achieved a market: "if they command the interest of any public, they have a commercial value."<sup>88</sup>

The *Paramount* Court described the problem as follows: "Where a high quality film greatly desired is licensed only if an inferior one is taken, the latter borrows quality from the former and strengthens its monopoly by drawing on the other."<sup>89</sup> But from a legal standpoint, there is no way of determining which of the two block-booked films is of a greater quality.

The legal irrelevance of this issue is highlighted by the Court's conclusion: "The practice tends to equalize rather than differentiate the reward for the individual copyright."<sup>90</sup> Even so, what then? No injury to the buyer results from this purported inequity; the buyer pays what he

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84. *Id.* at 156-57.

85. By intellectual value, I mean the value that only the public purchaser seeks to obtain from the work, the value of the ideas and information conveyed by the work. A distributor or publisher, by contrast, pays a price for the work (usually tied, by a royalty provision, to the ultimate value to the public) not to reap the value of the ideas or information, but rather to add the value of its distribution efforts to this cost and pass it on to the public purchaser.

86. *Paramount*, 334 U.S. at 158.

87. *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903).

88. *Id.* at 252. The term "commercial value" is here used in the same sense that we use the term "intellectual value," i.e., that portion of the purchase price that a public purchaser is willing to add to the total cost of the value added by the dissemination system.

89. *Paramount*, 334 U.S. at 158.

90. *Id.*

believes the package is worth, or he does not buy it at all based on the value of the package to him. Moreover, block-booking assumes a single seller who cannot possibly be injured because he purportedly collects voluntarily undifferentiated rewards for his works. Even if the products of more than one seller are packaged together, there is no inequity because sellers will necessarily have agreed between themselves what constitutes an equitable distribution of the proceeds. If some inequality between such sellers results in a distribution of proceeds that is not equitable, then the contract between the sellers may be at fault, not the contract between the seller and the buyer.

The error of the Court's reasoning should have become apparent when it arrived at the following conclusion: "Even where all the films included in the package are of equal quality, the requirement that all be taken if one is desired increases the market for some."<sup>91</sup> Had the Court been paying attention to basic copyright principles instead of blithely assuming that copyright is a monopoly and therefore likely to lead to undesirable results, it would have noticed that the result it complained of here is precisely the result intended by copyright law; the market for a copyrightable work is increased. How this result could be unlawful is not clear. The reward that copyright bestows goes not only to authors but also to disseminators (publishers, distributors, and the like). The legitimate occupation of the disseminators is to increase the market for copyrightable works. A purported "abuse" of copyright cannot have occurred if such use achieves precisely the result desired by the policy of copyright law.

Second, the *Paramount* Court also overlooked the basic truth of the principle that no seller of an entertainment product can, by exercise of a purported monopoly, extort from the public more than the public is willing to pay for the value obtained.<sup>92</sup> From a market standpoint, this is the main difference between bread and circuses: when a man cannot afford bread he dies, but when a man cannot afford the circus, he merely stops going to the circus.

Essentially, what the *Paramount* defendants were doing was squeezing out the middlemen, in this case independent exhibitors, rather than extorting the public. The Court could have reached the same result merely by enforcing the policy decision that such competitors were to be protected.

91. *Id.*

92. This may be true only to a point: it clearly applies as long as there are *any* other forms of entertainment available. If no other forms of entertainment whatsoever are available, it is conceivable that the public will pay more than the value obtained for the only product on the market (although it is more likely that the public will invent an alternative form of entertainment).

If there was any antitrust violation it was not a result of any individual distributor requiring block-booking, but rather it was caused by the fact that block-booking was a practice among all but one of the defendants.<sup>93</sup> The oligopolistic structure of the distribution industry created any antitrust abuse that may have occurred. The same industry structure can, and has, resulted in antitrust violations in the market for a number of other products that have never been considered to be monopolies.<sup>94</sup> Mere copyrights in the films, not being monopolies, could not have created the antitrust violation that was the subject of the prosecution.

#### *F. A Copyright Improperly Extended Can Result in a Monopoly*

One case that goes a long way, but unfortunately not quite far enough, in recognizing the important difference between a patent and a copyright regarding monopoly privileges is *Herbert Rosenthal Jewelry Corp. v. Kalpakian*.<sup>95</sup> The court began by noting that patent registration is subject to rigid governmental scrutiny to determine that the prerequisites of novelty, usefulness and nonobviousness have been met before conferring exclusive rights over the "conception that is the subject matter of the patent."<sup>96</sup> Furthermore, the court noted that a copyright, which requires only originality, is easily obtainable but "confers no right at all to the conception reflected in the registered subject matter."<sup>97</sup> For this reason, the court correctly concluded that "a copyright must not be treated as equivalent to a patent lest long continuing private monopolies be conferred over areas of gainful activity without first satisfying the substantive and procedural prerequisites to the grant of such privileges."<sup>98</sup>

Building on the premise that copyright conferred no right over the ideas expressed, the court noted that its task was to determine whether protected expression or merely unprotected ideas were appropriated by the defendant.<sup>99</sup> In performing this task, the court made a striking observation, stating that "[t]he guiding consideration in drawing the line [between

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93. *Paramount*, 334 U.S. at 156.

94. *See, eg., American Tobacco Co. v. United States*, 328 U.S. 781 (1946) (prosecution of top three cigarette makers for monopolization of cigarette market).

95. 446 F.2d 738 (9th Cir. 1971).

96. *Id.* at 740.

97. *Id.*

98. *Id.* at 741.

99. *Id.*

idea and expression] is the preservation of the balance between competition and protection reflected in the patent and copyright laws."<sup>100</sup>

The court saw its objective as limiting the copyright monopoly.<sup>101</sup> Extending the so-called monopoly from expression to ideas would clearly violate the basic principles of the Copyright Clause. The court understood the concepts it faced. However, it merely used imprecise language to describe them. Extending copyright protection from expression to ideas does not merely extend the copyright monopoly, rather, it creates a monopoly out of what otherwise would be only a property right as we have seen. A copyright properly delineated is not a monopoly. But a copyright improperly extended in its scope to cover the underlying ideas can result in a monopoly.

#### IV. AUTHORS

##### A. *The Motivation of Creativity*

The Copyright Clause empowers Congress to grant exclusive rights to authors.<sup>102</sup> However, it may be somewhat inaccurate to assume that the intent of the law is "to motivate the creative activity of authors . . . by the provision of a special reward."<sup>103</sup> If the creativity of artists was motivated by nothing more than the prospect of riches, we should have a poor culture indeed. For example, it seems unlikely that Bob Dylan writes songs, or David Mamet plays, or Tom Robbins novels, because they are motivated by the provision of a special reward. To the contrary, creativity is self-motivated, and indeed, spontaneous.

Perhaps the most well-known and widely accepted analysis of this creative motivation comes from the romantic poet William Wordsworth's description of the creation of poetry as:

the spontaneous overflow of powerful feelings; it takes its origin from emotion recollected in tranquillity: the emotion is contemplated till [sic], by a species of re-action, the tranquillity gradually disappears, and an emotion, kindred to that which was before the subject of contemplation, is gradually produced, and

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100. *Kalpakian*, 446 F.2d at 742.

101. *Id.* "What is basically at stake is the extent of the copyright owner's monopoly—from how large an area of activity did Congress intend to allow the copyright owner to exclude others?" *Id.*

102. U.S. CONST. art. I, § 8, cl. 8.

103. *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

does itself actually exist in the mind. In this mood successful composition generally begins, and in a mood similar to this it is carried on.<sup>104</sup>

In the cultural complex of personality and society that produces creative works, the law has no place different from that of any other field of endeavor: it can be an object of contemplation and a source of emotion. For example, dramatists often use legal themes primarily because the legal trial is one of the most naturally dramatic situations that occurs in human affairs, with its intense conflict, natural exposition through argument, twists and turns of fortune during the presentation of evidence, and convenient resolution in a verdict.<sup>105</sup>

However, to state that the specific law of copyright motivates a person to produce creative works is probably not accurate. The full creative process is impenetrable to the rational tools of the law, and one can never be certain that in any given case the promise of a reward is, or is not, a factor in the creation of a copyrightable work. Perhaps the most that can be said is the generalization that the societal effect of copyright law "is to encourage people to devote themselves to intellectual and artistic creation by granting authors the exclusive right to the fruits of their labor."<sup>106</sup> For example, if a person does create works, the law will facilitate a market, and he may make a living creating such works.

The "fruits of their labor" metaphor, derived from the natural law of property rights, is common to copyright law. Perhaps the Supreme Court's most accurate rendition of the metaphor is that found in *Harper & Row Publishers, Inc. v. Nation Enterprises*:<sup>107</sup>

copyright is intended to increase and not to impede the harvest of knowledge. . . . [T]he scheme [is] established by the Copyright Act for fostering the original works that provide the seed and substance of this harvest. The rights conferred by

104. WILLIAM WORDSWORTH, PREFACE TO THE SECOND EDITION OF THE LYRICAL BALLADS (1800), reprinted in *ENGLISH ROMANTIC WRITERS* 328 (David Perkins ed., 1967).

105. The trial as a dramatic theme is nearly as old as drama itself. In the oldest extant trilogy of Greek tragedy, Aeschylus' *Oresteia*, for example, the third play, *The Eumenides* is based on the trial of Orestes, Agamemnon's son who killed his mother, Clytemnestra, to avenge his father's murder. The prosecutors are a chorus of furies spurred on by Clytemnestra's ghost, Orestes' advocate is Apollo, the presiding judge is Athena, and the jury is a panel of Athenian citizens representing the forerunners of the historical Council of Areopagus. (For those interested in the result, Orestes was acquitted).

106. *Quinto v. Legal Times of Wash., Inc.*, 511 F. Supp. 579, 581 (D.D.C. 1981).

107. 471 U.S. 539 (1985).

copyright are designed to assure contributors to the store of knowledge a fair return for their labors.<sup>108</sup>

Copyright law facilitates creativity, but it does not motivate it. The best that copyright law can do is not to impede creativity. Rather than inducing persons to become authors, the concern of copyright law is primarily to define those rights that accrue to persons who have become authors.

### *B. Only Originality is Required of an Author, Not Creativity*

What is an "author?" "An author . . . is 'he to whom anything owes its origin; originator, maker, one who completes a work of science or literature.'"<sup>109</sup> One becomes an author by originating expressions. As courts have noted for more than a century, the only requirement for becoming an author is that at least some portion of the expression be original.<sup>110</sup> Although an entire work is copyrightable, copyright protection extends only to those expressions that are original to the author. As we have seen, protection does not extend either to ideas or to unoriginal expressions used by an author in her work.<sup>111</sup>

One comes within the sphere of influence of the Copyright Clause by producing works that exhibit originality, which is an extremely low threshold requirement for copyright. "Originality in this context means little more than a prohibition of actual copying. No matter how poor artistically the author's addition, it is enough if it be his own."<sup>112</sup> Apparently, however, courts have tired of this minimalistic requirement, and within the last decade or so have seen fit to add another requirement, creativity, to that of originality, which for more than a century had been recognized as the sole requirement for copyright protection in tangible expressions.

What is the difference between originality and creativity? This question has befuddled counsel and threatens unnecessarily to continue to do so.<sup>113</sup> The most obvious difference between originality and creativity

108. *Id.* at 545-46.

109. *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 57-58 (1884).

110. *Id.*

111. *See supra* part II.A.

112. *Alfred Bell & Co. v. Catalda Fine Arts*, 191 F.2d 99, 103 (2d Cir. 1951) (quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 250 (1903)).

113. *See, e.g., John Muller & Co. v. New York Arrows Soccer Team, Inc.*, 802 F.2d 989, 990 (8th Cir. 1986) ("[T]he issue here is creativity, not originality, although appellant's argument tends to confuse the two."). The *Muller* court does not explain the difference.

is that only the former is objectifiable and determinable as a matter of evidence. The latter is merely a judicially imposed and purely subjective requirement that renders the existence of an author's rights dependent on whatever whimsical conception of this admittedly undefinable concept happens to be held by a political appointee "trained only in the law."<sup>114</sup>

Whether a work is "original" is a question of fact. Did the purported author independently create the particular expression in his work for which he seeks copyright protection, or is the expression in question found in preexisting works from which he probably copied it? If required to do so, most courts would call the question of creativity a mixed question of law and fact, but in truth, it is neither. It is purely a subjective question, the answer to which necessarily will vary from individual to individual. A perverse sort of progress is achieved when cumulative jurisprudence succeeds in adding such a quantum of uncertainty to the law. Only the objectively determinable qualification of originality is, or at least should be, required.

### *C. Application of the Erroneous Creativity Requirement*

A requirement of creativity is wholly inconsistent with Justice Holmes' condemnation of judicial attempts to determine the intellectual value of works.<sup>115</sup> If a market exists for the work, then it is not for the courts to deny that market by announcing that the work has no value capable of being traded. If works can "command the interest of any public, they have a commercial value — it would be bold to say that they have not an aesthetic and educational value — and the taste of any public is not to be treated with contempt."<sup>116</sup> But courts today routinely display such boldness in finding that marketable works lack the requisite amount of creativity and therefore are not marketable because no property rights subsist in them.

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114. This is not an indictment of the courts alone, since apparently the Register of Copyrights has also gotten into the act of deciding whether original works are creative. *See, e.g. Muller* 802 F.2d at 990 (upholding determination by trial court that "the Register had not abused his discretion in finding that appellant's logo lacked the level of creativity needed for copyrightability").

115. *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903).

116. *Id.* at 252.



1. *John Muller & Co. v. New York Arrows Soccer Team, Inc.*

An example of a court and the Register of Copyrights standing like hulking guards over the entrance to the marketplace is found in *John Muller & Co. v. New York Arrows Soccer Team, Inc.*<sup>117</sup> The plaintiff was hired by the defendant soccer team to perform certain advertising services, including designing a logo for the team.<sup>118</sup> The plaintiff created one that "consist[ed] of four angled lines which form an arrow and the word 'Arrows' in cursive script below the arrow."<sup>119</sup> Although a fee dispute erupted, the team apparently used the logo designed by the plaintiff. The plaintiff attempted to register his copyright for the logo, but the Register of Copyright denied his application "saying that [the logo] lacked the minimal creativity necessary to support a copyright."<sup>120</sup>

This conclusion has its roots in an outdated decision of the Supreme Court in *The Trade-Mark Cases*, where the Court held that the trademarks at issue were not copyrightable, but did so in such a manner as to propound the erroneous rule that trademarks in general are not copyrightable.<sup>121</sup> The Court noted that rights in a trademark grow out of the use of the mark, which, because it does not necessarily require any intellectual labor to create, is not a product of intellectual labor and therefore not copyrightable.<sup>122</sup> Beyond the fractured logic supporting it, this holding, if applied today, would overlook the fact that corporations often spend large sums on developing fanciful, arbitrary, or at least suggestive trademarks because of their greater protection as compared to merely descriptive marks. Clearly fanciful, arbitrary, or suggestive works are creative, and there is no reason why they cannot be copyrightable if original, even though trademark rights arise only through use, not creation. Trademark rights and copyrights are like apples and oranges, but there is no reason that the same basket cannot carry both.

If the New York Arrows logo required no creativity to produce, then the team could have had a clerk in its mailroom do it and would not have hired a company of professionals such as the plaintiff. Even if the team had appointed a clerk to the task of developing an original logo, he would

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117. 802 F.2d 989 (8th Cir. 1986).

118. *Id.* at 990.

119. *Id.*

120. *Id.* (emphasis added).

121. 100 U.S. 82 (1879).

122. *Id.* at 94.

have produced a logo that "expresses its singularity"<sup>123</sup> and would have been at least "a very modest grade of art [that] has in it something irreducible, which is one man's alone."<sup>124</sup> According to Justice Holmes, "[t]hat something he may copyright, unless there is a restriction in the words of the act."<sup>125</sup> However, based on the Register of Copyrights and the *Muller* courts, Holmes' conclusion was inapplicable in this case simply because the plaintiff had not met the personal standards of creativity concocted by the particular political appointees that confronted it.

The requirement of creativity is not "a restriction in the words of the act."<sup>126</sup> The 1976 Act requires only that a work be original, and "fixed in any tangible medium of expression."<sup>127</sup> The restriction barring copyright for works purportedly lacking in creativity has been imposed, not by Congress, the only governmental body constitutionally empowered to impose such a restriction, but by unnecessarily bold executive and judicial functionaries.<sup>128</sup> The requirement of creativity is erroneous because it does not fit the underlying concepts of copyright itself, regardless of whether the implementation of the restriction also violates some other Constitutional requirement. Creativity would be an undesirable requirement even were Congress to impose it, and the Register of Copyright and the courts would be well advised not to rush in where Congress has had the wisdom not to tread.

## 2. *Financial Information, Inc. v. Moody's Investors Service, Inc.*

The creativity requirement gained recent momentum from a series of cases involving compilations of factual material, which are often contrasted to creative works.<sup>129</sup> As noted above, compilations are collections of

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123. *Bleistein*, 188 U.S. at 250.

124. *Id.*

125. *Id.* In this example, the clerk's logo would be a "work made for hire," and the team could copyright it. 17 U.S.C. § 101 (1988).

126. The only restrictions found in the Copyright Act on the copyrightability of original, tangible works are those on such works produced by certain foreign authors, and by the federal government. See 17 U.S.C. §§ 104, 105 (1988).

127. 17 U.S.C. § 102(a) (1988).

128. This imposition can be seen as a violation of the Separation of Powers doctrine.

129. For example, one of the factors in deciding whether a defendant has made fair use of a copyrighted work is the nature of the copyrighted work. 17 U.S.C. § 107(2) (1988). Courts conducting a fair use analysis often allow defendants greater latitude if the work supposedly copied is informational or factual as opposed to creative. See, e.g. *Diamond v. Am-Law Pub. Corp.*, 745 F.2d 142, 148 (2d Cir. 1984) ("The work in question was avowedly informational, and

preexisting materials, for which copyright protection subsists only in the selection, coordination or arrangement of such materials.<sup>130</sup> If any of that selection, coordination or arrangement is original, the work is copyrightable.

One of the most egregious examples of the improper use of a creativity requirement is found in the case of *Financial Information, Inc. v. Moody's Investors Service, Inc.*<sup>131</sup> There, the plaintiff produced a card service for investors that listed information regarding bond redemptions; the defendant, also in the financial information business, copied information from the plaintiff's cards.<sup>132</sup> The trial court found the plaintiff's cards were copyrightable and the defendant's use of them fair use.<sup>133</sup>

The Court of Appeals reversed on the fair use issue, but remanded for further findings on the copyrightability issue.<sup>134</sup> In attempting to denigrate the plaintiff's work for the benefit of the trial court's inevitable finding of uncopyrightability, the court described the work in the very language of the definition of a copyrightable compilation: "the cards are essentially a *compilation* of financial facts *collected* from various sources, the key facts being those *selected* for publication."<sup>135</sup> If this collection and selection was original, it was copyrightable. But the court was determined to add a creativity requirement in order to distinguish the Second Circuit from those circuits following the "industrious collection" line of cases. These cases conferred copyright protection because of the labor involved in obtaining the facts for the compilation, whether the structural expression of those facts was original or not.<sup>136</sup>

The *Financial Information* case was remanded for a determination of whether the plaintiff's cards "involved a modicum of selection, coordination or arrangement" sufficient for copyrightability.<sup>137</sup> The Court of Appeals' characterization of the work as a compilation of collected and selected facts should have been enough to answer this question.

such work may be more freely published under Section 107 than those of a creative nature.").

130. 17 U.S.C. § 101 (1988). See *supra* part II.B.

131. 751 F.2d 501 (2d Cir. 1984).

132. *Id.* at 502.

133. *Id.*

134. *Id.* at 503 n.2. It is appropriate to point out that the parties did not even view copyrightability as an issue. In a footnote to its opinion, the Court of Appeals noted that it was unclear whether the issue of copyrightability was preserved on appeal, but addressed it anyway based on a footnote in appellant's brief.

135. *Id.* at 502 (emphasis added).

136. *Financial Info.*, 751 F.2d at 504-07.

137. *Id.* at 507.

The District Court reviewed the question on remand without the benefit of additional evidence,<sup>138</sup> which is only natural since creativity cannot be decided as an evidentiary question and is purely subjective to the judge handling the case. It found that "the modicum of selectivity, coordination or arrangement required by the Court of Appeals to qualify for copyright protection [was] simply not present. There [was] no coordination or arrangement of the data except to codify it into a uniform mold."<sup>139</sup> The Court failed to explain how collected data could have been codified into a uniform mold without some selection, coordination or arrangement by the plaintiff. The language used by the courts in this case reveals the error in their decisions.

### 3. *Feist Publications, Inc. v. Rural Telephone Service Co.*

The Supreme Court made a feeble attempt to justify the creativity requirement in the recent case of *Feist Publications, Inc. v. Rural Telephone Service Co.*<sup>140</sup> The *Feist* Court noted that the 1976 Act's definition of compilation required that the preexisting material be selected, coordinated or arranged "in *such a way* as to render the work as a whole original."<sup>141</sup> The Court concluded from this language that the statute envisions that there will be some fact-based works in which the selection, coordination or arrangement are not sufficiently original to trigger copyright protection.<sup>142</sup> This is partially correct: a selection, coordination or arrangement that is not original is not protectable by copyright. However, it is incorrect to conclude that "[o]riginality requires only that the author make the selection or arrangement independently, (i.e., without copying that selection or arrangement from another work), *and that it display some minimal level of creativity.*"<sup>143</sup> Where did this second requirement come from? The 1976 Act does not contain a creativity requirement, only originality, which can be achieved merely by not copying.<sup>144</sup>

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138. *Financial Info., Inc. v. Moody's Investors Serv., Inc.*, 231 U.S.P.Q. 803, 805 (S.D.N.Y. 1986).

139. *Id.*

140. 111 S. Ct. 1282 (1991).

141. *Id.* at 1285 (quoting 17 U.S.C. § 101 (1988)).

142. *Id.*

143. *Id.* (emphasis added).

144. Nowhere does the Act define a "work of authorship" to include creativity; only tangibility is required. See 17 U.S.C. § 102(a) (1988); 17 U.S.C. § 101 (1988) (definition of "compilation").

The Court's mistake was assuming that some degree of originality is required. It is not. Originality in this sense is like pregnancy, and there is no such thing as a pregnant woman who has less than a modicum of pregnancy. Some women who are farther along in the process may be said to be "more pregnant" than others; likewise, some copyrightable works may be called "more original" than others. If the work is original at all, however, it is protectable to the extent of its originality. A requirement of a modicum of creativity is specious. If any element of a work's expression, either literal or structural, is original, then it necessarily is "creative" to the same extent that it is original.

The problem with *Feist* is that the same outcome could have been achieved without this "modicum of creativity" requirement. In *Feist*, the plaintiff was seeking protection for a standard "white pages" collection and arrangement of names in alphabetical order with addresses and telephone numbers.<sup>145</sup> As the Court noted, this type of arrangement "is an age-old practice, firmly rooted in tradition and so commonplace that it has come to be expected as a matter of course . . . . It is not only unoriginal, it is practically inevitable."<sup>146</sup>

The expressions for which plaintiff was seeking protection simply were not original. This is an evidentiary matter: no reasonable jury would have believed that the employees of Rural Telephone Service conceived their arrangement in a vacuum, unaffected by the demonstrable fact that practically every single phone book ever used has the same arrangement. Nor was Rural's selection original, since it was mandated by state law. The elements for which Rural sought protection were not protected because they were not original. The modicum of creativity language in this opinion should be viewed as pure dicta.

#### *D. Copyrightability Means Only That the Work is Marketable and Not Copied*

The creativity requirement has been imposed on copyright owners seeking to prove that their works are copyrightable.<sup>147</sup> Since copyrightability is merely an aspect of a product that allows the owner to convey his exclusive rights in the marketplace, the question of copyrightability can properly arise only when the work is not yet in the marketplace. However,

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145. *Feist*, 111 S. Ct. at 1285.

146. *Id.*

147. See *supra* part IV.C.3.

such a case is unlikely to appear, and indeed probably cannot appear due to the federal court system's exclusive jurisdiction over copyright cases and the "case and controversy" requirement in federal courts.<sup>148</sup> Only works that actually produce a market dispute will come to court, and therefore (absent some inconceivable extraordinary circumstance) courts may presume that if a willing buyer exists, such a work is copyrightable.

If the policy of the law is to promote the progress of knowledge, then the public must be allowed to make whatever lawful use of the work the ingenuity of humanity may conceive. A potential user is subject only to the limitation that he not use the work in a manner for which the owner holds an exclusive right without authority from the owner.<sup>149</sup> The progress of knowledge can best be promoted by expanding the market for copyrightable works. No downside such as oversupply exists in expansion of the market for intellectual property. Only by expanding that market can the marketplace of ideas be broadened, thereby promoting the progress of knowledge.

The effect of a requirement that denies copyrightability to a work already in the marketplace is removal of that work from the market. Absent enforcement of the exclusivity of the owner's rights, such works are not marketable. By requiring that a work be removed from the market, courts imposing unnecessary threshold requirements preclude all further uses of both the expression and the ideas or information contained in a work. In effect, such courts make the arrogant and insupportable announcement that no person in the future will be able to make any use of the work that may contribute to the progress of knowledge. Such a determination is purely one of speculation and beyond the proper role of the courts, operating only to restrict the marketplace of ideas without producing any corresponding benefit. Courts must not deny that an original work already in the marketplace is entitled to participate.

A copyright means nothing if the owner fails to bring it to the marketplace.<sup>150</sup> The courts' role in copyright law, as in any other trade regulation, is to remedy injuries and to enjoin abuses. While the courts may determine the value obtained, they cannot say that the work had no

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148. U.S. CONST. art III, § 2, cl. 1.

149. 17 U.S.C. § 106 (1988) (uses are enumerated). Of course, a potential user is limited by other laws that would prohibit the use of intellectual property, for example, in obscenity, defamation or conspiracy, but these uses are outside the scope of the copyright law.

150. This is why, until the 1976 Act, statutory copyright protection applied only after publication. An author who merely creates a writing does nothing of any particular value to society, whereas an author who disseminates his writings, once they are created, promotes the progress of knowledge.

marketable value if a buyer in fact perceived such a value. A court cannot say that a portion of the price paid for the work was not based on some originality and therefore that value was not being received.

How much value the work has in the marketplace, however, is another question, and one to be determined only by the result obtained in the marketplace itself.<sup>151</sup> If allowed to operate correctly, the market will place a value on a copyrightable work in proportion to both the intellectual content and the originality of its expression. If a work has no value to any buyer, then the market itself will exclude the work. It is absolutely unnecessary, and indeed it is entirely inappropriate, for a court to mandate such exclusion.

If a man brings questionable produce to the marketplace and says, "This is the fruit of my labor, buy it," and if the potential buyer's reaction is to say, "You call this fruit? I've seen pits bigger than this," then the market has determined that the fruit has no value and there is no reason for a court so to determine. If another buyer, however, says, "This is good fruit to me, I will buy it," how can a court say that it was not fruit? Likewise, if an author brings his work to the market and another willingly buys some or all of his bundle of rights, how can a court say it was not copyrightable, and therefore, not a marketable work? If it commands the interest of any public, such interest is proof of the copyrightability of the work.

If a work is in the marketplace, the court's sole determination is limited to whether the defendant's use of it was lawful. This issue can involve only a determination of whether the particular expression used by the defendant for which the plaintiff seeks protection is original to the plaintiff, and it does not require examination of the entire work for some originality.<sup>152</sup> If the expression used by the defendant is original to the plaintiff, the plaintiff is entitled to copyright protection as a remedy for the wrong committed by the defendant. Only if the defendant has used the entire work must the plaintiff's entire work be examined for originality, and even then it is original to some extent unless it was entirely copied from a preexisting source. Since it is unnecessary to examine the plaintiff's entire work, to say that the work is not copyrightable is not only unnecessary, it

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151. "[U]nlike real property and other forms of personal property, a copyright is by its very nature incapable of accurate monetary evaluation prior to its exploitation." *Stewart v. Abend*, 495 U.S. 207, 219 (1990) (citing 2 NIMMER & NIMMER, *supra* note 2, § 9.02).

152. Some courts call this an analysis of copyrightability, but the issue is more properly termed "protectability." Original expressions are protectable, works containing such expressions are copyrightable.

also restricts the marketplace of ideas in contravention of the policy of the Copyright Clause. In short, if a work is not entirely copied and is in the marketplace, it should be copyrightable.

*E. Who is the Author of a Derivative Work?*

The equation of authorship with originality helps to explain why the holding in *Stewart v. Abend*<sup>153</sup> regarding recapture of rights in derivative works is incorrect. The *Stewart* holding has the effect of making the author of the preexisting work an author of the derivative work as well.<sup>154</sup> This is because the author of the preexisting work has the authority to control dissemination of the derivative work as well, and that authority is vested only in authors under section 102.<sup>155</sup>

It strains common sense to think that we should call Holinshed an author of *Henry V* and *Richard II*, for example. Holinshed wrote his own literary works on those subjects which Shakespeare borrowed from to create his plays.<sup>156</sup> Once the derivative author actually prepares his derivative work, however, he extinguishes all rights that the author of the preexisting work could have in the derivative work.

When a publisher buys the right to publish a work from an author, he sells the author's original work to the public. The original expressions in the work remain to the same extent that they were original when the author created them. On the other hand, when these same expressions are used in a derivative work, they are no longer original to that derivative work, even though the expressions themselves may survive the derivation process unchanged. Having been used in the derivation process, such expressions lose their originality and are not protectable as they appear in the derivative work. This is not to say that they are not still protectable as they appear in the preexisting work, and that the first author may not obtain protection against unauthorized use of them on the basis of the viability of his copyright in the preexisting work.<sup>157</sup> If that copyright expires, then there

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153. 495 U.S. 207 (1990).

154. *See id.*

155. 17 U.S.C. § 102 (1988).

156. *See supra* note 41 and accompanying text.

157. This can be done by tracing a defendant's access to certain expressions through the derivative work to the preexisting work.



is no protection, even though the copyright on the derivative work, from which the infringer may have taken the expression, remains intact.<sup>158</sup>

The author of a preexisting work, while he may recapture the right to allow others to prepare derivative works from his preexisting work, may not obtain any right to control the dissemination of a derivative work already lawfully prepared. The reason for this is simple: he is not an author of the derivative work, and copyright law's exclusive rights vest only in the author of a work. He is not an author of the derivative work because none of the original expressions in the derivative work are his. A right to control dissemination of the derivative work, as improvidently granted by the *Stewart* Court, cannot be held by one who is not an author (or who does not derive his authority from that author). Only the creator of the original expressions in this new work, the derivative author, has rights subsisting in the derivative work.

## V. LIMITED TIMES

The ostensible purpose of the "limited times" requirement of the Copyright Clause is to facilitate the creation of the public domain.<sup>159</sup> "The copyright term is limited so that the public will not be permanently deprived of the fruits of an artist's labors."<sup>160</sup> The limited times requirement is purportedly intended "to allow the public access to the products of [the authors]' genius after the limited period of exclusive control has expired."<sup>161</sup>

There is no necessary relation between the limited duration of copyright and public access to copyrightable works.<sup>162</sup> Public access to such works is facilitated by the creation of a marketplace for such works. A limited times requirement can actually work against such access by undermining one of the essential requirements of such a marketplace: exclusivity.<sup>163</sup> The creation of a public domain can destroy the marketplace for copyrightable works. "In some cases the lack of copyright

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158. "The copyright in [a derivative] work is independent of, and does not affect or enlarge the . . . duration . . . of, any copyright protection in the preexisting material." 17 U.S.C. § 103(b) (1988).

159. U.S. CONST. art. I, § 8, cl. 8.

160. *Stewart v. Abend*, 495 U.S. 207, 228 (1990).

161. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

162. *See supra* part I.

163. "If the defendant could legally infringe [plaintiff]'s right to make and distribute copies, [plaintiff] and other producers of copyrightable material would hesitate to invest in its creation and development." *Atari, Inc. v. JS & A Group, Inc.*, 597 F. Supp. 5, 10 (N.D. Ill. 1983).

protection actually restrains dissemination of the work because publishers and other users cannot risk investing in the work unless assured of exclusive rights."<sup>164</sup>

If it is understood that copyright is a natural property right, whereas patents are monopoly grants, the difference in the application of the "limited times" requirement can also be understood. Patent protection remains extremely limited in duration, seventeen years under the current law,<sup>165</sup> while the duration of a copyright has been steadily extended to its current term of the life of the author plus fifty years,<sup>166</sup> or seventy-five years from publication where the author is not an ascertainable natural person.<sup>167</sup> A patent restricts access to its ideas, and this restriction is limited so that the ideas may be freely used after the inventor has been given a window of opportunity to exploit the product of his genius. On the other hand, a copyright has no impact on the public's access to its ideas. There is, therefore, no need to limit the duration of the copyright to assure such access. The ability to make fair use of a copyrightable work also guarantees access to the fruits of an author's labor.<sup>168</sup>

Melville B. and David Nimmer state that the constitutional requirement prohibits Congress from granting exclusive rights of unlimited duration.<sup>169</sup> Further, they note that if Congress were to extend the term of copyright to several hundred years, it would create a line-drawing problem as to whether such a term would be "tantamount to perpetual protection."<sup>170</sup> This observation overlooks the apparent fact that the current term of life-plus-fifty years (or seventy-five years) is longer than the useful life of almost all copyrightable works being produced today, and in effect is tantamount to perpetual protection.

For example, it would be hard to imagine computer software or informational compilations that would be useful, and therefore marketable, for seventy-five years. Popular novels and nonfiction books, magazine and newspaper articles, stories, photographs and cartoons, television shows, and even motion pictures have little or no appeal on the marketplace after

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164. H.R. REP. NO. 1476, 94th Cong., 2d Sess. 134 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5750.

165. 35 U.S.C. § 154 (1988).

166. 17 U.S.C. § 302(a) (1988).

167. *Id.* § 302(c).

168. *See* H.R. REP. NO. 1476, 94th Cong., 2d Sess. 136 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5752 (the 1976 Act "would not restrain scholars from using any work as source material or from 'fair use'" of copyrightable works).

169. 1 NIMMER & NIMMER, *supra* note 2, § 1.05[A][1].

170. *Id.*

the passage of three quarters of a century. How many copyrightable works created before World War I demonstrate any marketable value today? If the advance of technology maintains even the same pace in the twenty-first century that it has showed in the twentieth, this pre-copyright term obsolescence for virtually all copyrightable works will continue unabated. Only works that achieve a classic status will maintain market viability, and will be able to attract a publisher willing to invest the capital required to disseminate the work and survive long enough to enter the public domain. In this sense, that portion of the public domain created by the limited times requirement will resemble a sort of artistic "hall of fame" open to only a relative handful of works of enduring societal value.

This is not to say, however, that the limited times requirement serves no purpose or that Justice Holmes' observation that copyright "is a right which could not be recognized or endured for more than a limited time" is unwarranted.<sup>171</sup> Justice Holmes' remark was made in the context of the intangible nature of copyright and the difficulty of ascertaining the subsistence of such rights in a work.<sup>172</sup> The copyright term reflects the idea that after a certain period of time it may be impossible to determine who, if anyone, is the owner of the work. The existence of these property rights is not apparent from the work itself, unlike land or chattels, for which one can assume that an owner of the property rights exists. In those rare cases where some aspect of original expression remains marketable for over half a century and the owner of the copyright therein is difficult to ascertain, the limited times requirement assures the free use of the expression in order to promote the progress of knowledge.

Under the 1976 Act, any necessary or useful limitations on copyrights take the form of express limitations on the scope of such rights, carefully tailored to the characteristics of the type of work in question. Limitations are not imposed on the duration of the rights, which duration is usually

171. *White-Smith Music Pub. Co. v. Apollo Co.*, 209 U.S. 1, 19 (1908) (Holmes, J., concurring).

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[I]n copyright property has reached a more abstract expression. The right to exclude is not directed to an object in possession or owned, but is *in vacuo* so to speak. It restrains the spontaneity of men where, but for it, there would be nothing of any kind to hinder their doing as they saw fit. It is a prohibition of conduct remote from the persons or tangibles of the party having the right. It may be infringed a thousand miles from the owner and without his ever becoming aware of the wrong.

*Id.*

longer than the practical life of the works in which the rights subsist.<sup>173</sup> The limited times requirement is therefore of relatively little significance in modern copyright law.

## VI. PROMOTE THE PROGRESS OF KNOWLEDGE BY SECURING RIGHTS

### A. *The Constitution Mandates a Marketplace*

By understanding the predicate concepts of the Copyright Clause (limited times, authors, exclusive rights, and writings) the central purpose of the Copyright Clause can be seen: it achieves a public benefit in the progress of knowledge by securing such rights. The structure of the Copyright Clause is not limited to a proclamation that this is beneficial. Rather, it assumes that promoting the progress of knowledge is advantageous and directs Congress to achieve this benefit by securing exclusive rights in intellectual property. It mandates the creation of a marketplace, wherein this unique form of property, the copyright, may be traded and protected. To achieve this mandate, the policy must necessarily protect all intermediary market participants between the author and the public. The reward of copyright extends to authorized disseminators, as well as to originators; the constitutional requirement is that the public marketplace be allowed to determine the value of each contribution and therefore the size of his reward.

### B. *The Paramount Fallacy*

The underlying policy of the Copyright Clause is entirely incompatible with the notion that "[t]he copyright law . . . makes reward to the owner a secondary consideration."<sup>174</sup> This notion is the proclamation of a court espousing on antitrust principles, and it is one of the great fallacies of modern copyright jurisprudence.<sup>175</sup>

It would be similarly fallacious to say that in a real estate transaction, the money paid to the seller is only a secondary consideration, with the primary value of the transaction consisting of the conveyance of the parcel to the buyer. Both the money and the land in such a transaction are

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173. See 17 U.S.C. §§ 107-120 (1988).

174. *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948) (citing *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932)).

175. One of these antitrust ideas was that a copyright is a monopoly; see *supra* part III.E.

consideration; neither is more important to the public, although at the time of the transaction the money is more important to the seller and the land is more important to the buyer. The value to society consists merely in the existence of a market for the land so that property may be obtained by those who are likely to put it to better use. Likewise, for intellectual property; the value to society consists in the existence of a market for the authors' writings. The money paid to the author is by no means secondary. Rather, it is the unavoidable result of the creation of a market because a market cannot exist without the promise of reward to owners of property who choose to place that property on the market.

The *Paramount* fallacy, that reward to authors is a secondary consideration, is based on a misreading of a passage from an early Supreme Court case, *Fox Film Corp. v. Doyal*.<sup>176</sup> The *Fox Film* Court noted that "[t]he sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors."<sup>177</sup> This observation is unquestionably correct to the extent it holds that the public interest lies in the creation of a market for authors' works so that its ideas may be disseminated.

It is an obvious misreading of *Fox Film*, however, to conclude that reward to authors is but a secondary consideration or even no consideration.<sup>178</sup> The question presented in *Fox Film* was "whether copyrights are to be deemed instrumentalities of the Federal Government and hence immune from state taxation."<sup>179</sup> The conclusion that the "sole interest of the United States" is the public benefit derived from dissemination of copyrighted works is merely a refutation of the petitioners' argument that the United States retains an interest in a copyright, which would exempt copyright royalties from state taxation.<sup>180</sup>

When the *Fox Film* Court referred to the "sole interest of the United States," it addressed the concept of copyright from the perspective of the interface of tax law and sovereign immunities.<sup>181</sup> It held that the federal government, which created the right, did not retain any interest other than the general public benefit created by the existence of a market for the

176. 286 U.S. 123 (1932).

177. *Id.* at 127.

178. At least one court misguided by the *Paramount* fallacy has opined that "Copyright monopolies are *not* granted for the purpose of rewarding authors." *Lotus Dev. Corp. v. Paperback Software Int'l*, 740 F. Supp. 37, 52 (D. Mass. 1990) (emphasis added).

179. *Fox Film*, 286 U.S. at 126-27.

180. *Id.* at 127.

181. *Id.*

right.<sup>182</sup> The public clearly desires to have a market for intellectual property rights in that they are willing to exchange value for such rights. The government is then obligated to society to protect the exclusivity of the rights traded in that market. This provision of the social compact is embodied by the Framers in the Copyright Clause.

### C. *The Free Flow of Ideas and Information*

Not all courts have accepted the *Paramount* fallacy. For example, the Ninth Circuit Court of Appeals once specifically refuted the "secondary consideration" proclamation propounded by *Paramount* and its progeny:

Despite what is said in some of the authorities that the author's interest in securing an economic reward for his labors is "a secondary consideration," it is clear that the real purpose of the copyright scheme is to encourage works of the intellect, and that this purpose is to be achieved by reliance on the economic incentives granted to authors and inventors by the copyright scheme. This scheme relies on the author to promote the progress of science by permitting him to control the cost of and access to his novelty. It is based on the premise that the exclusive right granted by the copyright laws "will not impose unacceptable costs to society in terms of limiting access to published works or pricing them too high."<sup>183</sup>

Unfortunately, the Ninth Circuit came to the erroneous conclusion that Sony was contributing to, and committing copyright infringement.<sup>184</sup> Further, the Supreme Court chose to reiterate the *Paramount* pablum in reversing the Court of Appeals' conclusion.<sup>185</sup>

To the *Sony* Court, copyright law represents "a difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand."<sup>186</sup> In contrast, Madison opined that, rather than being in competition, "[t]he public good fully coincides in both cases [copyright and

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182. *Id.*

183. *Universal City Studios, Inc. v. Sony Corp. of Am.*, 659 F.2d 963, 965 (9th Cir. 1981) (quotations omitted), *rev'd* 464 U.S. 417 (1984).

184. *Universal City Studios, Inc. v. Sony Corp. of Am.*, 464 U.S. 417 (1984).

185. *Id.*

186. *Sony*, 464 U.S. at 429.

patent] with the claims of individuals.”<sup>187</sup> Does the public interest compete, or does it fully coincide, with the claims of authors?

There is no mandate in the Copyright Clause that the progress of knowledge be facilitated by the free flow of ideas and information. Rather, the clause mandates the creation of a marketplace for expressions of ideas.<sup>188</sup> A marketplace presumes some limitation on the activity of its participants. An exclusive right requires the ability to exclude certain uses of property, and therefore necessarily negates the possibility of an absolutely unfettered free flow of information.

A concern for the free flow of information is somewhat like a concern for the free flow of water uphill. Water must be constrained by a conduit and subjected to a force to go uphill. As we have seen, the motivating force for ideas springs from the restless ingenuity of humanity itself. But without the proper conduit, such energy is wasted. The constraint of the marketplace is what assures the continuity of the flow of ideas and information from authors to the consuming public; copyright law supplies this constraint. “[T]he [F]ramers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one’s expression, copyright supplies the economic incentive to create and disseminate ideas.”<sup>189</sup>

Copyright law is the engine of free expression; it is responsible for the “flow” in the free flow of ideas and information. Without the constraints of copyright law, there would be little, if any, flow.

#### *D. The Relationship Between Copyright Law and the First Amendment*

As I have noted, Professor Nimmer has already demonstrated that copyright does not implicate the First Amendment because it does not extend to ideas.<sup>190</sup> The converse has been succinctly stated: “The [F]irst [A]mendment is not a license to trammel on legally recognized rights in

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187. THE FEDERALIST No. 43, at 309 (James Madison) (Benjamin Fletcher Wright ed., 1961).

188. See generally, U.S. CONST. art. I, § 8, cl. 8.

189. Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 558 (1985) (emphasis added). See also, Dallas Cowboy Cheerleaders, Inc. v. Scoreboard Posters, Inc., 600 F.2d 1184, 1187 (5th Cir. 1979) (“The judgment of the constitution is that free expression is enriched by protecting the creations of authors from exploitation by others, and the Copyright Act is the implementation of that judgment.”).

190. See Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985). See *supra* part II.A.

intellectual property.”<sup>191</sup> While copyright law and the First Amendment may not compete, one cannot say that they are independent of each other. Both seek to regulate the expression of ideas and information.

Because of this overlapping objective, copyright law and the First Amendment have a complementary relationship that is even symbiotic rather than competing. This relationship is rooted in the most basic tenet of the American constitutional tradition, that government must not exist independently of, but rather as an extension of, the people. Copyright law actually facilitates the policies of the First Amendment by the creation of a private sector market. The creation and dissemination of ideas is taken out of the government’s control and transferred to the public marketplace, which the Framers believed was better suited than the government to make decisions as to the relative value of various expressions of ideas and information. The marketplace created by copyright assures the dissemination of ideas without interference by government, which should be prohibited from influencing the content of such ideas. Government’s role in the free flow of ideas and information is therefore limited to protecting market rights and preventing abuses of the marketplace through enforcement and protection by federal courts.

No one doubts that a free flow of ideas and information is valuable to society. However, it is important to realize that the freedom inherent in this concept is guaranteed by the First Amendment and the flow is guaranteed by copyright law’s creation of a marketplace. The rights of authors do not compete with the interest of society.

## VII. THE CONGRESS SHALL HAVE POWER

We turn finally to perhaps the most overlooked portion of the Copyright Clause, that which invests the power to create the copyright marketplace in the federal government. Understanding this portion of the clause contributes much to understanding the fundamental purpose of copyright law. Why should a federal government of limited and specifically enumerated powers be given this power?

According to Madison, Congress must be vested with this power because “[t]he States cannot separately make effectual provision” for

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191. *Dallas Cowboy Cheerleaders, Inc. v. Scoreboard Posters, Inc.*, 600 F.2d 1184, 1188 (5th Cir. 1979).



copyright and patent legislation.<sup>192</sup> A nation of sovereign states, whose individual copyright laws create a patchwork quilt of varying and perhaps opposing copyright legislation, cannot have a smoothly functioning copyright marketplace. The rationale for investing the federal Congress with the power to legislate copyright law is the same as that giving Congress the power to regulate interstate commerce in general; multiplicity of regulation impairs the proper functioning of an open market.<sup>193</sup> If the public is to be allowed to determine the relative value of copyrightable works by operating a marketplace free of governmental interference, then any regulation that impedes the optimal performance of that marketplace necessarily impedes the public's ability to determine relative value.

Seen in this light, the Copyright Clause constitutes a trade regulation, not an accommodation of genius or a motivator of imagination. Its impact is as much negative as affirmative. The Copyright Clause divests power from the states in order to prevent their inevitable multiplicity of regulation from interfering with the functioning of the marketplace mandated by that portion of the social compact embodied in portions of the Copyright Clause.<sup>194</sup>

By allowing the natural rights that inhere in the fruit of an author's labor to be transferable, and as fully enforceable in the transferee as in the author, copyright law facilitates not merely creation but more importantly dissemination. Divesting individual states of the power to regulate disseminators of copyright, and other goods and services, enhances the correct operation of that marketplace for the general benefit of society.

The Copyright Clause, therefore, is more like the Commerce Clause than many have ever suspected. This conclusion is reinforced by the realization that, over the years, the exclusivity of the federal government's control over copyright law has increased in much the same manner as the federal government's control over interstate commerce. Likewise, international barriers to the copyright market resulting from inconsistent regulation by various nations have been subject to increasing efforts to

192. THE FEDERALIST No. 43, at 309 (James Madison) (Benjamin Fletcher Wright ed., 1961).

193. *See id.*

194. Valuable artistic and scientific works can be created under an autocracy just as easily as under the democracy the Framers were putting together. Most of the great works of art, science, and literature with which the Framers were familiar, would have been produced in autocratic societies. However, those works had often been closely held by the autocrats whose beneficence facilitated their creation. Such works would be more valuable in a democratic society if an efficient means of dissemination could be devised. The means was an open marketplace, allowing artists and inventors to convey the products of their genius directly to the people without interference from a governing body.

remove those barriers much as support for international free trade in general has increased. Copyright law in America is primarily a form of trade regulation.

### VIII. CONCLUSION

American copyright law is comprised of several basic principles. First, works of authorship are tangible forms of expression that are not wholly copied from some preexisting source, thus retaining some originality.

Second, tangible forms, for which copyright protection subsists, include both literal and structural expressions, which are a collection and assembly of literal expressions.

Third, people become authors as a result of their own spontaneous ingenuity, and the purpose of copyright law is merely to allow them to make a living from their genius and facilitate the dissemination of their results.

Fourth, copyright is a natural property right arising from results, that when properly defined, cannot lead to the sort of antitrust abuses possible in lawful monopolies such as patents.

Fifth, copyright protection when properly defined extends only to tangible expression and never to the ideas or information so expressed. For this reason, copyright is not a monopoly and it cannot interfere with the freedoms guaranteed by the First Amendment.

Sixth, because copyright protection extends only to expression, access to ideas or information is not impeded. A copyright should be enforceable as long as possible to ensure a work's marketability, and therefore guard dissemination of the ideas and information expressed therein. Protection should end only when the passage of time makes it too difficult to ascertain the existence of the copyright owner.

Seventh, the states are divested of power to govern copyright in order to avoid inconsistent regulation and thereby assure an optimal operation of an open marketplace; conceivably, this is the primary reason the Copyright Clause is found in the Constitution.

Eighth, Congress is required to define the scope of the valuable and enforceable rights in works of authorship, insuring the creation of an open market to facilitate the dissemination of ideas and information contained in such works.

Finally, copyright law's value to society consists of the creation and protection of a marketplace for rights inherent in tangible expressions, in order to increase the marketplace for the ideas so expressed. Absent such

a market for copyrightable works, the public would receive no such benefit and there would be no progress in society's collective knowledge, which is assumed to be a beneficial goal for society.