

CODIFYING COPYRIGHT'S MISUSE DEFENSE

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Although courts have recognized misuse as a defense to copyright infringement, lawmakers have not yet codified it. To clarify the doctrine, and to bring the Copyright Act up to date with the law, this Article proposes adding to the Copyright Act a new § 107(b):

It constitutes copyright misuse to contractually limit any use of a copyrighted work if that use would qualify as noninfringing under § 107(a). No party misusing a work has rights to it under § 106 or § 106A during that misuse. A court may, however, remedy breach of any contract the limitations of which constitute copyright misuse under this section.

This Article documents § 107(b)'s codification of the judicial precedents, offers legislative history explaining the proposed statute, and discusses how the new law would work in the real world. Although the proposed codification of copyright misuse would in large part simply rationalize what courts have already said, it would also promote the salutary policy goal of encouraging the owners of expressive works to forego copyright rights in lieu of common law ones.

I. INTRODUCTION

The misuse defense to copyright infringement exists, at present, only in scattered judicial pronouncements¹ and in a somewhat uncertain form.² The U.S.

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¹ See, e.g., *Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc.*, 342 F.3d 191, 206 (3d Cir. 2003) (expressly “extend[ing] the patent misuse doctrine to copyright,” but ultimately holding it inapplicable to the case at hand); *Bond v. Blum*, 317 F.3d 385, 397–98 (4th Cir. 2003) (affirming trial court finding of misuse); *DSC Commc'ns Corp. v. Pulse Commc'ns, Inc.*, 170 F.3d 1354, 1368 (Fed. Cir. 1999) (recognizing “[c]opyright misuse is a defense to a claim of copyright infringement”); *Alcatel USA, Inc. v. DGI Techs., Inc.*, 166 F.3d 772, 792 (5th Cir. 1999) (holding same); *Practice Mgmt. Info. Corp. v. Am. Med. Ass'n*, 121 F.3d 516, 520 (9th Cir. 1997) (holding same); *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 976 (4th Cir. 1990) (holding same); see also, *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 311 (2d Cir. 1966) (Lumbard, C.J., concurring) (recognizing that the doctrine of unclean hands should bar enforcement of a copyright used to “restrict the dissemination of information about persons in the public eye even though those concerned may not welcome the resulting publicity”).

Supreme Court has only hinted at the doctrine,³ and federal lawmakers have yet to codify it.⁴ Nonetheless, lower courts appear increasingly willing⁵ to recognize misuse as a defense to copyright infringement.⁶ Misuse has now reached a stage of development similar to the stage that the fair use defense reached before its statutory enactment.⁷ Furthermore, just as precedents from patent law inspired

² See PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 11.6, 11:42 (3d ed. 2005 & Supp. 2006) (“Because copyright misuse doctrine is still relatively unformed, categorization of its central concerns is at best approximate.”).

³ See *United States v. Loew’s, Inc.*, 371 U.S. 38, 50 (1962) (stating that “[t]he principles underlying our *Paramount Pictures* decision have general application to tying arrangements involving copyrighted products”); *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948) (approving an injunction on certain copyright licensing practices on grounds that the practices “add to the monopoly of the copyright in violation of the principle of the patent cases involving tying clauses”); *Lasercomb*, 911 F.2d at 976 (“[N]o United States Supreme Court decision has firmly established a copyright misuse defense in a manner analogous to the establishment of the patent misuse defense.”).

⁴ See Copyright Act of 1976, 17 U.S.C. §§ 101–1332 (2006).

⁵ See GOLDSTEIN, *supra* note 2, at 11.6, 11:40 (“The copyright misuse defense is widely accepted today, both in dicta and in holdings.” (footnote omitted)); MARK A. GLICK, LARA A. REYMAN, & RICHARD HOFFMAN, INTELLECTUAL PROPERTY DAMAGES: GUIDELINES AND ANALYSIS 297 (2003) (“[C]opyright misuse appears to be gaining credibility as a defense”); Ralph Jonas, et al., *Copyright and Trademark Misuse, in ABA SECTION OF ANTITRUST LAW, INTELLECTUAL PROPERTY MISUSE: LICENSING AND LITIGATION* 165, 165 (2000) (predicting “copyright misuse doctrine eclipsing patent misuse doctrine in importance”).

⁶ See *supra* note 1 (listing federal circuits that have recognized the defense); *Int’l Motor Contest Ass’n v. Staley*, 434 F. Supp. 2d 650, 664 (N.D. Iowa 2006) (noting the absence of “a single Circuit Court of Appeals decision expressly rejecting such a defense *as a matter of law*”).

Several circuits have yet, however, to expressly recognize the validity of the copyright misuse defense. See *Garcia-Goyco v. Law Envtl. Consultants, Inc.*, 428 F.3d 14, 21 n.7 (1st Cir. 2005) (observing that the First Circuit “has not yet recognized misuse of a copyright as a defense to infringement” but concluding that the court was not required to reach the issue); *Telecom Technical Servs. v. Rolm Co.*, 388 F.3d 820, 831 (11th Cir. 2004) (“This circuit has not recognized, but has not rejected, misuse as a defense for infringement suits.”); *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1170 (1st Cir. 1994) (finding that the present case “does not require us to decide whether the federal copyright law permits a misuse defense” because there was insufficient evidence of the alleged misuse); *BellSouth Adver. & Publ’g Corp. v. Donnelley Info. Publ’g*, 999 F.2d 1436, 1439 n.5, 1446 (11th Cir. 1993) (en banc) (vacating and reversing a panel decision recognizing the defense, because there was no copyright infringement, and hence, no need to reach the question of whether to recognize a “misuse of copyright” defense); *United Tel. Co. v. Johnson Publ’g Co., Inc.*, 855 F.2d 604, 612 (8th Cir. 1988) (“On the assumption that judicial authority teaches that the patent misuse doctrine may be applied or asserted as a defense to copyright infringement, the stipulated facts in this case do not support Johnson’s contention that United Telephone ‘misused’ its copyright.”).

⁷ See *Ty, Inc. v. Publ’ns Int’l Ltd.*, 292 F.3d 512, 517 (7th Cir. 2002) (“The defense of fair use, originally judge-made, now codified, plays an essential role in copyright law.”).

courts to recognize the defense of copyright misuse,⁸ the Patent Act's codification of misuse⁹ should serve as a model for lawmakers, inspiring them to write copyright misuse into the Copyright Act.

To rationalize the doctrine, and bring the Copyright Act up to date with the law, this Article proposes a codification of copyright's misuse defense. Specifically, it suggests putting all that now appears in § 107 of the Copyright Act into a section designated § 107(a) and adding to the Copyright Act this section, § 107(b):

It constitutes copyright misuse to contractually limit any use of a copyrighted work if that use would qualify as noninfringing under § 107(a). No party misusing a work has rights to it under § 106 or § 106A during that misuse. A court may, however, remedy breach of any contract the limitations of which constitute copyright misuse under this section.

Several scholars have proposed clarifying or modifying copyright's misuse doctrine.¹⁰ Some have even called for its codification.¹¹ None, however, appears to have tackled the project. Perhaps the prospect seemed too constraining. Any attempt to codify a judicial doctrine must, after all, pay due heed to the case law. The codification offered here aims to do so, at any rate.

Codifying copyright's misuse doctrine calls for more than mere legal stenography, however. The relevant case law splits on important issues and offers little by way of theory to patch things up. Insofar as predominant judicial views

⁸ See GOLDSTEIN, *supra* note 2, at § 11.6, 11:38 (“[C]ourts have drawn on [patent misuse] in giving shape to the misuse doctrine in copyright.”).

⁹ See 35 U.S.C. § 271(d) (2006) (codifying patent's misuse defense).

¹⁰ See, e.g., Thomas F. Cotter, *The Procompetitive Interest in Intellectual Property*, 48 WM. & MARY L. REV. 483, 552 (2006) (suggesting that in cases where restrictions on reverse engineering give rise to misuse or fair use concerns, “courts probably should require some proof of anticompetitive effects before excusing the IP defendant from liability”); Kathryn Judge, Note, *Rethinking Copyright Misuse*, 57 STAN. L. REV. 901 (2004) (arguing that any attempt to use copyright to gain control over an idea or to deter fair use should constitute misuse and that courts should discourage copyright misuse by denying equitable relief); Jennifer R. Knight, Comment, *Copyright Misuse v. Freedom of Contract: And the Winner Is*, 73 TENN. L. REV. 237, 262–65 (2006) (proposing that courts follow a multi-factor balancing test to invalidate copyright licenses that facilitate misuse); Lydia Pallas Loren, *Slaying the Leather-Winged Demons in the Night: Reforming Copyright Owner Contracting with Clickwrap Misuse*, 30 OHIO N.U. L. REV. 495, 523 (2004) (proposing that “if a shrinkwrap or clickwrap clause purports to limit activity that a majority of courts have found to be fair use, that clause should also trigger a presumption of misuse”).

¹¹ See Judge, *supra* note 10, at 937 (stating that “I would strongly encourage Congress to codify misuse in the form advocated by this Note” but not offering specific statutory language); Knight, *supra* note 10, at 265 (proposing that lawmakers enact a Copyright Misuse Act but not describing such an Act's content).

have surfaced, proposed § 107(b) hews to them.¹² As for the rest, § 107(b) advances a policy implicit in the case law: when copyright and contract rights combine to give a copyright owner too much legal power, courts should decline to enforce only the owner's copyright rights.¹³ By so doing, courts would keep private and public interests in rough balance.

Part II of this Article sums up the case law on copyright misuse, documenting how well § 107(b) captures the extant law. Part III offers legislative history for the proposed amendment, explaining why it would help the Copyright Act to “promote the Progress of Science and useful Arts”¹⁴ Part IV forecasts how § 107(b) would fare in the legislative process and, supposing it survives, what impact it would have in the real world.

II. COPYRIGHT MISUSE IN THE COURTS

Copyright misuse currently exists solely as a judge-made doctrine. Understanding how lawmakers should codify copyright misuse calls for first understanding how courts have shaped the doctrine. Other commentators have tackled that worthy project many times over and in great detail.¹⁵ This part thus offers only a summary account of the extant case law on copyright misuse.

Copyright misuse grew out of patent misuse, where the doctrine originated to bar patent owners from wielding their statutory rights to effectuate illegal restraints on trade.¹⁶ Although some authorities have affirmed that using a copyright in violation of antitrust law likewise constitutes misuse,¹⁷ most courts that have applied the doctrine have done so in response to other, less plainly actionable

¹² The second sentence of § 107(b), for instance, largely sums up the case law defining the effect that misuse has on copyright infringement claims. *See infra* Part III.

¹³ *See, e.g.*, the last sentence of § 107(b), discussed in detail at *infra* Part III.

¹⁴ U.S. CONST., art. I, § 8, cl. 8.

¹⁵ *See, e.g.*, Melville B. Nimmer & David Nimmer, 4 NIMMER ON COPYRIGHT § 13.09, 13-291 to 13-295 (2006) [hereinafter NIMMER ON COPYRIGHT]; GLICK, ET AL., *supra* note 5, at 297–304; GOLDSTEIN, *supra* note 2, at § 11.6, 11:36 to 11:43; Brett Frischmann & Dan Moylan, *The Evolving Common Law Doctrine of Copyright Misuse: A Unified Theory and Its Application to Software*, 15 BERKELEY TECH. L.J. 865, 871–900 (2000) (describing policy and case law supporting misuse); Judge, *supra* note 10, at 915–23.

¹⁶ *See* NIMMER ON COPYRIGHT, *supra* note 15, § 13.09[A][2][a] at 13-296 (explaining that courts “have long held that a patentee who uses his patent privilege contrary to the public interest by violating the antitrust laws will be denied the relief of a court of equity in a patent infringement action” (footnotes omitted)).

¹⁷ *See* Nat'l Cable Television Ass'n v. Broad. Music, Inc., 772 F. Supp. 614, 652 (D.D.C. 1991) (explaining that “failure to show violation of the antitrust laws makes it more difficult to conclude that [copyright owners] have misused their copyrights. While such a violation is not a prerequisite to showing misuse, . . . its absence” requires a showing that the copyright owner “somehow illegally extended its monopoly or otherwise violated the public policy underlying copyright law”).

wrongs.¹⁸ As the Fourth Circuit Court of Appeals put it, in pioneering the doctrine of copyright misuse, “[t]he question is not whether the copyright is being used in a manner violative of antitrust law . . . but whether the copyright is being used in a manner violative of the public policy embodied in the grant of a copyright.”¹⁹

As that broad reference to public policy suggests, the exact scope of misuse remains a bit uncertain. The doctrine evidently applies when a copyright owner attempts to restrict by license competitive behavior otherwise permissible under copyright law.²⁰ Courts have also found misuse where copyright owners have attempted to use their statutory rights to inhibit what the fair use defense plainly allows²¹ or what the Copyright Act otherwise leaves unprotected.²² Based on the

¹⁸ For one of the few opinions to address the viability of a copyright misuse defense associated with a violation of the antitrust laws, see *Elec. Data Sys. Corp. v. Computer Assocs. Int’l, Inc.*, 802 F. Supp. 1463 (N.D. Tex. 1992) (denying motions to dismiss copyright misuse and antitrust claims). *See also*, NIMMER ON COPYRIGHT, *supra* note 15, § 13.09[A][2][a] at 12-295 (“[S]ome courts have indicated that a copyright owner would be denied relief in an infringement action, if he is in violation of the antitrust laws.” (footnotes omitted)).

¹⁹ *Lasercomb Am., Inc. v. Reynolds*, 911 F.2d 970, 978 (4th Cir. 1990).

²⁰ *See Alcatel USA, Inc. v. DGI Techs., Inc.*, 166 F.3d 772, 793–94 (5th Cir. 1999) (holding that plaintiff engaged in copyright misuse by licensing its software on condition that it be used only with plaintiff’s hardware); *Practice Mgmt. Info. Corp. v. Am. Med. Ass’n*, 121 F.3d 516, 520–21 (9th Cir. 1997) (finding that a license preventing use of other forms gave plaintiff AMA a substantial and unfair advantage over its competitors, thereby constituting misuse); *Lasercomb*, 911 F.2d at 977–79 (finding that misuse caused by a license suppressing independent development of competing, non-infringing software). *But see Costar Group, Inc. v. Loopnet, Inc.*, 164 F. Supp. 2d 688, 708 (D. Md. 2001) (rejecting misuse defense where the plaintiff attempted by license to “restrict licensees from distributing photographs and data over which, by its own admission, it has no claim of ownership”).

²¹ *Bond v. Blum*, 317 F.3d 385, 397–98 (7th Cir. 2003) (affirming the trial court’s finding of misuse where plaintiff brought an infringement suit “to suppress the underlying facts of his copyrighted work rather than to safeguard its creative expression”); *Video Pipeline, Inc. v. Buena Vista Home Entm’t, Inc.*, 342 F.3d 191 (3d Cir. 2003) (recognizing that a copyright owner might commit misuse in trying to enforce a license that prohibits criticism of copyright-protected works, though affirming that the licenses in question had not gone that far).

²² *Assessment Techs. of WI, LLC v. WIREdata, Inc.*, 350 F.3d 640, 647 (7th Cir. 2003) (explaining that it constitutes misuse “to use an infringement suit to obtain property protection, here in data, that copyright law clearly does not confer”); *see also A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1026 (9th Cir. 2001) (“The misuse defense prevents copyright holders from leveraging their limited monopoly to allow them control of areas outside the monopoly.”); *Lasercomb*, 911 F.2d at 979 (“The misuse arises from Lasercomb’s attempt to use its copyright . . . to control competition in an area outside the copyright . . .”).

logic of such cases, and suggestive *dicta* from other cases, commentators surmise that the defense extends to attempts to contractually restrict users' fair use rights.²³

During the misuse of a copyrighted work, the work affords its owner no copyright rights. A copyright owner can regain those rights, but only by ending the practices that constitute misuse.²⁴ Even then, judging from patent law precedent,²⁵ courts will not remedy alleged infringements that occurred during the period of misuse.²⁶ Because no copyright rights existed during that period, no copyright wrongs—i.e., infringements—could have occurred. The sole exception to that view appears in a trial court's dictum summarily claiming that copyright misuse tolls not rights but only remedies. Under that idiosyncratic view, copyright owners might, after ending their misuses, recover even for infringements that allegedly occurred during the period of misuse.²⁷

Under the majority view, copyright misuse functions only as a defense.²⁸ It does not create standing to sue and win judicial relief.²⁹ Even in what evidently marks the sole case where a court has recognized copyright misuse as an affirmative claim for relief, rather than merely as a defense to copyright

²³ See NIMMER ON COPYRIGHT, *supra* note 15, § 13.09[A][2][b], at 13-299 (“Included [in the scope of the copyright misuse defense] could be contracts that eliminate the fair use or first sale defenses.” (footnotes omitted)); Loren, *supra* note 10, at 516–19 (discussing recent trend toward expanding the misuse doctrine to protect public policy concerns).

²⁴ See *Lasercomb*, 911 F.2d at 979 n.22 (“Lasercomb is free to bring a suit for infringement once it has purged itself of the misuse.”).

²⁵ See DONALD S. CHISUM, 6 CHISUM ON PATENTS § 19.04[4], 19-537-38 (2000 & Supp. 2005) (reading Supreme Court case law “to assume that a patent owner could not, even after complete [sic] abandonment and dissipation, recover monetary relief for infringing acts occurring prior to such dissipation”); James B. Kobak, Jr., *The Misuse Defense and Intellectual Property Litigation*, 1 B.U. J. SCI. & TECH. L. 25, ¶ 21 (1995) (“When misuse is purged, damages or royalties can be recovered only for the period post-purge.”).

²⁶ See Jonas, et al., *supra* note 5, at 189 (observing that patent law disallows recovery for infringements that occur during misuse and that “[p]resumably, the courts will apply a similar analysis to the copyright misuse doctrine”).

²⁷ See *In re Napster, Inc. Copyright Litig.*, 191 F. Supp. 2d 1087, 1108 (N.D. Cal. 2002) (“The doctrine does not prevent plaintiffs from ultimately recovering for acts of infringement that occur during the period of misuse.”). The court evidently read too much into the precedents it quoted, which, while stating that no remedies should be afforded during misuse, did not say that rights should be retroactively enforced.

²⁸ GLICK, ET AL., *supra* note 5, at 303 (“[M]isuse is generally limited to use as a defense, not an affirmative claim of relief”).

²⁹ See *Altera Corp. v. Clear Logic, Inc.*, 424 F.3d 1079, 1090 (9th Cir. 2005) (observing that “it makes little sense to allow Clear Logic to proceed on an independent claim for copyright misuse when there has been no allegation of copyright infringement”); *Ass’n of Am. Med. Colls. v. Princeton Review, Inc.*, 332 F. Supp. 2d 11, 17–20 (D.D.C. 2004) (dismissing affirmative claim of copyright misuse); *Novell, Inc. v. CPU Distrib., Inc.*, No. H-97-2326, 2000 U.S. Dist. LEXIS 9952, at *15–16 (S.D. Tex. May 15, 2000) (granting summary judgment against misuse claim on grounds that “[t]he Fifth Circuit has not . . . recognized copyright misuse as an independent claim for affirmative relief.”).

infringement, the plaintiff sought only declaratory judgment and complained of practices that also violated antitrust law.³⁰

A party need not suffer directly from misuse to wield it as a defense to copyright infringement. Instead, it suffices to prove that a copyright owner engages in misuse somewhere and that the misuse affects someone.³¹ Thus, for instance, a defendant might enjoy the defense because the plaintiff's licensing agreements with third parties unduly restrict the third parties' rights.³²

Courts have not decisively resolved whether a party with unclean hands can benefit from copyright misuse.³³ The *Lasercomb* court, which largely pioneered the modern approach to copyright misuse, allowed the defendants the benefit of the doctrine, even as it affirmed that they had committed fraud.³⁴ The court in *Atari Games Corp. v. Nintendo of America Inc.*, in contrast, found that the defendants' unclean hands barred them from invoking misuse.³⁵ Arguing that the *Atari* court had misread the relevant precedents, the court in *Alcatel USA, Inc. v. DGI Technologies, Inc.*, held that the trial court had wrongly denied the defendant the misuse defense, even though the defendant had "very dirty mitts."³⁶ In sum, although it seems safest to say that copyright misuse can shield even a party with unclean hands, the issue remains unsettled and, in most jurisdictions, unaddressed.

Copyright misuse provides a defense against only copyright infringement claims; it offers no defense to a contract or other common law cause of action.³⁷ Courts have thus let misuse bar enforcement of copyright rights while leaving contract and other rights unaffected.³⁸ Still other courts have suspended plaintiffs'

³⁰ *Elec. Data Sys. Corp. v. Computer Assocs. Int'l, Inc.*, 802 F. Supp. 1463, 1466 (N.D. Tex. 1992).

³¹ *See Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc.*, 342 F.3d 191, 204 (3d Cir. 2003) ("To defend on misuse grounds, the alleged infringer need not be subject to the purported misuse.").

³² *See Lasercomb Am. Inc. v. Reynolds*, 911 F.2d 970, 979 (4th Cir. 1990) ("[T]he fact that appellants here were not parties to one of Lasercomb's standard license agreements is inapposite to their copyright misuse defense. The question is whether Lasercomb is using its copyright in a manner contrary to public policy . . .").

³³ *See GLICK, ET AL.*, *supra* note 5 at 302-03.

³⁴ *Lasercomb*, 911 F.2d at 980.

³⁵ 975 F.2d 832, 846 (Fed. Cir. 1992).

³⁶ 166 F.3d 772, 794 (5th Cir. 1999).

³⁷ *See Altera Corp. v. Clear Logic, Inc.*, 424 F.3d 1079, 1090 (9th Cir. 2005) ("Copyright misuse is not a defense to the state law claims [i.e., intentionally inducing Altera's customers to breach their software license agreements with Altera and intentionally interfering with those contractual relations] asserted by Altera."); *Davidson & Assocs. v. Internet Gateway*, 334 F. Supp. 2d 1164, 1182-83 (E.D. Mo. 2004) (declining to afford copyright misuse defense in part because "the Court is reluctant to apply the copyright misuse defense as a defense to a contract claim because the defense is normally used in copyright infringement actions and the copyright claim has been dismissed in this case.").

³⁸ *See, e.g., PRC Realty Sys., Inc. v. Nat'l Ass'n of Realtors*, Nos. 91-1125, 91-1143, 1992 U.S. App. LEXIS 18017, at *38 (4th Cir. Aug. 4, 1992) (affirming damages for

copyright rights in light of misuse without speaking to—and thus evidently without disallowing—plaintiffs’ common law rights.³⁹ Although commentators⁴⁰ have generally overlooked this interesting, but admittedly obscure, feature of copyright misuse,⁴¹ it plays a significant role in the policy goals pursued by proposed § 107(b).⁴²

III. A LEGISLATIVE HISTORY OF § 107(b)

Section 107(b) codifies copyright’s misuse doctrine. Hitherto, courts have justified the copyright misuse doctrine by drawing comparisons to patent law, which has long had a codified misuse defense⁴³ and by invoking general principles of equity.⁴⁴ Section 107(b) brings the Copyright Act up to speed with the Patent Act, codifying the copyright misuse defense, clarifying its scope, and defining its effect.

Section 107(b) operates stepwise, through three sentences. The first sentence specifies when copyright misuse might occur. The second sentence describes the legal effect of the defense. The third sentence limits the scope of the doctrine. Taken as a whole, §107(b) aims to ensure that, instead of combining copyright and contract law to limit fair use, copyright owners choose either the rights afforded under the Copyright Act or those afforded by contract law.

breach of contract while reversing, on grounds of misuse, remedies for copyright infringement); *Tamburo v. Calvin*, No. 94-C-5206, 1995 U.S. Dist. LEXIS 3399, at *15–19 (N.D. Ill. Mar. 17, 1995) (granting motion to dismiss copyright infringement claim on grounds of misuse, but granting leave to amend contract and other claims).

³⁹ See, e.g., *Alcatel*, 166 F.3d at 792–94 (neglecting to rule on enforceability of contract); *Practice Mgmt. Info. Corp. v. Am. Med. Ass’n*, 121 F.3d 516, 520–21 (9th Cir. 1997) (allowing misuse defense without addressing viability of copyright holder’s other potential common law claims); *Lasercomb*, 911 F.2d at 979 (holding same).

⁴⁰ See, e.g., Judge, *supra* note 10, at 947 (claiming that under the approach adopted by all courts except *Napster* “during the period of misuse, the property right is replaced with a zero-liability right . . . [and] infringement is costless to the infringer”).

⁴¹ But see *Bell*, *infra* note 64, at 800 (observing that “courts finding copyright misuse . . . suspend enforcement of the copyright in question unless and until the misuse ends, while leaving coincident common law rights standing.” (footnotes omitted)); *Knight*, *supra* note 10, at 250 (observing that “under breach of contract . . . the copyright misuse defense is mute”).

⁴² See *infra* notes 61–64 and accompanying text (describing § 107(b)’s goal of denying copyright rights to overreaching copyright owners while leaving common law rights in force).

⁴³ See 35 U.S.C. § 271(d) (2006).

⁴⁴ See *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 311 (2d Cir. 1966) (Lumbard, C.J., concurring).

A. Sentence One: “It constitutes copyright misuse to contractually limit any use of a copyrighted work if that use would qualify as noninfringing under § 107(a).”

This sentence aims to ensure that copyright and contract law do not combine to vest copyright owners with too much legal clout. Effectively, it forces a copyright owner to choose between enforcing copyright rights no further than the bounds of fair use, as defined in § 107(a), and enforcing non-copyright claims as far as non-copyright law allows. By specifying that contractual limits on fair use qualify as copyright misuse, § 107(b) rationalizes the case law, capturing not the holding of just one particular court, but rather the logic and spirit of manifold judicial and academic opinions.⁴⁵

Notably, the first sentence of § 107(b) specifies only one particular way in which copyright misuse might arise. It does not foreclose a court from justifying the defense on other grounds.⁴⁶ A defendant facing a copyright infringement suit might, for instance, fruitfully allege that the plaintiff’s antitrust violations support a finding of copyright misuse. Just as it has since the origins of copyright misuse, patent misuse might thereby continue to serve as persuasive authority.⁴⁷

The first sentence of § 107(b) thus aims only to clarify a particular, and particularly uncertain, form of copyright misuse. It does not foreclose the invocation of other, more clearly established grounds for finding copyright misuse. Nor does it foreclose courts from exercising their equitable discretion to remedy egregious, but novel, forms of copyright misuse. In that, § 107(b) adopts an open texture akin to that of § 107(a).⁴⁸

B. Sentence Two: “No copyright owner misusing a work has rights to it under § 106 or § 106A during that misuse.”

This sentence codifies the practice, evidently followed in copyright misuse cases, of suspending copyright rights in a work during the work’s misuse.⁴⁹ As a matter of simple logic, remedies cannot be justified if rights are not violated. Even copyright owners who end their misuses should therefore not retroactively win copyright remedies for any alleged infringements that occurred during the period of misuse. In that regard, as in so many others, copyright misuse follows the path laid by patent misuse.⁵⁰

⁴⁵ See *supra* notes 20–23 and accompanying text (discussing scope of copyright misuse).

⁴⁶ See *supra* notes 17–22 and accompanying text (describing other grounds on which courts have found copyright misuse).

⁴⁷ See GOLDSTEIN, *supra* note 2, § 11.6, 11:38.

⁴⁸ See 17 U.S.C. § 107(a) (specifying that fair use includes certain enumerated uses and that determinations of fair use shall include certain enumerated factors, without precluding courts from protecting other uses or considering other factors).

⁴⁹ See *supra* notes 28–32 and accompanying text (describing legal effect of misuse defense).

⁵⁰ See GOLDSTEIN, *supra* note 2, § 11.6, 11:38.

Only a dictum of the *In re Napster*⁵¹ court offers a judicial exception to that view. The court opined that when and if the plaintiffs had cured their misuse, they might win copyright remedies retroactively—even for infringements that occurred during the period of misuse.⁵² Since it did not rule out awarding interest on any monetary relief thereby delayed, the *In re Napster* court’s approach to copyright misuse threatens to gut the doctrine. Such a lenient an approach to misuse would give copyright owners little reason to fear the misuse defense.⁵³ The second sentence of § 107(b), because it suspends copyright *rights* rather than only *remedies*, rejects that suspect dictum from *In re Napster*.

Sentence Two also impliedly follows the majority view that misuse merely tolls copyright rights; it does not permanently destroy them. Courts and commentators have opined that a copyright owner facing a valid misuse defense may, by no longer misusing the subject work, regain copyright rights in it.⁵⁴ This approach conforms to the theory, implicit in the case law, that the doctrine of misuse aims not to punish overreaching copyright owners but rather merely to deny them overweening legal powers.

Section 107(b) seeks to guard constitutionally protected freedoms of expression from the state power afforded to copyright owners.⁵⁵ The fair use defense has traditionally helped to ensure that the Copyright Act does not contradict the First Amendment.⁵⁶ A license that prohibits commentary about copyright-protected work would, however, threaten to overwhelm that bulwark of liberty. Section 107(b) fortifies fair use, safeguarding the defense—and thus our freedoms of expression—from an unseemly combination of copyright and contract rights.⁵⁷

Sentence Two goes beyond, but not against, the case law in clarifying that the copyright misuse defense bars not only the rights set forth in § 106 of the

⁵¹ *In re Napster, Inc. Copyright Litig.*, 191 F. Supp. 2d 1087 (N.D. Cal. 2002).

⁵² *Id.* at 1108.

⁵³ *But see* Judge, *supra* note 10, at 948–49 (arguing that even under the *In re Napster* court’s approach, “[a] variety of factors . . . reduce the estimated cost to a consumer of using the misused copyright” and that it “represents a significant shift away from patent misuse and toward a remedy better suited to effectuate the purpose of copyright misuse”).

⁵⁴ *See supra* note 24–27 and accompanying text (describing purge of misuse defense).

⁵⁵ U.S. CONST. amend. I (“Congress shall make no law . . . abridging the freedom of speech, or of the press . . .”).

⁵⁶ *See Eldred v. Ashcroft*, 537 U. S. 186, 219 (2003) (including fair use among copyright law’s “built-in First Amendment accommodations”).

⁵⁷ Courts should thus not read § 107(b) to excuse copyright licensees who, citing the fair use defense, complain about making standard and reasonable payments for licensed uses of a copyright protected work. The ease of paying for permission in such cases typically goes to show that no fair use defense applies. *See, e.g., Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 930–31 (2d Cir. 1994) (“[T]he right to seek payment for a particular use tends to become legally cognizable under the fourth fair use factor when the means for paying for such a use is made easier.”).

Copyright Act but also those set forth in § 106A.⁵⁸ Why that extension? Not because anyone who enjoys the relatively limited rights afforded by § 106A poses a particularly great risk of misusing them but only because no compelling reason suggests that such parties, when and if they misuse their copyright rights,⁵⁹ should escape the scope of the defense.⁶⁰

C. Sentence Three: “A court may, however, remedy breach of any contract the limitations of which constitute copyright misuse under this section.”

Copyright owners risk combining their statutory and common law rights to seize an unwarranted amount of legal power. In such instances, misuse doctrine operates to reestablish a rough balance between private and public interests. It empowers courts to deny copyright rights to overreaching copyright owners, while leaving common law rights in force. Misuse doctrine thus helps ensure that copyright law conforms to its constitutional mandate: “To promote the Progress of Science and useful Arts.”⁶¹

The third sentence of § 107(b) codifies what courts have already held: Copyright misuse serves as a defense against only copyright claims—not claims arising under common law in general or contract law in particular.⁶² That is not to say that a copyright owner facing a valid misuse defense will prevail on those alternative causes of action, of course; they may fall to defenses other than copyright misuse.⁶³ It is only to say that a contract that facilitates copyright misuse may not, for that reason alone, suffer invalidation.

That careful respect for common law rights reflects a fundamental aspect of copyright policy. The prevailing view of copyright casts it as a necessary evil,

⁵⁸ Section 106A(a) gives “the owner of a work of visual art” the right to “claim authorship of that work,” § 106A(a)(1)(A), disavow misattributions of authorship, § 106A(a)(1)(B), disavow authorship to his or her works that have suffered modifications that “would be prejudicial to his or her honor or reputation,” § 106A(a)(2), and to protect his or her works from specified sorts of harm, § 106A(a)(3).

⁵⁹ Notably, a party can enjoy § 106A rights.

⁶⁰ Similar reasons suggest that lawmakers might find it worthwhile to consider also expanding the defense to bar misuses of the rights that the Digital Millennium Copyright Act created to protect copyright protection systems, 17 U.S.C. § 1201, and copyright management information, 17 U.S.C. § 1202. For an argument on behalf of that sort of extension, see Dan L. Burk, *Anticircumvention Abuse*, 50 UCLA L. REV. 1095 (2004). For a case suggesting that judges, at least, have hesitated to take up that call, see *321 Studios v. Metro Goldwyn Mayer Studios, Inc.*, 307 F. Supp. 2d 1085, 1101–03 (N.D. Cal. 2004) (holding that misuse defense does not apply to anticircumvention provisions of Digital Millennium Copyright Act, 17 U.S.C. § 1201).

⁶¹ U.S. CONST. art. I, § 8, cl. 8.

⁶² See *supra* notes 37–38 and accompanying text (documenting that copyright misuse provides a defense against only copyright infringement).

⁶³ Sentence Three thus says only that a court *may* remedy breach of contract.

justified as a response to the market's underproduction of expressive works.⁶⁴ In a better world, we would not need copyright law. To the extent that copyright policy can help bring about that sort of world, therefore, it achieves a salient good.

By forcing copyright owners who misuse their works to choose between their statutory rights and their common law ones, § 107(b) would encourage the development of new ways of protecting expressive works. To the extent that such alternatives would cure the market failure that justifies copyright, they would render copyright superfluous. Thus, might copyright *misuse* promote the worthy policy of eventually ending copyright *use*.

IV. SECTION 107(b) IN PRACTICE

Could the codification of copyright misuse proposed here survive the legislative process and pass into law? Possibly. As noted earlier,⁶⁵ the doctrine of copyright misuse stands at a point in its development akin to that achieved by the fair use doctrine just before its codification.⁶⁶ That merely suggests copyright misuse may have grown ripe for codification, however; it hardly compels that result. To assess the prospects for § 107(b), we need to take account of the various factions that might lobby for or against it.

Though hardly a politically powerful faction, the various parties who generally favor opening wider access to copyrighted works—consumers, educators, librarians, students, and others—would almost certainly find much to like in § 107(b). The proposed statute would, after all, clarify and universalize what courts have already said: Copyright owners must not leverage their rights under the Act to commit wrongs against the public. In particular, § 107(b) would, by classifying contractual limitations on fair use rights as copyright misuse, clearly safeguard a vital mechanism for ensuring that copyright law does not infringe on our freedoms of expression.

A much more powerful lobby, including representatives of the entertainment and software industries, generally disfavors weakening copyright protection. Even those parties, however, might find much to like in § 107(b). First, the proposed codification misuse would clarify a troublingly vague area of law, making the rights protected by the Copyright Act more certain and, thus, more valuable. Second, copyright owners wary of § 107(b) could easily safeguard their statutory rights by adding to their licenses appropriate saving clauses, avoiding the misuse defense by clarifying that the licenses do not limit any rights protected by

⁶⁴ See, e.g., Tom W. Bell, *Escape from Copyright: Market Success vs. Statutory Failure in the Protection of Expressive Works*, 69 U. CIN. L. REV. 741, 758 (2001) (“Courts and commentators agree that copyright law represents a statutory response to market failure.”).

⁶⁵ See *supra* 5–9 and accompanying text (discussing timeliness of codification of misuse).

⁶⁶ See 17 U.S.C. § 107 (2006) (codifying the fair use defense).

§ 107(a).⁶⁷ Third, § 107(b) would reassure copyright owners that, even if they offended its definition of misuse, they might still enforce their rights under contract law.

How would § 107(b) work in practice? Suppose that ThinSkin offers downloads of its copyrighted software, Bugfest, subject to payment of \$20 and agreement to a click-through license. Among other terms, that license bars public criticism of Bugfest. Snarky buys a copy of the Bugfest, clicks “OK” to the license, and thereafter blogs about the software’s many flaws. Snarky’s critique includes screenshots of Bugfest in action (as the case may be). ThinSkin sues Snarky citing unauthorized reproduction of expressions protected by Bugfest’s copyright⁶⁸ and violation of the software’s license.

Though § 107(b) would plainly give Snarky a misuse defense to ThinSkin’s copyright infringement claim,⁶⁹ ThinSkin would retain the right to sue Snarky for breach of contract. Snarky might attempt to void the contract for want of consideration arguing that ThinSkin’s misuse meant that it had no copyright rights to license.⁷⁰ ThinSkin would doubtless overcome that defense, however, by observing that it forbore from refusing to allow Snarky to download a copy of Bugfest.⁷¹ While denied the generous monetary and near-automatic injunctive relief afforded by the Copyright Act,⁷² ThinSkin would enjoy a good chance of winning contract damages⁷³—perhaps even liquidated damages, if the contract specifies them⁷⁴—and a fair argument for an injunction against breach.⁷⁵

In the long run, § 107(b) would encourage copyright owners like ThinSkin to develop new ways of protecting expressive works. In some cases, after all, § 107(b) would flatly rule out reliance on copyright rights. It would, however, reassure copyright owners that they might still invoke contract law to good effect. Like a mother bird nudging her fledglings to the nest’s edge, § 107(b) would

⁶⁷ Assuming it finds such a clause enforceable, a court should take that clause to provide an effective counterargument to any defense asserted under § 107(b).

⁶⁸ See 17 U.S.C. § 106(1) (giving the owner of a copyright the exclusive right to reproduce it).

⁶⁹ Indeed, it would give *anyone* a defense to *any* copyright claim to BugFest brought by its copyright owner ThinSkin.

⁷⁰ See RESTATEMENT (SECOND) OF CONTRACTS § 17(1) (1979) (requiring consideration for formation of a contract).

⁷¹ See *id.* § 71(3) (explaining that consideration may consist of a forbearance).

⁷² See 17 U.S.C. §§ 502–505; see also *id.* § 506 (providing for criminal penalties against copyright infringement); *id.* § 509 (providing for seizure and forfeiture of illegal copies and copying equipment).

⁷³ See RESTATEMENT (SECOND) OF CONTRACTS §§ 344–56 (1979) (specifying a variety of rules for awarding monetary relief for breach of contract).

⁷⁴ See *id.* § 356 (specifying when party breaching a contract may owe liquidated damages).

⁷⁵ See *id.* § 359 (defining when courts should award injunctive relief for breach of contract).

embolden copyright owners to escape the confines of the Copyright Act, promoting the public good even as they promote their own interests.⁷⁶

V. CONCLUSION

This Article has described and defended a codification of copyright's misuse doctrine. The § 107(b) proposed here largely follows the case law in defining the scope and effect of the defense. In specifying that certain contractual restrictions constitute misuse, § 107(b) also pursues a policy of ensuring that fair use continues to protect our freedoms of expression. If thus codified, the misuse defense would promote the public good by making copyright rights less vague, less threatening, and ultimately less important.

⁷⁶ See Bell, *supra* note 64, at 804–05 (explaining the public policy benefits of developing extra-copyright protections of expressive works).