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From Fan Sites to Filesharing: Personal Use in Cyberspace

Deborah S. Tussey, *Oklahoma City University School of Law*

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FROM FAN SITES TO FILESHARING: PERSONAL USE IN CYBERSPACE

*Deborah Tussey**

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* Visiting Assistant Professor, T.C. Williams School of Law, University of Richmond. B.A, College of William and Mary; J.D., University of Virginia School of Law; LL.M., Harvard Law School. I would like to thank Tom W. Bell, Joyce Green, J.P. Jones, and Sam Lupica for their comments on earlier drafts of this article and Tim Broshears for his research assistance. Any errors are, of course, mine alone. I am also grateful to Linda and Bill Davidson for their generous support through a summer research grant.

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INTRODUCTION

Historically, an individual consumer of intellectual properties such as books or sound recordings could freely engage in a variety of noncommercial uses of those works without the permission of the owner of intellectual property rights (IPRs) in the work. Copyright owners grudgingly tolerated such uses, largely because user activities were difficult to detect, of limited market significance, and rarely worth the expense of litigation.[1] Other intellectual property regimes, such as trademark, publicity rights, trade secret, and misappropriation, targeted competing commercial activities and seemed inapposite to individual users. This state of affairs changed when the Internet made it possible for users to affect rightholders' markets by appropriating protected text, symbols, and images.

From the beginning, users employed cyberspace as a true common—a marketplace of ideas—open to all communicative uses, including free transmission of informational and creative works, with little regard for IPRs. As each new technology developed, users embraced its capabilities to extend their scope of use. Some users affirmatively rejected the application of IPRs to works released in

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[1] *See* Jane C. Ginsburg, *Authors and Users in Copyright*, 45 J. COPYRIGHT SOC'Y U.S.A. 1, 11 (1997); Pamela Samuelson, *Fair Use for Computer Programs and Other Copyrightable Works in Digital Form: The Implications of* Sony, Galoob *and* Sega, 1 J. INTELL. PROP. L. 49, 60 (1993). Copyright owners never considered personal, noncommercial use to be excluded from the scope of their copyright. Modern copying technologies inspired efforts to control private copying, frequently in the form of contributory infringement claims against the manufacturers of copying devices, but early suits ran up against fair use restrictions, most notably in the Sony Betamax case. *Id.* In *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 420 (1984), suit was brought against both Sony, the manufacturer of the Betamax device (videotape machines), and a representative individual user. However, Universal sought no remedies against the user. *Id.* The Supreme Court held that noncommercial consumer videotaping of television programs and movies for purposes of later viewing (time-shifting) constituted fair use and that, consequently, the sale and distribution of videotape recorders was not contributory infringement because the machines supported a substantial, noninfringing use. *Id.* at 442. The Court did not address, however, whether permanent archiving of such copies for personal use was fair use. *See also* Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072, 1079 (9th Cir. 1999) (finding that downloads of digital music to Rio player constituted permissible "space shifting" use analogous to "time shifting" activities protected by *Sony*); Lewis Galoob Toys, Inc. v. Nintendo of America, Inc., 964 F.2d 965 (9th Cir. 1992) (finding Game Genie noninfringing because consumers' use of device to enhance levels of game play was fair). *But see* Micro Star v. Formgen, Inc., 154 F.3d 1107, 1111 (9th Cir. 1998) (finding no fair use where company marketed CDs of new, user-created levels to be used in playing copyrighted "Duke Nukem 3D" computer game).

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cyberspace.[2] Others may have simply presumed that digital media, like analog media, contained ample room for individual, noncommercial uses; particularly, though not exclusively, those that are similar to customary personal or private uses.[3] For example, the movie buff created an elaborate fan site instead of pasting magazine clippings into a scrapbook. The critic of a product eschewed the writing of letters to an unresponsive corporation and, instead, devoted a web site to her complaints. Most recently, users began sharing audio and video files through centralized online services or decentralized filesharing software rather than by transferring physical copies. Such activities certainly contributed to the explosive growth of the Internet. That growth, in turn, invited commercial interests to stake out territory in cyberspace.

However, the combination of digital media with Internet access dramatically altered both the nature of personal uses and the traditional relationships among users, rightholders, and the works themselves. Digital networks facilitate copying, alteration, and sharing of works among users, with significant consequences, good and bad, for rightholders' markets and good will; they also facilitate creative uses of prior works and promote social discourse. Unlike traditional media that limit and pre-censor the content of information disseminated to the public, the Internet could become the digital equivalent of the classic agora where public debate, artistic creativity, and cultural diversity coexist with commercial transactions. Realization of that possibility depends on our ability to strike an equitable balance between the public interest in access to works and rightholders' ability to profit from their investments in producing such works.

In order to strike that balance, we must clarify the nature and permissible scope of noncommercial use by individual users. Is personal use merely "decentralized infringement"?[4] Is it valuable

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[2] *See* John Perry Barlow, *The Economy of Ideas*, WIRED 2.03, http://Wired.com/wired/archive/2.03/economy.ideas.html (Mar. 1994) (asserting that intellectual property law cannot be reformulated to fit digital age).

[3] One might contend that software developers encouraged such presumptions by creating user-friendly analogs to real-space environments in order to entice users to interact with electronic interfaces. The classic case is the desktop metaphor common to most operating systems and applications.

[4] *See* I. Trotter Hardy, *Copyright and "New-Use" Technologies*, 23 NOVA L. REV. 659, 662

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expression deserving of protection? Is it an essential ingredient in the booming "E-conomy"? As rightholders seek increased control over access to their works, they have come to regard users as the enemy in the access wars. It is no longer unusual for private citizens who maintain web sites to receive cease-and-desist letters from large corporations alleging a broad array of intellectual property infringements. Rightholders may also target services that facilitate user activities. Users appear to regard rightholders' interests, if they regard them at all, with disdain. Traditional regimes mediate this conflict poorly, but proposals to open the field to private ordering threaten free expression, cultural enrichment, and individual privacy.

This Article explores the nature and consequences of unauthorized personal uses of intellectual properties in cyberspace and proposes adoption of a well-defined, limited personal use privilege. Many of the issues raised herein are pertinent to digital media generally, but the Internet has substantially upped the stakes for both users and rightholders by facilitating widespread dissemination of protected works. The scope of any "personal use" privilege will, of necessity, be modeled in response to Internet capabilities. Copyright law takes a central role in this discussion, since, under current readings of the Copyright Act,[5] most activities on the Net involve the making of potentially infringing copies. As will be made evident, the Internet also brings most other intellectual property regimes into play and levels them squarely at individual consumers. The argument must proceed, consequently, from a "user's-eye-view" of the cross-section of IPRs likely to be implicated by personal use.

Part I offers a definition and a simple taxonomy of personal use which may be helpful in the following discussion. In Part II, a study of "fan" sites illustrates the complexities of applying intellectual property regimes to a common user activity and suggests that neither users nor rightholders are particularly well served by existing regimes. The Internet has transformed the background rules for intangible works, instituting changes, outlined in Part III,

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(1999). Hardy defines "decentralized infringements" as widespread noncommercial uses of works in ways that would be infringing if done on a large scale for commercial purposes. *Id.*

[5] 17 U.S.C. §§ 101-120 (1994).

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that require a reevaluation of personal use. Part IV reviews recent initiatives to strengthen rightholders' control of their properties, which are likely to provide them with unprecedented, and undesirable, power over dissemination of creative and informational works. Part V suggests that such extensive control runs counter to important cultural values and may be inimical to the long-term economic interests of society at large and the rightholders themselves. Finally, Part VI proposes a set of guidelines designed to offer relatively clear rules for users and permit reasonable scope for unauthorized, personal uses, while preserving rightholders' ability to secure a reasonable return for their works.

I. DEFINITION AND TAXONOMY

"Personal use," in the broad sense, means consumption or adaptation of intellectual properties by individual users for their own purposes, including uncompensated sharing of those works with others.[6] In this sense, it refers to the varied activities in which individuals actually engage both offline and online, often without payment to or permission of the holder of intellectual property rights. The focus of inquiry in this article is whether Congress should define a specific personal use privilege which would exempt some subset of these activities from the rightholder's legal entitlements.

Offline, personal uses customarily include browsing through books, magazines, or newspapers, copying for one's own use, and private performance or display of works. Sharing of works within the home or among friends is also common. Users lend books and magazines, or copy articles and excerpts and give them to friends;

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[6] In copyright, such uses have been denominated "private" or "personal" uses. *See infra* Part III. More recently, commentators have adopted the term "end user" to describe individual consumers. *See, e.g.*, Ginsburg, *supra* note 1, at 3 (using "end user" to describe individuals who are merely consumers of works, as opposed to individuals who creatively transform works). None of these terms is entirely satisfactory as a descriptor of online practices. Personal or "individual" use often blurs with communal use in networked environments, and the same kind of activity that is "private" in the offline world becomes decidedly public in the online world. "End users" often become adaptors or secondary creators. However, "personal use" does carry familiar connotations that make it the most apt of the limited alternatives.

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buyers of music, videos, and software are particularly likely to share works.[7] The development of photocopying devices and analog devices such as audiotape and videotape recorders facilitated such copying. The propagation of personal computers and digital recording devices, such as digital audiotape (DAT) and writable CD-ROM, substantially increased users' ability both to copy and also to modify digital works. It is common for music lovers, for example, to mix and match audio tracks, or parts of them, to create personalized music compilations for their own use or that of friends or family. In addition, graphic images may be digitally scanned into the computer and manipulated with the use of appropriate software.

In the online environment, personal uses may include browsing, downloading, and serial copying of works for one's own use, reformatting the work for use on different digital devices, and disseminating copied works through email or placement on a personal web site. Personal use may also include digital modification of works by manipulating content or incorporating parts of the work into the user's web site.[8]

Personal uses may be classified in a simple taxonomy based on the nature of use and the extent of propagation. The nature of use may be characterized either as direct consumption or as a transformative use of the work, for example, by adaptation, addition of commentary, or incorporation in a larger work. Extent of propagation indicates whether the use is limited to the individual, members of the household, or a small circle of friends, or involves broader, indiscriminate redistribution to those outside the original user's immediate circle. From the rightholder's perspective, adaptation raises issues of proper attribution, integrity of the work,

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[7] Michael J. Meurer, *Price Discrimination, Personal Use and Piracy: Copyright Protection of Digital Works*, 45 BUFF. L. REV. 845, 854 (1997).

[8] Online users also engage in practices such as linking, framing, and the creation of metadata, which involve referencing or accessing materials on the Internet. These practices raise a number of difficult questions with regard to IPRs. Since all Internet users, institutional as well as individual, use these practices, and none is closely analogous to customary personal uses in the offline world, I have omitted them from the scope of this paper. For an in-depth discussion of linking and framing and their ramifications, see Maureen A. O'Rourke, *Fencing Cyberspace: Drawing Borders in a Virtual World*, 82 MINN. L. REV. 609 (1998).

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and effect on reputation and goodwill.[9] Propagation may directly impact the rightholder's commercial market by preempting sales.[10] Where propagation is widespread, users act as redistributors in competition with rightholders. Correlating these two factors produces gradations in personal use, from strictly individual consumption to broadcast dissemination of altered works. For purposes of discussion, four general categories of personal use may be defined.[11]

SMALL-CIRCLE CONSUMPTION describes direct acquisition and use of works by a natural person, members of a household, or within a limited circle of friends.[12] Offline, this category includes, for example, buying and copying software, videotapes, or audiotapes for one's own use and lending or copying them for the use of family and personal friends. Online uses in this category include downloading and use of electronic works, with various degrees of propagation from strictly individual use to sharing within a relatively small circle either by transferring physical media such as floppy disks or CDs or by transmitting files through email. This category also includes copying for purposes of format-shifting, such as copying downloaded music onto a portable device, or, in the offline world, copying music from a CD onto a cassette tape.[13]

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[9] William W. Fisher III, *Property and Contract on the Internet*, 73 CHI.-KENT L. REV. 1203, 1221-22 (1998).

[10] *Id.*

[11] Individual users may also assert conflicting, but possibly valid, claims to a "property" claimed by an IPR owner. The most highly publicized cases involve registrations of domain names reflecting the name of the registrant, or a family member, which are identical to trademarked names of celebrities or characters. The proud daddies who registered veronica.org and pokey.org for their toddlers found themselves on the receiving end of cease-and-desist letters from Archie Comics and the Prema Toy Company, respectively. Beth Lipton Krigel, *Archie Comics Fights Parent for Domain*, CNET NEWS.COM, *at* http://news.cnet.com/news/0-1005-200-337433.html (Jan. 15, 1999). Don Henley, the rock musician, accused Don Henley, the retired USAF Sergeant who registered don-henley.com, of trademark infringement. See Henley's site at http://www.don-henley.com/domain/dispute.htm.

[12] Whether even limited sharing should be exempted from infringement claims is a separate question. *See* discussion *infra* Part VI.

[13] Format-shifting might be described as an adaptation rather than mere consumptive use. However, since format-shifting changes only the medium, but leaves content unaltered, it fits more comfortably into the consumption category as a convenience use. *See* Ginsburg, *supra* note 1, at 12.

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REDISTRIBUTED CONSUMPTION describes broad scale, unauthorized redistribution of unaltered works for purposes of consumption by other users. In the offline world, broad scale redistribution is far more likely to occur through commercial pirates than individual users because of costs associated with copying and distribution of physical copies. Online, downloading of works is often for purposes of small-circle consumption, but users who download may also be participants in redistributed consumption, for example, by patronizing "warez" sites[14] which offer bootlegged versions of electronic games, movies, or music. Users of sites such as MP3.com[15] which offer downloads of compressed music files may be redistributors in this sense. If users upload their own files for exchange, their activities certainly constitute redistribution. Patrons of Napster, an online music filesharing service,[16] or users of software such as Gnutella,[17] which permits filesharing without the necessity of a central server, would fall within the redistribution category. Sharing of unaltered works through listservs, newsgroups, bulk email or web sites also constitutes redistributed consumption.

SMALL-CIRCLE ADAPTATION describes user modification of preexisting works, or incorporation of such works into compilations, for use by the individual, members of his household, or a small circle of friends. Such uses include, for example, customization of software (whether downloaded or purchased in physical copies) for private use, creation of physical scrapbooks or similar collections of

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[14] "Warez" are bootlegged works distributed online, often for profit, by "crackers" who have broken through the rightholder's protective technology. *See* David McCandless, *Warez Wars*, WIRED 5.04, http://www.wired.com/wired/archive/5.04/ff_warez.html (Apr. 1997) (describing conflict between rightholders and Warez sites).

[15] http://www.mp3.com. The My.MP3.com service, maintains a database of thousands of CD albums, encoded for MP3 download, which users can access from any computer connected to the Internet. The service is limited to users who already own the recording and can prove it by placing the CD in their computer.

[16] *See* http://www.napster.com. Napster provides indexing functionality and a central server allowing users to swap music files. Other services, such as Scour Exchange and iMesh, use similar software to retrieve photos and videos as well as music. *See* Jefferson Graham, *Web Bootlegs of "Gladiator," Other Films Easy to Find*, USA TODAY, May 30, 2000, at 10, *available at* http://www.usatoday.com/life/cyber/tech/cth987.htm.

[17] *See* Patti Hartigan, *Music Industry Can't Outwit Online Outlaws*, BOSTON GLOBE, May 31, 2000, at A1, (describing Gnutella, Freenet, and similar filesharing software) *available at* http://www.digitalmass.com/printer_friend.../daily/05/31/ hartigan_music_industry.html.

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materials with a common theme, unpublished parodies or social satires, or customized compilations of music or other information.

REDISTRIBUTED ADAPTATION describes transformative uses publicly shared with a wide audience. Broad redistribution of adaptations by individual, noncommercial users is rare offline because of the costs associated with distribution of physical copies. Online, parody sites would fall into this category, which might also include personal web pages incorporating protected material, web page commentaries enabled by browser companions, fan sites for cultural icons, and the ubiquitous "sucks" sites criticizing companies and their products.[18] The category also includes similar activities conducted through listservs, newsgroups or bulk email.

Individual users may engage in activities that span all of these categories. In the online environment, the same user may readily traverse the spectrum from small-circle consumption to redistributed adaptation in a single online session by, for example, downloading a work, editing or commenting on it, and posting it on a web site. A user's web site may offer original, unedited works and may also incorporate adapted works. Moreover, given the rapidity and ease of information transfer online, the user may have no idea whether the rightholder has granted permission for dissemination of the work.

Even small-circle activities involve redistribution, but sharing routinely is confined to a relatively small group of personal acquaintances, although a ripple effect (friends of friends) may occur. However, only the Internet significantly enables individual users to function as broad-scale redistributors of original or adapted works. While rightholders deplore even limited sharing among individuals, Internet-enabled, broad-scale redistribution poses a much more significant threat. Rightholders have sought to counter that threat, in part, through enforcement of their rights under traditional intellectual property regimes.

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[18] *See, e.g.*, http://www.walmartsucks.com (last visited Apr. 23, 2001).

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II. PERSONAL USE UNDER TRADITIONAL REGIMES—FAN SITES AS ILLUSTRATION

Enforcement of IPRs against small-circle uses is still relatively rare, though this situation may change if rightholders deploy rights management systems more widely.[19] However, enforcement is increasingly common with respect to online redistributive uses, usually in the form of actions, or threats of action, against web site owners or third party facilitators of sharing activities. Such actions frequently involve allegations under multiple intellectual property regimes. This part illustrates the difficulties of applying traditional regimes to individual users by reviewing the particular issues raised by fan sites, which are maintained by thousands of users and are frequently the target of enforcement by rightholders.[20]

In traditional media, fans keep scrapbooks, start fan clubs, and write fan letters. While some of these activities, such as the creation of scrapbooks, implicate intellectual property rights,[21] none is likely to arouse the ire of the rightholder, particularly since fan activities expand the market for the works. Online fans often create electronic "scrapbooks" in the form of complex web sites celebrating their particular obsessions.[22] Sites may incorporate plot synopses, photographs, scripts or excerpts therefrom, artistic renderings of characters, sound files, video clips, graphics, distinctive logos, and

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[19] Rightholders do not disclaim control over even small-circle uses, often limiting them through mass market contract provisions. Widespread use of rights management systems, particularly on the pay-per-use model, would provide enforcement capabilities against small-circle personal use. *See infra* Part IV.

[20] Lest this choice of topic appear frivolous, it should be noted that the entertainment industry rakes in billions of dollars annually and that thousands of Web sites are devoted to fan activities. For better or worse, the currency of contemporary culture often consists of movie stars, dinosaurs, or extraterrestrial invaders (not that these categories are mutually exclusive). *See* Rebecca Tushnet, *Legal Fictions: Copyright, Fan Fiction, and a New Common Law*, 17 LOY. L.A. ENT. L. REV. 651 (1997).

[21] The scrapbook clearly creates a compilation of pre-existing works (magazine clippings, photographs, and so on) without the permission of the copyright owners.

[22] Star Trek and Star Wars, for example, have spawned innumerable fan sites. A collection of links to dozens of Star Trek sites may be found at http://www.links2go.com/more/www.bestoftrek.com. For a fascinating, if mildly disturbing, profile of Star Trek fans, see the film *Trekkies* (Paramount 1999). For representative Star Wars sites, see The Force.net at http://www.theforce.net, and JediNet at http://www.jedinet.com/. Fan sites for other television shows, books, characters, or celebrities also abound.

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links to related sites. Sites may also incorporate chat rooms and email or threaded conference features that mimic the interaction of traditional fan clubs. While some of this melange of multimedia "borrowing" represents direct copying of all or part of the original works, many of the web sites alter the originals or add substantial new material. Fan sites, in other words, often involve redistribution of both original works and spin-offs of the original.

While such sites offer the same market-enhancing effects as traditional fan activities, their enhanced potential for infringement makes them among the sites most actively policed by rightholders.[23] The wide range of materials used implicates a bewildering array of intellectual property rights, including copyright, trademark and publicity rights.[24] A brief overview of such claims reveals the complexity of the issues involved.

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[23] Paramount Pictures and its parent company Viacom, which own intellectual property rights to Star Trek in its many iterations, have been among the most active enforcers, issuing warning letters to selected Star Trek Web sites. *See* Laurent Belsie, *Web War: Hollywood Tangles with Fans' On-Line Sites*, CHRISTIAN SCI. MONITOR, Dec. 17, 1996, at 1, *available at* 1996 WL 5046266; Jennifer Granick, *Scotty, Beam Down the Lawyers!*, WIRED 5.10, Oct. 1997, at 86; Noah Robichon, *The Empire Strikes Back: Things Get Sticky for Fan Sites on the World Wide Web*, TIME, June 30, 1997, 1997 WL 10902480.

Lucasfilm has generally taken a more fan-friendly position. However, prior to release of *The Phantom Menace*, it issued warning letters to Internet Service Providers (ISPs) notifying them, pursuant to provisions of the Digital Millennium Copyright Act, 17 U.S.C. §§ 1201-1205 (Supp. IV 1998), that any posting of unauthorized video recordings of all, or any part of, *The Phantom Menace*, would infringe Lucasfilm's copyrights and trademarks and must be removed from the service. *See* Joyce Slaton, *Lucas: Net Piracy is a Menace*, WIRED NEWS, *at* http://www.wired.com/news/news/email/tip/culture/story/19562.html (May 7, 1999).

Dozens of such conflicts have erupted across the Web between corporate copyright and trademark owners and their own customers, the fans. Threats against fan sites have been issued by Fox, Spelling Entertainment, Dutton Children's Books (against a Poohbear site), and numerous other corporate entities. *See* L.A. Lorek, *Cease and Desist: Firms Warning Private Webmasters*, SUN-SENTINEL FT. LAUDERDALE, Aug. 31, 1997, 1997 WL 11399367.

[24] The characters alone, whether presented in graphic or textual format, are protected by copyright, trademark, and unfair competition regimes. Use of images of the characters as enacted by particular actors may also implicate the actors' publicity rights. *See generally* Michael Todd Helfand, *When Mickey Mouse is as Strong as Superman: The Convergence of Intellectual Property Laws to Protect Fictional Literary and Pictorial Characters*, 44 STAN. L. REV. 623 (1992) (discussing infringement of fictionalized characters and problems created by converging intellectual property laws).

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A. COPYRIGHT

The Copyright Act[25] protects "original works of authorship fixed in any tangible medium of expression."[26] In general terms, copyright protections should provide sufficient incentives to encourage the creation of new works, with the ultimate goal being dissemination of those works to the public, thereby promoting the useful arts. In furtherance of that goal, the Copyright Act grants a number of exclusive rights to copyright owners for a limited term of years, including the right to reproduce the copyrighted work, the right to prepare derivative works,[27] the right to distribute the copyrighted work to the public, the right to perform or display certain works publicly, and the right to perform sound recordings publicly by means of digital audio transmissions.[28]

Copyright owners of popular creative works certainly have colorable claims that fan sites infringe on most of these rights. Under the current interpretation of "copying," every download of information into the random access memory (RAM) of a computer creates a potentially infringing "copy" of the work.[29] Since almost

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[25] 17 U.S.C. §§ 101-120 (1994).

[26] *Id.* § 102. The originality threshold is relatively low and would be easily surmounted by owners of any properties likely to attract fan sites. The copied works are fixed in a variety of tangible media from print to film. Online materials are considered "fixed" under decisions holding that downloading into RAM constitutes copying. *See* Mai Sys. Corp. v. Peak Computer, Inc., 991 F.2d 511, 517-19 (9th Cir. 1993). Congressional authority to regulate copyright is grounded in the Copyright and Patent clause of the U.S. Constitution, which empowers Congress "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8, cl.8.

[27] A derivative work is based upon one or more pre-existing works and transforms or adapts the original work. 17 U.S.C. § 101. Examples of derivative works include translations, musical arrangements, art reproductions, and the transformation of a novel into a movie, or vice versa. *Id.* The owner of the copyright in the original work receives the right to control all derivative works. If the transforming work itself includes original materials, it may be protected by copyright to the extent of the original contributions made by the creator of the derivative work, provided that the underlying work was used with permission of the copyright owner. *Id.* § 103.

[28] *Id.* § 106.

[29] *See Mai Sys.*, 991 F.2d at 519. The continued viability of the copy as the control point for dissemination of works has been much debated. Jessica Litman argues that "access"—not copying—should be the focal point of copyright protection in the electronic environment; she suggests that the *Mai Systems* interpretation makes mere consumption a violation of the reproduction right and shifts the balance of power from users and future creators to current

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any interaction with a web site involves the making of a RAM copy, the reproduction right may, in theory, be infringed by any such interaction, including the mere browsing of a web site.[30] Certainly, literal copying and online dissemination through fan sites implicate the rights of reproduction and distribution. Where the sites build new material around copyrighted characters and themes, they arguably infringe upon the right to prepare derivative works. Public display and performance rights may be implicated by the mere act of placing a static work, such as a purloined graphic, on the Net, or by the playing of a music file or a video clip.[31] Infringement, then, is likely to be easily established in the absence of some established exemption from copyright.

The Copyright Act contains no general exemption for personal use.[32] The act does offer some protection under broader doctrines of

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rights holders. *See* Jessica Litman, *Reforming Information Law in Copyright's Image*, 22 DAYTON L. REV. 587, 605 (1997). Trotter Hardy suggests that the courts, in cases like *Mai Systems*, are in fact redefining "copying" to include "access." *See* I. Trotter Hardy, *Computer Ram "Copies": A Hit or a Myth? Historical Perspectives on Caching as a Microcosm of Current Copyright Concerns*, 22 DAYTON L. REV. 423, 452-58 (1997).

[30] The more extreme "ramifications" of this approach may be ameliorated by a doctrine of implied license where rightholders have themselves released works in electronic form on the Internet. After all, if a rightholder knowingly releases material into a medium where it can only be viewed by making a copy in RAM, surely some license to view, perhaps even to make a copy for private use, may be inferred. On the Internet, in particular, actors enter the marketplace with full knowledge that their works may be copied or modified and further disseminated. Thus, they should logically be viewed as having conferred some implied use rights on users. However, much of the material used on Web sites is copied from other media and the extent of the implied license, if it exists, is undefined.

[31] *See* Jane C. Ginsburg, *Putting Cars on the "Information Superhighway": Authors, Exploiters, and Copyright in Cyberspace*, 95 COLUM. L. REV. 1466, 1478-87 (1995).

[32] It does provide one specific exemption for personal use: home audio taping. 17 U.S.C. § 1008. Some commentators have suggested that other personal uses may generally be protected either as de minimis or as an outgrowth of restrictive readings of § 106 delineating the rights of copyright owners. *See* Meurer, *supra* note 7, at 859. However, different commentators have defined the scope of personal use in copyright quite differently, from a fairly restrictive reading allowing a single copy made for the individual's own use to broader readings which include some degree of sharing with family and friends. See, for example, L. RAY PATTERSON & STANLEY W. LINDBERG, THE NATURE OF COPYRIGHT: A LAW OF USERS' RIGHTS 193-99 (1991), defining personal use as "the private use of a work for one's own learning, enjoyment, or sharing with a colleague or friend—without any motive for profit." Patterson and Lindberg restrict the term to actual use of the material and the making of a single copy which is not a functional substitute for a copyrighted work. *Id.* Copying of functional works, such as computer programs, would fall within fair use, not personal use. Meurer, on the other hand, includes sharing, modification, archiving, browsing, and the creation of derivative works for personal use. *See* Meurer, *supra* note 7, at 865, n.95. Jane

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fair use, first sale, and the idea/expression dichotomy, of which fair use is the most pertinent in the case of fan sites.[33]

The line between "personal use" and "fair use" is not easily defined, and some "personal" uses qualify as "fair" uses.[34] In *Sony Corp. of America v. Universal City Studios, Inc.*,[35] for instance, the Supreme Court found that private, noncommercial copying for purposes of timeshifting was a fair use.[36] In the rare instance when

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Ginsburg has observed that an argument may be made, based on *Sony*, for an implied right to enjoy the work in a manner convenient to the consumer, for example, by timeshifting. She labels this the "convenience rationale." *See* Ginsburg, *supra* note 1, at 12.

Similar variations in the definition of personal use are evident in countries which, unlike the United States, recognize an explicit personal use exemption from copyright. For example, France, Germany, and Spain exempt from copyright only copies made for the use of the natural person making the copy, but provide no exemption for use by other members of the household. Belgium, Japan, and Poland, on the other hand, extend the privilege to a broader circle of family and friends. *See* 1 PAUL EDWARD GELLER & MELVILLE B. NIMMER, INTERNATIONAL COPYRIGHT LAW AND PRACTICE § 8[2][a] (Belgium), § 8[2][a][i] (France) (1999); 2 *id.* § 8[2][a] (Germany and Italy), § 8[2][a] (Italy), § 8[2][a][i] (Japan), § 8[2][a] (Poland), § 8[2][a]-[b] (Spain).

[33] The first sale doctrine entitles the owner of any lawful copy of a work to dispose of that copy without the copyright holder's permission. *See* 17 U.S.C. § 109. However, the doctrine's applicability to digital networked environments is disputed. See *Intellectual Property and the National Information Infrastructure: The Report of the Working Group on Intellectual Property Rights* 213 (Nov. 1995), the Clinton Administration's "White Paper," which suggests that electronic forwarding be defined as reproduction and distribution within the meaning of the Copyright Act, effectively eliminating the first sale doctrine online. The Uniform Computer Information Transactions Act (UCITA) adopts a licensing model for digital information transactions which would permit rightholders to enforce transfer restrictions. *See infra* Part V. The idea-expression dichotomy, codified in 17 U.S.C. § 102(b), exempts ideas, principles, etc., from copyright protection; copyright protects only individualized expression of an idea, not the underlying idea itself. The dichotomy is an abstract concept relying on a complex test, difficult to apply even in the offline world. Jessica Litman notes that courts have engaged in "baroque mental gymnastics" to distinguish idea from expression in software cases. *See* Litman, *supra* note 29, at 603. Since most fan sites copy expression, the dichotomy seems to have little application.

[34] *See* DAVID NIMMER & MELVILLE NIMMER, 4 NIMMER ON COPYRIGHT § 13.05 (2000); Niva Elkin-Koren, *Cyberlaw and Social Change: A Democratic Approach to Copyright Law in Cyberspace*, 14 CARDOZO ARTS & ENT. L.J. 215, 284 (1996). Patterson and Lindberg recognize that the two categories overlap substantially and that some recognized fair uses, such as copying for scholarship and research, are clearly personal uses. *See* PATTERSON & LINDBERG, *supra* note 32, at 195.

[35] 464 U.S. 417 (1984).

[36] *Id.* at 454-56; *see* NIMMER & NIMMER, *supra* note 34, at § 13.05[A] n.28 (observing that *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 964 F.2d 965 (9th Cir. 1992), seems to adopt position that *Sony*'s validation of home taping implies presumption that noncommercial and nonprofit activity undertaken at home for private enjoyment is fair use absent plaintiff's proof of direct injury). Courts have taken different approaches to fair use in institutional settings. *See* Williams & Wilkins Co. v. United States, 487 F.2d 1345 (Ct. Cl. 1973), *aff'd per*

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an individual user becomes the target of an infringement suit based on his personal activities, the defendant is most likely to raise the fair use defense rather than claim a personal use exemption.[37] However, many of the personal uses most often engaged in by individuals have never been clearly labeled as "fair" and might well fail to meet the test for fair use.

Fair use is notoriously vague and unpredictable in application.[38] The statute provides a nonexclusive list of purposes for which copyrighted materials may be used without the copyright owner's permission: criticism, comment, news reporting, teaching, scholarship, and research. It then establishes a nonexclusive, four-factor standard for fair use.[39] The Supreme Court has interpreted the statute in several key cases, which has added some flesh to the statutory skeleton, but left many issues unresolved.[40] In *Sony*, the

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curiam, 420 U.S. 376 (1975) (holding that library photocopying for individual researchers at nonprofit research organization was fair use). *But see* Basic Books, Inc. v. Kinko's Graphics Corp., 758 F. Supp. 1522 (S.D.N.Y. 1991) (holding unauthorized copying of materials for student course packs was not fair use).

[37] *See, e.g.*, Religious Tech. Ctr. v. Lerma, 40 U.S.P.Q.2d (BNA) 1569 (E.D. Va. 1996) (involving Scientology critic who attempted unsuccessfully to use fair use defense in action for copyright infringement based on his posting of Scientology writings on Internet).

[38] Judge Learned Hand characterized the doctrine as "the most troublesome in the whole law of copyright." Dellar v. Samuel Goldwyn, Inc., 104 F.2d 661, 662 (2d Cir. 1939).

[39] 17 U.S.C. § 107 (1994). The statutory factors are:

> (1) the purpose and character of the use, including whether the use is commercial or for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.

Id.

[40] *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994) (holding that rap parody of Roy Orbison's "Pretty Woman" would be protected by fair use in absence of adverse impact on plaintiff's market); Harper & Row, Publishers v. Nation Enters., 471 U.S. 539 (1985) (holding that news magazine which copied and published portions of unpublished presidential memoirs was guilty of copyright infringement); *Sony*, 464 U.S. at 417 (holding that manufacturer of videotape recorders was not guilty of contributory copyright infringement). The decisions indicate that commercial uses are generally disfavored, though commerciality is not dispositive. Fictional and unpublished works receive stronger protection than nonfiction or published works. The market impact factor generally carries the most weight, though *Campbell* rejected the position that commercial use should create a presumption of market harm, at least in cases other than mere duplication for commercial purposes. *Campbell* also indicates that transformative uses, particularly parodies, are favored. The court may have added a transformative or productive use requirement to the usual four factors, though the precise scope of that requirement is unclear. *See* Laura G. Lape, *Fair Use: The Productive Use Factor in Fair Use Doctrine*, 58 ALB. L. REV. 677 (1995).

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court established a presumption that private, noncommercial use is fair use unless that use has a demonstrable impact on the value or potential market for the work.[41] However, every case must be determined on its own facts.[42]

A rough attempt to apply the fair use factors to fan sites is instructive. None of the protected uses listed by the statute are obviously apposite to fan sites. A court might view fan sites which carry no advertisements as "noncommercial," thereby tilting the "purpose of use" factor in their favor, but that factor might tilt against those webmasters whose sites carry banner ads. Literal copying of graphics or text is not transformative use, though the creation of new graphics and text might pass for transformative use. The copied works are usually fictional in nature, therefore more highly protected. The amount and substantiality of the work taken varies. A reprise of the Star Trek theme song constitutes the whole work, a short video clip from a television show may be a *de minimis* appropriation.[43] Many of the materials carried on fan sites do not provide direct market substitutes for the copyright holder's products. However, sites may do substantial harm to the rightholder's market where entire works, like songs or popular films, are disseminated digitally. Moreover, fan sites directly compete with "official" sites for fans' attention. Given relatively slight variations in factual patterns, one fan site might be granted fair use privileges while a similar site would not.

The preceding analysis does not begin to do full justice to the intricacies of the fair use doctrine. Fair use offers no bright line rules protecting individual users from claims of copyright infringement. Moreover, the fair use is a defense, not an affirmative right. "(I)t requires a hideously expensive trial to prove that one's actions

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[41] *See Sony*, 464 U.S. at 450-51. The Court in *Sony* emphasized the private and nonprofit purpose of the copying done with VCR systems. *See* Raymond T. Nimmer & Patricia Ann Krauthaus, *Copyright on the Information Superhighway: Requiem for a Middleweight*, 6 STAN. L. & POL'Y REV. 25, 29-30 (1994).

[42] *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577 (1994) ("The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis.").

[43] In general, copying of whole works is likely to be denied fair use protection, yet *Sony* found no infringement where entire works, fictional and nonfictional, were copied for private time-shifting purposes. *See Sony*, 464 U.S. at 456.

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come within its shelter."[44] Nor does the doctrine offer protection to mere consumption, such as copying for personal use or for purposes of sharing.[45] Moreover, fair use doctrine is fully developed only in copyright; it offers no protection against the other claims likely to be leveled against fan sites.

B. TRADEMARK

State and federal trademark and unfair competition laws protect characters, names, and logos from popular works.[46] Under traditional trademark theory, trademarks identify the sources of goods, benefiting consumers by reducing the transaction costs of purchasing decisions and providing assurances of quality.[47] They also benefit the trademark owner by protecting the goodwill associated with its business.[48] Consequently, the focus of inquiry in traditional trademark infringement and unfair competition cases is the likelihood of consumer confusion and resulting appropriation of, or harm to, the owner's goodwill.[49] Determinations of infringement are exceedingly complex. Each federal circuit, addressing infringement actions brought under the Lanham Act, applies its own test assessing four to ten different factors to determine likelihood of confusion.[50] Courts have elaborated on the confusion rationale

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[44] *See* Jessica Litman, *Revising Copyright Law for the Information Age*, 75 OR. L. REV. 19, 45-46 (1996).

[45] Ginsburg, *supra* note 1, at 5 (stating that fair use defense does not traditionally address tensions between authors and consumptive users).

[46] These complementary regimes developed at common law and are now largely indistinguishable. *See* Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of Trade Symbols*, 1982 WIS. L. REV. 158, 159. The federal Lanham Act provides trademark registration provisions and, to a great extent, incorporates pre-existing anticompetition law. 15 U.S.C. §§ 1051-1127 (1994).

[47] Denicola, *supra* note 46, at 162-64.

[48] *Id.*

[49] *Id.*

[50] *See* DONALD S. CHISUM & MICHAEL A. JACOBS, UNDERSTANDING INTELLECTUAL PROPERTY LAW 5-285 to 5-290 (1992); Neal J. Friedman & Kevin Siebert, *The Name Is Not Always the Same*, 20 SEATTLE U. L. REV. 631, 641 (1997). A leading case, *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961), lists 8 factors: the strength of the mark; the degree of similarity between the two marks; the proximity of the products; the likelihood that the prior owner will "bridge the gap" into the competitor's market; actual confusion; the defendant's good faith (or lack thereof); the quality of defendant's products, and the sophistication of buyers. *Id.* at 495. Different courts may give different factors more or

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under rubrics like reverse confusion, non-purchaser confusion, post-sale confusion and "initial interest" confusion.[51]

In addition, the federal antidilution statute and the anti-dilution statutes in many states provide trademark owners with causes of action against uses of marks which "blur" the mark's distinctiveness in the minds of consumers or "tarnish" it by association with unsavory practices.[52] Under the federal statute, courts must determine whether the mark is distinctive and famous by applying a complex eight-factor test to the facts of the situation at hand.[53] Federal law is not preemptive and causes of action may be brought under state or federal law.[54]

Broad judicial readings of the federal statutes in favor of trademark owners are increasingly common.[55] Traditional trademark confusion analysis targets not consumers but "free-riding" business competitors. Consequently, the disclaimers carried by many fan sites might be thought to offer some protection against a

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less weight.

[51] *See* Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 403 (1990); Jessica Litman, *Mickey Mouse Emeritus: Character Protection and the Public Domain*, 11 U. MIAMI ENT. & SPORTS L. REV. 429, 432-33 (1994). The Ninth Circuit recently employed "initial interest" confusion as a vehicle for dealing with metatags, hidden codes which may trick search engines into giving certain Web sites unduly high placements on search results lists, thereby diverting consumers from one site to another. *See* Brookfield Communications, Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1065 (9th Cir. 1999).

[52] The federal antidilution statute is of relatively recent vintage (1995) and applies only to nationally famous marks. *See* 15 U.S.C. § 1125(c) (Supp. III 1997). However, the famousness requirement has been very loosely construed by courts. *See, e.g.*, Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227, 1236 (N.D. Ill. 1996) (holding "Intermatic" famous for electrical products); Nailtiques Cosmetic Corp. v. Salon Scis., Corp., 41 U.S.P.Q.2d (BNA) 1995, 1998-99 (S.D. Fla. 1997) (holding "Nailtiques" famous for fingernail care products).

[53] *See* 15 U.S.C. § 1125(c). The factors are: the degree of distinctiveness of the mark, the duration and extent of use of the mark in connection with the goods or services; the duration and extent of advertising and publicity of the mark; the geographical extent of the trading area in which the mark is used; the channels of trade for the goods or services; degree of recognition of the mark in the trading areas and channels of trade used by plaintiff and defendant; nature and extent of use of same or similar marks by third parties; and whether the mark is registered. *Id.*

[54] Section 1125(c)(3) of title 15 of the United States Code makes owners of federally registered marks immune from suit under state statutes. However, such statutes continue in effect as to unregistered marks or those registered under state law. 15 U.S.C. § 1125(c)(3).

[55] *See* Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687 (1999) (discussing expansion of trademark rights generally, noting expansive readings of antidilution statutes in particular).

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confusion claim. However, the absence of consumer confusion has not always prevented courts from finding trademark violations even where trademarks are used as commentary or parody.[56] Dilution claims offer an even broader base for liability. Mark Lemley notes that

> [D]ilution doctrine has . . . been expanded to encompass not only noncompeting but also nonidentical marks, . . . to aid trademark owners in ordinary cases against competitive marks by dispensing with the need to demonstrate consumer confusion, and even to create a cause of action against consumers (or the press) who do not use marks properly.[57]

Federal trademark infringement and dilution actions are, in theory, confined to commercial use of trademarks "in commerce."[58] However, several precedents established in cybersquatting cases significantly weaken the "commercial use in commerce" requirement for federal trademark protection. Mere establishment of a home page on the Internet, or linking to a commercial web site, has been held to satisfy the requirement.[59] A court might well view a fan site which carries banner ads and links to commercial sites as a

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[56] *See, e.g.*, Anheuser-Busch, Inc. v. Balducci Publ'ns, 28 F.3d 769 (8th Cir. 1994) (using phrase "Michelob Oily" in parody of Anheuser-Busch's advertisements for "Michelob Dry" held actionable under Lanham Act as well as Missouri's antidilution statute because survey showed consumers thought Anheuser-Busch's permission would be needed to use its trademark—even though consumers were not confused as to source of any product); Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972) (holding parody not defense when poster company superimposed "Enjoy Cocaine" over Coca-Cola insignia).

[57] *See* Lemley, *supra* note 55, at 1699.

[58] *See* 15 U.S.C. §§ 1114(1) (1994).

[59] *See* Planned Parenthood Fed'n of Am. v. Bucci, 42 U.S.P.Q.2d (BNA) 1430, 1435-37 (S.D.N.Y. 1997) (stating "the nature of the Internet indicates that establishing a typical home page on the Internet, for access to all users, would satisfy the Lanham Act's 'in commerce' requirement"). *Bucci*'s reasoning was recently adopted in *OBH Inc. v. Spotlight Magazine Inc.*, 86 F. Supp. 2d 176 (W.D.N.Y. 2000), where the court found the "in commerce" requirement fulfilled because the nature of the Internet made defendant's use of plaintiff's trademark on its site a use in commerce, because defendant's site contained a link to a commercial site, and because use of the mark affected plaintiff's ability to use the mark in commerce. *Id.* at 185-86. *See also* Panavision Int'l L.P. v. Toeppen, 141 F.3d. 1316 (9th Cir. 1998); Jews for Jesus v. Brodsky, 993 F. Supp. 282, 306-07 (D.N.J. 1998); Toys "R" Us v. Akkaoui, 40 U.S.P.Q.2d (BNA) 1836, 1838 (N.D. Cal. 1996); Lemley, *supra* note 55, at 1702.

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competitor to the trademark holder. Even noncommercial sites operated by individual fans might meet this lowered threshold.

Possible defenses are quite limited. Trademark has no real equivalent to copyright fair use. Trademark law permits descriptive and nominative[60] uses of marks, which are not characteristic of most fan sites. The federal antidilution statute contains a specific fair use exception, but only for news reporting and news commentary or for use in comparative commercial advertising by a competitor,[61] neither of which is likely to be applicable to fan sites.

As with the description of copyright, the outline above omits many of the complexities of trademark doctrine that would be involved in an actual suit. While traditional trademark confusion theory should not support actions against individual users, trademark infringement and dilution claims are routinely raised against fan sites, and recent expansive readings indicate such claims might well prove successful. In addition, the new federal anticybersquatting act, discussed in Part IV.A. *infra*, might apply to fan sites which register domain names resembling distinctive trademarks.

C. PUBLICITY RIGHTS

State statutory law, common law, or both, may protect an individual's right to control the use of her image, likeness, voice, or, in the Ninth Circuit, anything which "evokes" her personality.[62]

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[60] Descriptive use refers to use of a term which identifies a characteristic or quality of a service or good such as color or function; for example, "fish fry" for breading mix. *See* 15 U.S.C. § 1115(b)(4); Zatarain's, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 790 (5th Cir. 1983) (noting descriptive terms ordinarily not protectible as trademarks but can become protectible with secondary meaning). Nominative use occurs where the only word available to describe a particular thing is its trademark. For example, the Buffalo Bills football team cannot be described without using the team name. *See* New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 307-08 (9th Cir. 1992) (stating nominative uses lie outside strictures of trademark law).

[61] 15 U.S.C. 1125 (c)(4).

[62] For representative state statutes, see, for example, CAL. CIV. CODE § 3344 (West 1997); MASS. ANN. LAWS ch. 214 § 3A (Law. Co-op. 1999); N.Y. CIV. RIGHTS LAW §§ 50-51 (Consol. 1982); TEX. PROP. CODE ANN. §§ 26.001-.015 (West Supp. 1999); and VA. CODE ANN. § 8.01-.40 (Michie 1992).

Perhaps the most extreme publicity rights case is *White v. Samsung Electronics of America, Inc.*, 989 F.2d 1512 (9th Cir. 1993) (holding advertisement that parodied "Wheel of

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Such causes of action derive from the common law tort of invasion of privacy. Different jurisdictions treat the offense as either a right to avoid unwanted publicity or, more commonly in the case of celebrities, the exclusive right to merchandise one's image.[63] The elements of the action vary from state to state, but usually require that the defendant make commercial use of some identifiable feature associated with a celebrity.[64] Often the gist of the complaint is that use of the feature implies sponsorship.[65]

For users of copyrighted works, publicity rights impose an extra level at which permission or licensing is required.[66] For example, receipt of a license from Paramount, the copyright owner, for use of a video clip from "*Star Trek: The Next Generation*" may not protect

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Fortune" game show by showing bewigged and elaborately gowned robot turning letters on Wheel gameboard violated Vanna White's publicity rights by "evoking" her personality). Celebrities have been successful in a number of these suits. *See, e.g.*, Midler v. Ford Motor Co. 849 F.2d 460 (9th Cir. 1988) (holding that imitating Bette Midler's voice violates Midler's publicity rights under California common law); Carson v. Here's Johnny Portable Toilets, Inc., 698 F.2d 831 (6th Cir. 1983) (holding that using "Here's Johnny" as well as "The World's Foremost Commodian" violates Carson's publicity rights).

[63] CHISUM & JACOBS, *supra* note 50, 6-66 to 6-78.

[64] Celebrity status is not formally required under most publicity rights laws, but as a practical matter, publicity rights are rarely enforced on behalf of unknowns. *See, e.g.*, T.J. Hooker v. Columbia Pictures Indus., Inc., 551 F. Supp. 1060 (N.D. Ill. 1982) (holding that T.J. Hooker, woodcarver, loses on his publicity rights claim against owners of "T.J. Hooker," TV series about fictional police officer).

[65] *See, e.g.*, *Midler*, 849 F.2d at 463 (holding imitation of Midler's voice conveyed impression she sponsored Ford products). The ill-defined scope of publicity rights and their potential for curtailing expressive uses of images have attracted considerable commentary in recent years. *See, e.g.*, Rosemary J. Coombe, *Author/izing the Celebrity: Publicity Rights, Postmodern Politics, and Unauthorized Genders*, 10 CARDOZO ARTS & ENT. L.J. 365, 378 (1992); Rochelle Cooper Dreyfuss, *We Are Symbols and Inhabit Symbols, So Should We Be Paying Rent? Deconstructing the Lanham Act and Rights of Publicity*, 20 COLUM.-VLA J.L. & ARTS 123 (1996); Michael Madow, *Private Ownership of Public Image: Popular Culture and Publicity Rights*, 81 CAL. L. REV. 127 (1993); Diane Leenheer Zimmerman, *Who Put the Right in the Right of Publicity?*, 9 DEPAUL-LCA J. ART & ENT. L. & POL'Y 35 (1998).

[66] *See, e.g.*, Wendt v. Host Int'l, Inc., 125 F.3d 806 (9th Cir. 1997), *reh. denied*, 197 F.3d 1284 (1999). George Wendt and John Ratzenberger, who played characters in the television program *Cheers*, sued the licensee of the copyright owner, Paramount Pictures, over licensing of bars designed to look like the *Cheers* set. The license conferred permission to create robotic figures representing the characters "Norm" and "Cliff." The Court found that a material issue of fact existed as to whether the robots sufficiently evoked the two actors to violate their publicity rights and that the publicity rights claim was not preempted by copyright law. *Id.* at 811. The court also found material issues of fact as to whether the robots created a likelihood of confusion regarding the actors' endorsement of the bars. *Id.* at 812-13. The denial of rehearing occasioned a blistering dissent from Judge Kozinski, whose dissent in *White* may be more often quoted than the majority opinion.

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the licensee from a publicity rights action brought by Brent Spiner if the footage includes images of the actor in his role as Data. Publicity rights are not necessarily limited in duration; in some states they may actually survive the death of the celebrity and descend to his heirs.[67] Fans who use such images on their sites with or, more likely, without permission of the copyright owner may face potential lawsuits from the celebrities they idolize.

Given the prevalence of multi-factor balancing tests and case-by-case determinations, even Data's neural net might have difficulty processing the issues raised by a single fan site without lengthy indoctrination in the arcana of intellectual property regimes which have evolved over two centuries. While fan sites certainly implicate a broad variety of IPRs, they are by no means unique. Many other user activities on the Internet raise equally complex issues.

D. OTHER EXAMPLES

1. Browser Companions. Third Voice and similar services allow online users to annotate web sites and either maintain their comments as personal notes or pass them on to other users of the same software.[68] Web sites are protected by copyright law as

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[67] *See, e.g.*, McFarland v. Miller, 14 F.3d 912 (3d Cir. 1994) (holding that, under New Jersey law, publicity rights of Spanky McFarland, of *Our Gang* fame, survived his death and descended to his personal representative).

[68] In the offline world, users commonly annotate printed materials, writing in the margins of, or adding Post-It notes to, books or copies of articles and passing the annotated work on to friends or through secondary markets to other users. Such commentaries do not create infringing copies of the underlying work, but arguably may implicate the derivative works right by creating a transformative work which combines the underlying work with the commentaries.

New browser add-ons, of which the most publicized is Third Voice (http://www.thirdvoice.com) allow users to post comments which resemble Post-It notes on the Web page. Other users of Third Voice can comment on the postings, participating in "inline discussions" of the page. The notes can be hypertext-linked to other sites. However, the commentaries do not actually change the Web site—they are kept in a separate file, which is called up independently by Third Voice users—and no copy of the site itself is made by the software. Several Third Voice creators and supporters claim the software does not violate copyright law, since it makes no copy, and constitutes exercise of free speech rights. Web page designers and owners liken it to graffiti, claim copyright infringement and invasion of privacy, and demand that Third Voice users must have permission before posting public comments to a site. *See* Chris Oakes, *The Web's New Graffiti?*, WIRED NEWS, *at* http://www.wired.com/news/topstories/0,1287,20101,00.html (Jun. 9, 1999); *Web Talk Getting Crowded*, WIRED NEWS, *at* http://www.

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original works or compilations.[69] Under the prevailing judicial theory, online commentaries may implicate the right to reproduce in copies, since users must download the original site into RAM to view it.[70] Third Voice also raises the complex question whether the annotated version of the web site constitutes an infringing derivative work.[71] Fair use may offer a defense to Third Voice and its users, but, as always with fair use, results cannot be predicted.

2. "Sucks" Sites. It has become increasingly popular for disgruntled employees or customers to create anti-company web sites publicizing their complaints. Site names or addresses frequently

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wired.com/news/topstories/0,1287,20886,00.html (July 22, 1999) (describing similar or related services like Odigo, Gooey and Utok).

[69] A compilation is a collection of pre-existing materials or data selected and arranged in such a way that the resulting work as a whole constitutes an original work of authorship. 17 U.S.C.A. § 101 (West Supp. 2000). Like derivative works, compilations are protected only as to the original contribution of the author. 17 U.S.C. § 103 (1994).

[70] The software itself makes no copy of the original page, but the action of the user in calling up the page and then using Third Voice to overlay the commentary—in essence viewing the original page through a "transparency" of superimposed commentary—may implicate the owner's copyright. An implied license to view the page may not extend to use of the page in connection with commentary the Web page owner has not permitted and may well dislike.

[71] The appropriate scope of the derivative works right is the subject of considerable controversy in the offline context. *Compare* Mirage Editions, Inc. v. Albuquerque A.R.T. Co., 856 F.2d 1341 (9th Cir. 1988) (holding that pasting of copyrighted picture onto ceramic tile created derivative work), *with* Lee v. Deck the Walls, Inc., 925 F. Supp. 576 (N.D. Ill. 1996) (holding that mounting picture on tile, like framing it, is merely method of display, not derivative work). It becomes even more problematic with respect to electronic media. Under existing case law in the Ninth Circuit, for example, technological differences in the manner of achieving certain results may produce different findings on the derivative works issue even though the results of the technologies appear to be the same. In *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 964 F.2d 965 (9th Cir. 1992), the "Game Genie," which enhanced the levels of play of Nintendo games, was held not to create a derivative work because it achieved its results by merely blocking or substituting certain data streams, without fixing any feature in a permanent form. In *Micro Star v. Formgen, Inc.*, 154 F.3d 1107 (9th Cir. 1998), a CD product which enhanced levels of play of "Duke Nukem 3D" was found to create an infringing derivative work because certain MAP files which controlled the level of play were fixed on the CD. If a similar technical approach is taken to Third Voice, whether a user's comments create a derivative work may turn on whether the combination of the Web site with the commentary overlay is sufficiently "fixed" in a tangible medium of expression to constitute an infringement. Under the formulations in *Micro Star* and *Mai Systems*, the fact that the commentaries are fixed in a separate file, and that the combined work appears, albeit temporarily, in RAM might suffice to establish fixation and, hence, the unpermitted creation of a derivative work. The Third Voice user would be the direct infringer; however, Third Voice might be liable for contributory infringement. In other words, online commentaries might well be found to be copyright infringements, while analogous offline behavior would never be prosecuted.

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consist of the company's trade name followed by the word "sucks," and the site content may employ variations on the company's logo.[72] Targeted companies have sent cease-and-desist letters alleging a variety of intellectual property violations, including copyright, trademark, and trade secret infringement, and demanding that such web sites be shut down or that the offending material be removed. While many site operators comply with such threats, the companies have, thus far, been unsuccessful in convincing courts that their intellectual property rights can be enforced in contradiction to the expressive rights of the web site operators.[73]

3. Parody Sites. In a related phenomenon, web sites may parody or satirize pre-existing works, corporate policies, or political personalities. In a number of recent instances, such sites received cease-and-desist letters from irate rightholders alleging infringements of copyright, trademark, and/or publicity rights. No cases have come to trial, but a number of site operators simply shut down their sites rather than face infringement suits.[74]

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[72] The site owner may or may not register a domain name containing the trade name of the company. In *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161 (C.D. Cal. 1998), the defendant's domain name (http://www.compupix.com) did not include the word "Bally," but the address of the particular Web page devoted to Bally criticism (http://www.compupix.com/ballysucks) included the company name. Other sites, for example http://www.walmartsucks.com, incorporate the company name.

[73] In *Bally*, Bally alleged trademark infringement, unfair competition, and dilution resulting from Faber's creation and maintenance of a site dedicated to consumer complaints about Bally's health clubs. 29 F. Supp. 2d at 1162. The site used the Bally name in its address and displayed the Bally logo combined with a red circle and slash and the word "sucks." The court held that such criticism was noncommercial expression protected by the First Amendment and that use of the mark was noninfringing since the goods and services supplied by Bally and the defendant, respectively, were unrelated and consumers were unlikely to be confused. *Id.* at 1166-67.

In *Ford Motor Co. v. Lane*, 67 F. Supp. 2d 745 (E.D. Mass. 1999), Ford brought claims of copyright, trademark, and trade secret infringement against a student operating a Web site devoted to criticism of Ford products. Lane posted on his site, http://www.blueovalnews.com, strategic plans and even product design specifications supplied to him, unsolicited, by disgruntled Ford employees. The court found that a violation of state trade secret laws could certainly have been made out, but that the First Amendment trumped the intellectual property rights for purposes of a motion for preliminary injunction. *Id.* at 753-54.

[74] A student operating a site satirizing Microsoft's partnerships with universities, which featured images of Bill Gates as Adolph Hitler, received a cease-and-desist letter from Microsoft advising him to seek counsel from an attorney competent in the law of domain names, trademark, copyright, publicity rights, and the First Amendment. *See* James Glave, *Hey MS: What'd EDU Wrong?*, WIRED NEWS, *at* http://www.wired.com/news/news/culture/story/21864.html (Sept. 21, 1999). The student's site is at http://www.microsoftedu.com.

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4. Audio and Video Downloading and Filesharing. Controversies thus far have focused on centralized services like MP3.com (downloading) and Napster (filesharing), which facilitate users' acquisition of works, often without payment to the copyright owner. However, individual users were identified as targets and threatened with suit in the Napster case.[75] While these suits implicate only copyright, protection of musical works and recordings is a particularly thorny subject, governed by complicated provisions requiring compulsory licensing,[76] regulating digital audio recording,[77] and prohibiting unauthorized recordings of live musical performances.[78]

5. Software. Use or sharing of software, such as videogame programs, implicates not only copyright, but also patent law since software programs can be protected under patent as well as

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A longrunning Web parody of the Family Circus comic strip received a cease-and-desist letter from King Features Syndicate, which owns intellectual property rights in the strip, claiming copyright infringement. Greg Galcik, the operator of the site, which ran for four years and received thousands of hits a day from devoted fans, folded it shortly after receiving the letter. *See* James Glave, *Family Circus Parody Folds Tent*, WIRED NEWS, *at* http://www.wired.com/news/culture/0,1284,21853,00.html (Sept. 21, 1999). See Galcik's site at http://www.spinnwebe.com/dfc/ for his reasons for discontinuing the parody.

[75] The My.MP3.com service was held to have violated copyright law. *See* UMG Recordings, Inc. v. MP3.com, Inc., 92 F. Supp. 2d 349 (S.D.N.Y. 2000); *see* Brad King, *RIAA Wins Suit Against MP3.com*, WIRED NEWS, *at* http://www.wired.com/news/print/0,1294,35933,00.html (Apr. 28, 2000). As MP3.com allowed downloads only where the user already owned the work on CD, it is questionable whether this should have been viewed as contributory infringement or rather as facilitation of format-shifting. MP3.com subsequently entered into a settlement with the recording industry. *See* Jim Hu, *MP3.com Settles Copyright Dispute with Warner Music, BMG*, CNET NEWS.COM, *at* http://news.cnet.com/news/0-1005-202-2045350.html (June 9, 2000).

Napster was sued by the Recording Industry Association of America for contributory and vicarious copyright infringement. Napster raised defenses based, in part, on the personal use rights of its users under the Audio Home Recording Act and the fair use exemption created by *Sony* for devices with substantial non-infringing uses. Their arguments did not convince the district court judge, who granted a preliminary injunction. A&M Records, Inc. v. Napster, Inc., 114 F. Supp. 2d 896 (N.D. Cal. 2000). The 9th Circuit affirmed, similarly rejecting the personal use and fair use arguments. A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1015-25 (9th Cir. 2001). Recording artists Metallica and Dr. Dre had previously joined the fray, providing Napster with identities of thousands of individual users who allegedly infringed their copyrights and demanding that they be removed from the service. *See* Brad King, *Napster Spat Pits Fans vs. Bands*, WIRED NEWS, *at* http://www.wired.com/news/culture/0,1284,35840,00.html (Apr. 21, 2000). Suits against users themselves were threatened. *See* John Borland, *Rap Artist Sues Napster, Students*, CNET NEWS.COM, *at* http://news.cnet.com/news/0-1005-200-1760313.html (Apr. 25, 2000).

[76] 17 U.S.C.A. §§ 114-115 (West Supp. 2000).

[77] *See* Audio Home Recording Act of 1992, 17 U.S.C. §§ 1001-1010 (1994).

[78] *See id.* § 1101.

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copyright.[79] Patent provides an entirely different set of complex rights and defenses. If the developer's trademarked name or logo is involved, trademark may be implicated as well.

As courts have brought traditional intellectual property regimes to bear on the varied activities of individual users, it has become evident that the old rules are unsatisfactory both from the standpoint of the user and that of the rightholder. From the users' standpoint, they are insufficiently comprehensible; from the rightholder's standpoint, they are insufficiently comprehensive. Additionally, from both perspectives, they are insufficiently predictable. They require unwanted, expensive lawsuits to define the appropriate scope of IPRs in any given situation. While these failings pre-date the Internet, the global network exacerbates their effects by significantly revising the background assumptions on which the rules were originally based.

III. THE SHORTCOMINGS OF TRADITIONAL REGIMES IN CYBERSPACE

Even the broadbrush tour of intellectual property regimes sketched out above reveals that the pertinent law is exceedingly complex and confusing: a lawyer's dream and a layman's nightmare. The disciplines of intellectual property law depend on highly fact-specific determinations made by judges applying laundry lists of factors to determine whether a violation has occurred. Outcomes are unpredictable. The intricacy of the law reflects its commercial, institutional focus.

Intellectual property law developed principally in the context of conflicts between business competitors. Courts and Congress, historically, faced a choice between rightholders who created, or acquired, valuable properties and "free rider" competitors seeking to take commercial advantage of the properties without paying. They rarely decided cases or formulated legislation with individual, noncommercial users in mind.[80] Even copyright fair use was

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[79] *See* State St. Bank & Trust v. Signature Fin. Group, Inc., 149 F.3d 1368 (Fed. Cir. 1998).

[80] *See* Litman, *supra* note 44, at 22-23; Dreyfuss, *supra* note 51, at 398.

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hammered out by courts primarily in the business-to-business or institutional context.[81] Prior to the development of modern copying methods, there was little necessity to define the permissible scope of personal use. Print technology imposed inherent limitations on the scope of such use, while geographic distance provided anonymity insulating users from enforcement. Both of these background rules were undoubtedly unacknowledged presumptions in most decisionmaking. Recent attempts to address issues arising from electronic media have produced convoluted legislation like the Digital Millenium Copyright Act,[82] which is, in significant part, unfathomable even for intellectual property lawyers.[83] The complexity of the law, and its failure to address individual use directly, have two consequences: there are no simple, intelligible rules by which consumers may guide their behavior; and once a conflict develops, the defenses and limitations which may protect individual users can only be defined in the context of lengthy, expensive lawsuits.[84]

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[81] While a complete survey of fair use jurisprudence is well outside the scope of this paper, some statistical support for this assertion was garnered by delving into NIMMER, *supra* note 34. Of over 200 cases cited in section 13.05 devoted to fair use, less than a dozen involved individual, noncommercial users, and only two, in addition to *Sony*, involved individuals acting in a private capacity, as opposed to acting on behalf of an institution, such as a school, library, or political organization. *See id.* The leading Supreme Court cases interpreting fair use arise in the context of commercial disputes. *Sony* comes closest to addressing the individual use problem—an individual user was, in fact, a named defendant, but the studios sought no relief against him. The Court's decision seems clearly to have been informed by a reluctance to pronounce millions of VCR owners guilty of copyright infringement. Jessica Litman observes that the problem of individual copying, as distinguished from institutional copying, received little attention during the drafting of the Copyright Act. The *Sony* court faced statutory language which appeared to impose liability directly on millions of users. "The only palatable result seemed to require privileging the use, but the statute offered no reasonable route to that destination. Faced with a single flexible limitation [fair use] that could conceivably apply, the Court used it." Jessica Litman, *Copyright Legislation and Technological Change*, 68 OR. L. REV. 275, 350 (1989).

[82] Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified in scattered sections of 17 U.S.C.).

[83] According to some commentators, the DMCA was intentionally drafted with gray areas meant to be interpreted through lawsuits between commercial players. The broadcast and recording industries agreed to support the legislation with the understanding that later court battles would resolve confrontations between the industries. Brad King, *Tuning Up Digital Copyright Law*, WIRED NEWS, *at* http://www.wired.com/news/business/0,1294,36323,00.html. (May 16, 2000).

[84] *See also* Litman, *supra* note 44, at 45-46.

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Jessica Litman observes that the Copyright Act, for example,

> seems on its face to have been drafted primarily for the benefit of people with ready access to copyright counsel. It is long, complicated, counterintuitive and highly specific. It has very few words to say to the non-commercial, non-institutional user interacting with copyrighted works in his or her private capacity.[85]

The law presumes an equality of power in which antagonists, supported by small armies of lawyers, scrap over intellectual property rights. That model is singularly inappropriate when the antagonists are corporate rightholders on one side and private citizens with limited resources on the other. The private citizen is far more likely to fold her web site, or remove the information to which the rightholder lays claim, than to risk a legal battle. Consequently, the *ad terrorem* effect of suits threatened by corporate rightholders deters expressive behavior which is, in fact, protected under current regimes.[86]

From the rightholders' perspective, traditional regimes, even under expansive readings of doctrines like trademark dilution and publicity rights, do not offer sufficient protection in the new technological environment. The doctrines contain internal limitations which, though weakening under the persistent trend toward undivided entitlements, still confine rightholders to less than total control of their properties. Though the rightholder may possess the balance of power in a lawsuit to enforce the rights it does possess, it must first identify the offenders, who may be legion. Once identified, the offenders may also be judgment-proof; hence, the common tactic of suing a facilitator like Napster, rather than the user.

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[85] *Id.* at 23.

[86] Litman has argued that copyright law is not an adequate vehicle for national information policy because it is not necessarily consistent with the First Amendment rights of free expression and does not address privacy and distributional issues important to information policy. Litman, *supra* note 29, at 588-93.

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With the explosive growth of the Internet, the scope of personal uses of intellectual properties broadened considerably. The basic focus of many user activities is similar in both offline and online environments, including commentary on others' works, creation of collections of "fan" memorabilia, and product or political criticism. However, the combination of digital media with Internet access changes the effects of the activities by facilitating distribution, restructuring relationships between rightholders and users, blurring the distinction between private and public use, and enabling detection of individual users.

The Internet combines the "plasticity" of digital media with the capacity for instantaneous dissemination.[87] The ability to make perfect digital copies, with the threat to IPRs which that necessarily implies, is complemented by the ability to alter and reuse the work and disseminate copies of original or transformed works to millions.[88] Noncommercial distribution of electronic copies by users on the Internet may have significant impact on the rightholders' commercial markets.[89] The creation of competing, noncommercial web sites may divert consumer attention from commercial sites.[90] Borrowings which might formerly have been viewed as *de minimis* appropriations, not harmful enough to be pursued by rightholders, become significant in the electronic environment because of the ease with which a single copy may proliferate.[91]

Prior to popularization of the Internet, serious infringements occurred higher in the chain of distribution, at the level of commercial intermediaries between the rightholder and consumer.[92] Even after the development of digital copying technology, owners were more likely to target commercial enterprises than users because of the unpopularity, as well as the difficulty, of prosecuting individual

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[87] Elkin-Koren, *supra* note 34, at 278-79.

[88] *Id.* at 279.

[89] Neil Weinstock Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L.J. 283, 299-300 (1996). If users make works freely available, then absent sufficient lead time, the rightholder may be unable to recover the costs of producing the original work, thereby reducing incentives to create the work in the first place. *Id.*

[90] *Id.*

[91] Ginsburg, *supra* note 1, at 16.

[92] Ginsburg, *supra* note 31, at 1488.

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users.[93] However, the Internet potentially eliminates the whole distribution apparatus of traditional intellectual property industries and allows direct interaction of users with the works and with the rightholders.[94] Intermediaries and competitors can no longer serve as the focus for rights protection. Consequently, direct action against users is becoming more common.

The nature of the works themselves has changed fundamentally. Margaret Radin observes that works in cyberspace are "moving, dynamic, and malleable" and likely to metamorphose as they move over the Net.[95] They are becoming processes, not objects, and users' relationship to such works is unlike their relationship to print media.[96] The plasticity of the medium and the enhanced interactivity it permits may ultimately require a reimagining of the whole concept of authorship as a communal enterprise.[97] Individual Internet users are simultaneously or serially consumers, authors, self-publishers, and commentators on the works of others. This interactivity creates remarkable possibilities for social dialogue and transformative uses of prior works.[98] However, these uses will no longer be undetectable by rightholders.

The Internet's elimination of the geographical space which formerly separated rightholders from individual users, combined with rapidly improving technologies for tracking Internet activity, deprive users of the cloak of anonymity that formerly shielded them from infringement claims. The Internet makes "public" many activities that were formerly private. From the users' standpoint, the activity still occurs in private space and is merely facilitated by electronic tools. However, once the user places the results of her labors on a web site or transmits them through email, she shares them indiscriminately with any number of other users. A scrapbook

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[93] *Id.*

[94] *Id.*

[95] Margaret Jane Radin, *Property Evolving in Cyberspace*, 15 J.L. & COM. 509, 512 (1996).

[96] *Id.* at 512-13.

[97] *See* Martha Woodmansee, *On the Author Effect: Recovering Collectivity*, 10 CARDOZO ARTS & ENT. L.J. 279, 289-91 (1992) (discussing how technological advances make writing more collaborative in nature).

[98] Elkin-Koren, *supra* note 34, at 280-83; *see also* DEBORA J. HALBERT, INTELLECTUAL PROPERTY IN THE INFORMATION AGE 130-33 (1999) (detailing how technologies have changed notions of traditional authorship).

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of poems, cartoons, and photographs in physical space is a private matter. When created digitally and placed on a web page, it is a publication accessible, replicable and modifiable by millions. Similarly, downloading of materials from the Internet, while accomplished in private surroundings, is essentially a public transaction. Such uses leave electronic tracks which permit rightholders to monitor the use of their properties and identify individual users, with consequences for consumer privacy as well as for intellectual property rights.[99] The increasing commercialization of the World Wide Web provides rightholders with plenty of incentive to engage in such monitoring.

In the early years of its popular use, the Internet served largely as a forum for communication and expression. A freewheeling culture, which encouraged information sharing, flourished.[100] However, the Web is now a commercial marketplace as well as a marketplace of ideas. A variety of business interests, both electronic entrepreneurs and brick-and-mortar corporations, have staked out significant interests in e-commerce ventures ranging from electronic storefronts to online auction houses. Corporate, commercial enterprises now control, or try to control, much of the content accessible on the Web. The demographics of users targeted by these businesses have also changed as the relatively small population of technically-adept Internet pioneers is augmented by masses of casual users for whom access to the Web is enabled by user-friendly Internet service providers like America Online. To a significant extent, these new consumers have adopted the old, information-sharing bent of the pioneers, setting the stage for conflict with commercial providers who seek to maximize returns by clearly

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[99] *See infra* Part IV.B. (describing technological protection systems). Users may, of course, employ anonymous "handles" or rerouting services to shield themselves from discovery. Technologically savvy hackers, crackers and spammers are adept at disguising their identities. However, most ordinary users do not resort to such devices and IP rightholders have proven their ability to find and target specific "offending" sites and individual users. For example, Metallica specifically identified thousands of users of Napster. Ann Powers, *Rockstar vs. Rock Fan: Who Matters*, N.Y. TIMES, May 21, 2000, § 2, at 39. The development of trusted systems increases the potential for targeting users and tracking usage.

[100] *See* Barlow, *supra* note 2.

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establishing exclusive ownership rights and enforcing payment for use.[101]

Having found traditional regimes inadequate to provide the scope of protection they desire in the digital environment, rightholders moved to secure not merely the limited rights granted by intellectual property regimes, but enhanced control over all uses of their works through a converging set of complementary protective schemes. Part IV discusses these measures. If fully implemented, they may eliminate unauthorized personal uses and provide a scope of protection unknown under prior regimes.

IV. THE RIGHTHOLDERS' SOLUTION: CONVERGING PROTECTIONS

Commentators on the state of the electronic union frequently refer to the anticipated "convergence" of various media in one "set-top box"—a single, doubtlessly expensive, probably transportable, electronic unit which provides a user with a complete smorgasbord of electronic services, including telephone, television, and Internet access.[102] Convergence is already occurring with respect to legal and technical protections for the intellectual properties which will provide the content for the box. Expanding intellectual property doctrines, including proposed new rights in information, are complemented by technological protection systems and contractual

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[101] *See* Eric Schlacter, *The Intellectual Property Renaissance in Cyberspace: Why Copyright Law Could Be Unimportant on the Internet*, 12 BERKELEY TECH. L.J. 15, 35 (1997) (comparing attitudes of past and present Internet users); Edward Rothstein, *Swashbuckling Anarchists Try to Take the © Out of Cyberspace*, N.Y. TIMES, June 10, 2000, at A21 (commenting on link between Net pioneers like Stewart Brand (who coined statement "Information wants to be free") and current advocates of information sharing).

[102] *See, e.g.*, Stephanie Miles, *Compaq Planning PC-TV Convergence Box*, CNET NEWS.COM, *at* http://news.cnet.com/news/0,10000,0-1003-200-328672,00.html (Apr. 23, 1998) (discussing Compaq's convergence products); Joanna Glasner, *It's All About Convergence*, WIRED NEWS, *at* http://www.wired.com/news/business/0,1367,18474,00.html (Mar. 15, 1999) (describing business alliance to combine voice, video and data traffic on same network); Farhad Manjoo, *The Tech Take on TV's Future*, WIRED NEWS, *at* http://www.wired.com/news/technology/0,1282,42211,00.html (Mar. 6, 2001) (discussing convergence of entertainment, especially television, and computers). For a contrary view, see Arik Hesseldahl, *Doubleclick: The PC-TV is DOA*, WIRED NEWS, *at* http://www.wired.com/news/business/01,1367,20859,00.html (Jul. 21, 1999) (reporting opinion of Doubleclick's CEO that computers and other household appliances will not merge into single device).

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restrictions, violation of which will be prohibited by law. Julie Cohen has used the term "convergence" to describe the interaction of contract and technology in opposition to limited intellectual property regimes.[103] Trotter Hardy argues that contract and technology have always been alternative sources of protection to copyright, and that the changing state of the art for publication and dissemination of works is merely causing copyright owners to shift to heavier reliance on copyright and technology to protect the same share of the "pie" they have always enjoyed.[104] The phenomenon of convergence arguably includes not only contract and technology, but also expansion of IPRs themselves. The combination produces a scope of protection which reallocates to rightholders parts of the pie formerly reserved to the public, under doctrines like fair use and first sale, or exercised de facto through personal use.

A. EXPANDING IPRS

As should be evident from the preceding discussion, both courts and legislatures have steadily stretched intellectual property laws to encompass more and more cultural territory.[105] New legislative proposals proliferated in reaction to the perceived threat posed by electronic media and the Internet. The extension of the copyright term by the Sonny Bono Copyright Term Extension Act of 1998,[106] which added twenty years to the duration of copyright, is merely the latest in a series of extensions of the copyright term.[107] Congress has also enacted specialized legislation aimed at patching holes in

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[103] Julie Cohen, Convergence with Contracts and Technological Protection Systems (unpublished paper presented at AALS Workshop on Intellectual Property, Mar. 12, 1999) (on file with author).

[104] I. Trotter Hardy, *Contracts, Copyright and Preemption in a Digital World*, 1 RICH. J.L. & TECH. 2 (1995), *at* http://www.richmond.edu/jolt/v1i1/hardy.html.

[105] William W. Fisher, III, *The Growth of Intellectual Property: A History of the Ownership of Ideas in the United States* (Mar. 5, 1992), *at* http://www.law.harvard.edu/Academic_Affairs/coursepages/tfisher/iphistory.html.

[106] Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified at 17 U.S.C. §§ 302(a)-(b) (Supp. IV 1998)).

[107] *See* Tom W. Bell, Escape from Copyright: Market Success Versus Statutory Failure in the Protection of Expressive Works 34 (Apr. 30, 2000 draft) (unpublished manuscript, on file with author) (summarizing past extensions).

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existing regimes which were made apparent by growing Internet use.

The Federal Anti-Cybersquatting Act[108] copes with a perceived loophole in the Lanham Act by outlawing "cybersquatting" on Internet domain names which resemble famous or distinctive trademarks or a famous person's name.[109] The act requires bad faith intent to profit from the mark (or name),[110] and provides a laundry list of factors to be considered, including intent to sell the domain name to the trademark owner.[111]

The No Electronic Theft (NET) Act[112] mended the so-called "LaMacchia" loophole in the Copyright Act, which formerly provided criminal penalties only for willful infringements for profit, thereby excluding infringements, common on the Internet, in which the infringer has no profit motivation.[113] The new legislation expanded the definition of financial gain to include "receipt, or expectation of receipt, of anything of value, including the receipt of other copyrighted works."[114] The first successful prosecution under the NET Act, not surprisingly, was brought against a college student operating a "warez" site.[115]

Finally, two bills currently before Congress would create an entirely new form of intellectual property protection for collections of information, such as databases, case reporters and other compiled

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[108] Relevant provisions are codified at 15 U.S.C. § 1125(d) (Supp. V 1999).

[109] *Id.* §§ 1125(d)(1)(A)(ii)(I)-(III).

[110] *Id.* § 1125(d)(1)(A)(i).

[111] *Id.* § 1125(d)(1)(B)(i)(VI).

[112] Pub. L. No. 105-147, 111 Stat. 2678 (1997) (codified as amended at 17 U.S.C. §§ 101-803 (Supp. IV 1998), and 18 U.S.C. § 2319).

[113] David LaMacchia was a college student who maintained a bulletin board service on which he encouraged users to share copyrighted software. A subscriber to the "information wants to be free" school of thought, LaMacchia received no remuneration for this service. Consequently, the government was unable to charge him under the criminal copyright infringement provision, 17 U.S.C. § 506, which required that actionable infringement be "for purposes of commercial advantage or private financial gain." 17 U.S.C. § 506 (1994). They sought, and failed, to convict him under the federal wire fraud statute. United States v. LaMacchia, 871 F. Supp. 535, 544-45 (D. Mass. 1994).

[114] 17 U.S.C. § 101 (1994). *See* Note, *The Criminalization of Copyright Infringement in the Digital Era*, 112 HARV. L. REV. 1705, 1722 (1999) (arguing that, by overdeterring private users, increased criminal penalties for copyright infringement will inhibit free flow of information and impose costs that outweigh benefits from discouraging piracy).

[115] Ashbel S. Green, *Net Piracy Law Gets First Conviction: UO Student*, THE OREGONIAN, August 21, 1999, at A1.

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works. The Collections of Information Antipiracy Act, H.R. 354 (the Coble bill), and a competing bill, the Consumer and Investor Access to Information Act, H.R. 1858 (the Bliley bill), provide differing levels of protection for such collections. The Bliley bill focuses on commercial competitors and provides specific exclusions for some categories of public domain information.[116] The Coble bill, however, is far less clearly limited and could remove from the public domain information like scientific facts and legal opinions if that information is exclusively available in proprietary databases. It provides an "individual, insubstantial use" exemption which might protect some level of personal use.[117] These controversial measures are merely the latest in a series of such proposals, which would confer protection on those who invest in collecting information, rather than creating original works.[118]

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[116] H.R. 1858, 106th Cong. (2000).

[117] H.R. 354, 106th Cong. (2000). The Coble bill, in the form available as of this writing, prohibits extracting or making available information, including public domain data, collected or maintained through investment of substantial monetary or other resources, if such use causes material harm to the primary or a related market of the collector and if the material is for a product or service that incorporates that collection of information and is offered or intended to be offered in commerce (see section 1402). Limited fair-use-like exceptions for reasonable uses and extractions of individual or insubstantial items are permitted, though the terms are not clearly defined and a multi-factor analysis is required (see section 1403). The Bliley bill, H.R. 1858, 106th Cong. (2000), offers more limited protections against duplication of databases of information by commercial competitors, again with fair-use-like exemptions (see sections 102-104). Both bills have been subject to substantial tinkering and the language of either or both may well look entirely different by the time this article is published. Public interest groups have strongly opposed the Coble bill, in particular. Kevin Butler, *Databases Are Latest Battleground in Intellectual Property Debate*, INVESTOR'S BUS. DAILY, June 19, 2000, at A28.

[118] For discussions of earlier variations on the Coble proposal, see Deborah Tussey, *Owning the Law: Intellectual Property Rights in Primary Law*, 9 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 173 (1998). *See also* Malla Pollack, *The Right to Know?: Delimiting Database Protection at the Juncture of the Commerce Clause, the Intellectual Property Clause and the First Amendment*, 17 CARDOZO ARTS & ENT. L.J. 47 (1999) (concluding Collections of Information Antipiracy Act unconstitutional if all relevant provisions of Constitution considered); J.H. Reichman & Pamela Samuelson, *Intellectual Property Rights in Data?*, 50 VAND. L. REV. 51 (1997) (advocating either use of unfair competition principles to protect database contents or adoption of IP regime based on refined liability principles). Database protection legislation is based on the relatively amorphous doctrine of misappropriation. The Supreme Court held, in *Feist Publication, Inc. v. Rural Telephone Co.*, 499 U.S. 340 (1991), that compilations of facts (or other public domain information), like telephone directories or, by extension, databases, are protected by copyright only as to original selection and arrangement; the facts themselves cannot be protected. *Id.* at 347-48. The Court adverted, however, to its earlier decision in *International News Service v. Associated Press*, 248 U.S. 215

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While expansion of IPR regimes into the public domain is troubling, the adoption of the anti-circumvention provisions of the Digital Millennium Copyright Act (DMCA)[119] has potentially greater impact. It lends the force of law to technological protection systems which offer rightholders a degree of control over their works not previously permitted under intellectual property law.

B. TECHNOLOGICAL PROTECTIONS

Digital environments, to date, have encouraged cycles of technological innovation, in which each new tool inspires efforts to create countering technologies. The development of methodologies for electronic copying, manipulation, and dissemination, and the perceived threat of those technologies to IPRs galvanized efforts to develop protective technologies to preclude unauthorized use of works. Protection of IPRs can be built into the coding of works without the necessity of relying on messy lawsuits to parse out the respective rights of creators, distributors, and users.[120] Protective technologies have focused on copyrighted works, but have ripple effects on other IPRs as well. A photograph of a popular character protected by copyright, trademark, and publicity rights, for example, may be technologically protected.

(1918), suggesting that unfair competition law might offer some protection to compilations which involve considerable investment of "sweat" but very little in the way of creativity. *Feist*, 499 U.S. at 353-54. Construing federal common law, the Court in *International News Service* found a protectable "quasi-property" right in newsgathering which could only be asserted against commercial competitors. *International News Serv.*, 248 U.S. at 236. A number of states have adopted misappropriation statutes and some courts have given them very expansive readings to protect facts such as the Dow Jones Industrial Average. Bd. of Trade of Chi. v. Dow Jones & Co., 456 N.E.2d 84 (1983). Other courts have favored a narrow reading. *See, e.g.*, NFL v. Governor of Del., 435 F. Supp. 1372 (D. Del. 1977) (rejecting misappropriation claim where Delaware based lottery on results of NFL games). Historically, misappropriation law was strongest in New York, but its scope was severely restricted, on federal preemption grounds, by the Second Circuit's holding in *NBA v. Motorola, Inc.*, 105 F.3d 841 (2d Cir. 1997).

[119] 17 U.S.C. §§ 1201-1205 (Supp. IV 1998).

[120] *See* Lawrence Lessig, *Intellectual Property and Code*, 11 ST. JOHN'S J. LEGAL COMMENT. 635, 637 (1996) (observing that limitations, like fair use, built into intellectual property laws, will become irrelevant unless replicated in code). Coding by rightholders would essentially replace public IP regimes with private law created by the rightholder for its own advantage. Lessig was commenting on the White Paper proposals current at the time. *Id.* The DMCA brings those proposals to fruition. 17 U.S.C. §§ 1201-1205 (Supp. IV 1998).

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Protection systems which are either in operation or in development include: intelligent agents ("knowbots") to ferret out every use of protected materials; digital signatures or watermarks permitting owners to track and charge for every duplication or alteration of a work; encrypted envelopes, sometimes referred to as cryptolopes, which encode the work within a protective envelope controlling access and copying; access codes; copy-blocking codes; and lockup or disabling devices which render the work unusable after a certain date or a certain number of uses.[121] Systems incorporating some or all of these devices have been variously designated as copyright management systems (CMS),[122] automated rights management systems (ARMs)[123] or "trusted systems."[124]

Many of these technologies are now in common use.[125] Effective rights management systems can provide intellectual property owners with control of their properties against users, as well as competitors, which "circumvents" the limitations built into traditional intellectual property regimes. Distribution can thus be controlled by the copyright holder past the point of first sale through all subsequent transfers. Subject always to the possibility of illicit technological circumvention, the rightholder could indefinitely retain the ability to limit, license, and charge for all uses of a

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[121] Jeanne E. Longmuir & Daniel J. McMullen, *Online Content Providers Search for Protections*, NAT'L L.J., May 20, 1996, at C32; Schlacter, *supra* note 101, at 38-45; Mark Stefik, *Trusted Systems*, SCI. AM., http://www.sciam.com/0397issue/397stefik.html (Mar. 1997).

[122] Julie E. Cohen, *Some Reflections on Copyright Management Systems and Laws Designed to Protect Them*, 12 BERKELEY TECH. L.J. 161 (1997).

[123] Tom W. Bell, *Fair Use vs. Fared Use: The Impact of Automated Rights Management on Copyright's Fair Use Doctrine*, 76 N.C. L. REV. 557, 564-67 (1998).

[124] Stefik, *supra* note 121.

[125] Lexis and Westlaw are prototypical rights management systems which have seamlessly transported their operations to the Web. Divx, Circuit City's ill-fated attempt to provide a protected rental system for DVD movies, was another such system. Lindsay Arent, *Ding Dong, Divx is Dead*, WIRED NEWS, *at* http://www.wired.com/news/business/0,1367,20259,00.html (June 16, 1999). RealNetwork's popular RealJukebox software, which allows users to download music from the Internet, was discovered to be surreptitiously reporting the contents of users' hard drives. Sara Robinson, *CD Software Said to Gather Data on Users*, N.Y. TIMES, Nov. 1, 1999, at C1. Software like "Investigator" can be used by employers to track every keystroke made by employees. Chris Oakes, *We Know What You Did Last Summer*, WIRED NEWS, *at* http://www.wired.com/news/politics/0,1283,21847, 00.html (Sept. 25, 1999).

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property.[126] Diane Leenheer Zimmerman, writing in 1994, noted that:

> If technology is reasonably effective in controlling the access to and uses of intellectual property on line, and if it becomes illegal to make or sell devices to defeat these technologies, and if in addition the law gives owners the exclusive right to transmit and copy digitally transmitted works even into temporary memory—it is at least an open question whether very many members of the public will get much on-line benefit from the "new works" we are assured will be created.[127]

This precisely reflects the state of the law since enactment of the DMCA which prohibits both circumvention of technological access protection systems and the manufacture of or trade in devices or programs which would enable circumvention of technological copyright protections.[128] Tampering with copyright management information is also prohibited.[129]

The DMCA contains limited exceptions for certain kinds of uses, such as uses by nonprofit libraries or law enforcement agencies.[130] The Act initially imposed a two-year moratorium on the access circumvention prohibition; during that period, the Librarian of Congress was to define other exceptions for the duration of the next three years. The Librarian defined only two very narrow exemptions, neither of which provides protection for the kinds of noncommercial, personal uses permitted by default under traditional

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[126] Julie E. Cohen, *Lochner in Cyberspace: The New Economic Orthodoxy of "Rights Management,"* 97 MICH. L. REV. 462, 472 (1998); *see also*, Peter Jaszi, *Caught in the Net of Copyright*, 75 OR. L. REV. 299, 306 (1996) ("[T]he vision of the digital information environment which the White Paper envisions is one in which 'content providers' would be enabled to 'lock up' substantial amounts of data to which they have no legitimate claims under the laws of intellectual property."); Lessig, *supra* note 120, at 639.

[127] *See* Diane Leenheer Zimmerman, *Copyright in Cyberspace: Don't Throw Out the Public Interest with the Bath Water*, 1994 ANN. SURV. AM. L. 403, 408, 409.

[128] 17 U.S.C. § 1201(a)-(b) (Supp. IV 1998).

[129] *Id.* § 1202(b).

[130] *Id.* § 1201(d).

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regimes.[131] The Act imposed no moratorium and created no exceptions for the technologies which would enable legitimate circumventions, subjecting creators or distributors of such technology to both criminal and civil penalties. In other words, even if the Librarian of Congress, in the next three-year review process, establishes certain fair uses, users will not have access to the technology which would allow them to exercise those rights.

The DMCA attempts to call a halt to the cycle of technological attack and counterattack previously characteristic of digital networked environments as each new protective measure was "hacked" to allow free access. However, if the strictures of the DMCA are unameliorated by effective exemptions for beneficial uses, the combination of technological fences with legal enforcement threatens public access to creative works and information.[132] These technological protections are frequently combined with contractual restrictions on uses made of intellectual properties.

C. CONTRACTUAL PROTECTIONS

Rightholders in digital works have long imposed licensing restrictions on use of their works, with mixed success. Until recently, such restrictions were effective for services like Lexis and Westlaw, which combined them with strict access control and usage tracking, but their validity was questionable when contained in shrinkwrap or clickwrap licenses used in mass market software transactions.[133] However, the Seventh Circuit decision in *ProCD,*

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[131] *Id.* § 1201(a)(C). The exemptions are for compilations of Web sites blocked by filtering software and literary works protected by malfunctioning access controls. See the Copyright Office Web site on *Rulemaking on Exemptions from Prohibition on Circumvention of Technological Measures That Control Access to Copyrighted Works, at* http://www.loc.gov/copyright/1201/anticirc.html (last modified July 6, 2000). These exemptions are in effect until October 28, 2003, at which time the Librarian will again conduct a review to determine whether further exemptions are warranted.

[132] It is too early to tell whether even criminal penalties will deter circumvention. Filesharing systems more sophisticated and more difficult to detect than Napster are already in use; encryption codes are routinely broken by hackers. *See* Hartigan, *supra* note 17. Ultimately, technological protections may prevent use by good faith users and those less technically adept, while copying by the technologically-gifted, or those less morally hampered, continues unabated. If so, the unintended consequence of the DMCA may be to breed even greater disrespect for IPRs.

[133] *See, e.g.*, Step-Saver Data Sys. v. Wyse Tech., 939 F.2d 91 (3d Cir. 1991) (finding

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Inc. v. Zeidenberg,[134] holding such a shrinkwrap license valid and immune from copyright preemption, provided new impetus for enforcement of such agreements. Thus, the common law of contract may provide a route around the limitations inherent in intellectual property regimes. The Uniform Computer Information Transactions Act (UCITA), a controversial measure now before state legislatures for adoption, specifically validates such contractual restrictions with respect to those works within its scope.[135]

UCITA adopts the licensing model for information transactions, providing that even mass market shrinkwrap or clickwrap licenses are valid and enforceable.[136] Such licenses may impose restrictions not permitted under traditional intellectual property laws.[137] UCITA further approves technological restraints on uses not consistent with the license and allows self-help remedies.[138]

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shrinkwrap license in package, not read by buyer prior to completion of transaction, was not part of contract); Vault Corp. v. Quaid Software Ltd., 847 F.2d 255, 268-71 (5th Cir. 1988) (invalidating Louisiana law permitting shrinkwrap licenses as preempted by copyright act); Ariz. Retail Sys., Inc. v. Software Link, Inc., 831 F. Supp. 759, 759-64 (D. Ariz. 1993) (holding shrinkwrap included with demo product valid, but distinguishing shrinkwrap sent after sale contract formed over phone as being unaccepted proposal to modify pre-existing contract).

[134] 86 F.3d 1447 (7th Cir. 1996). *See also* Hill v. Gateway 2000, Inc., 105 F.3d 1147 (7th Cir. 1997) (holding shrinkwrap license delivered in box with computer hardware valid).

[135] The Uniform Computer Information Transactions Act (UCITA) § 503, http://www.law.upenn.edu/bll/ulc/ucita/ucita200.htm. UCITA applies to all transactions in computer information, broadly defined to include all data, text, images, sounds or computer programs. "Informational rights" governed by the act include all rights created under traditional intellectual property regimes, though industry lobbyists won specific exceptions for broadcast programming, movies, sound recordings, and musical works. *Id.* § 102(10)-(11), § 102(38), § 103. Comments can be found at http://www.law.upenn.edu/bll/ulc/ucita/ucitacom300.htm. Promulgated under the auspices of the National Conference of Commissioners on Uniform State Laws (NCCUSL), UCITA was originally designated as Article 2B of the Uniform Commercial Code, but was ejected from the UCC after the American Law Institute washed its hands of the proposal. The Attorneys General of 24 states, joined by a broad variety of public interest groups, have decried UCITA's treatment of mass market licenses as hostile, not only to consumers, but to all but the largest e-commerce and technology companies. As of this writing, UCITA has been adopted by Maryland and Virginia (which postponed effective date for a year pending further study of the likely effects of the act). MD. CODE ANN., COM. LAW II § 22-101 to 22-816 (2000); VA. CODE. ANN. § 59.1-501.1 to -509.2 (Michie Supp. 2000).

[136] UCITA §§ 112, 209.

[137] UCITA attempts to avoid the issue of federal preemption by providing that provisions preempted by federal law are unenforceable and that courts may refuse to enforce contracts which violate a "fundamental public policy." *Id.* § 105. The scope of the fundamental public policy language is ambiguous at best.

[138] *Id.* §§ 605, 815, 816.

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UCITA is a massive document, accompanied by equally massive commentaries, the intricacies of which are likely to puzzle judges and scholars for years to come in those states which choose to adopt it. It can be stated with certainty that, like the DMCA, UCITA confers the force of law on rightholders' efforts to regulate all uses of their properties. The combination of sophisticated technologies and contractual restrictions, enforced through law, may ultimately supplant even expanded IPRs, as works increasingly become available only in digital forms that are readily subject to techno-contractual control. This outcome would avoid the balancing of private and public interests which intellectual property regimes heretofore strove, if not always successfully, to achieve.

For individual users, the convergence of these trends portends a pay-per-use world in which no personal uses can be made without permission, whether for purposes of criticism, sampling of products, or cultural play. Such a consummation clearly is *not* devoutly to be wished by users; nor is it clear that it will, in the long run, be beneficial to rightholders or society at large.[139] Overprotection may interfere not only with policy choices inherent in traditional regimes, but also with economic interactions currently fueling the rapid growth of the information economy.

V. WHY PERSONAL USE SHOULD BE PRESERVED

A. THE THEORETICAL FRAMEWORK

At the most general level, scholars employ four theoretical justifications for the establishment and enforcement of intellectual property regimes: labor-desert theory, utilitarianism, personality theory, and social planning theory. Labor-desert, based on John Locke's writings concerning real property, assumes the natural property right of the creator of an intellectual property work, subject to the "sufficiency" proviso that "enough-and-as-good" be left for

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[139] *See* HALBERT, *supra* note 98, at 152 (envisioning totally commercialized Net where it will be "possible to sue a person for using even small snippets of information and where copyright will be used for censorship"). "People will be sued for exchanging newspaper articles, pictures, or music with copyrights attached over the Internet. Fair use will be curtailed in the electronic arena because exchange is too easy and uncontrollable." *Id.*

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others in the public common.[140] Utilitarianism suggests a limited set of entitlements which balances the need to provide incentives for creation against the public interest in broad dissemination of works.[141] Personality theory views intellectual property regimes as means to assure fundamental human needs such as self-expression and personal identity,[142] while social planning theory sees such regimes as means to achieve a culturally rich society.[143] The four theories tend to overlap and there is considerable debate over the proper interpretation of each model.[144]

In this country, the major regimes are founded on the utilitarian model. The Copyright and Patent Clause,[145] with its limitation of intellectual property rights to specific terms and its subordination of those rights to the progress of art and science, is utilitarian in spirit. The traditional trademark linkage between avoidance of consumer confusion and protection of business goodwill, resulting in decreased transaction costs, is similarly instrumental. State trade secret doctrines, while they may be seen as expressions of labor-desert, also rely on a utilitarian presumption that legal protection of trade secrets will encourage research and development. On the other hand, state misappropriation doctrine, which fuels the current push for database protection, is a relatively pure expression of labor-desert theory in which investment or "sweat" creates entitlement. Justifications for publicity rights have been sought under a variety of theories, none of which is particularly convincing.[146] The recent expansion of IPRs might, in general terms,

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[140] *See* Fisher, *supra* note 9, at 1212-14 (offering succinct overview of theoretical schools and elaborating on social planning theory in some detail). For an extensive discussion of intellectual property theory, see Justin Hughes, *The Philosophy of Intellectual Property*, 77 GEO. L.J. 287 (1988).

[141] Utilitarianism addresses the "public goods" nature of intellectual properties, *i.e.*, the fact that they cannot be exclusively possessed, by establishing limited monopolies for creators in order to encourage creative activities that benefit the public at large. The primary function of the monopoly incentive is not to reward the creator, but to enrich society. Since monopoly rights limit public access to ideas and run counter to free market competition, utilitarianism seeks to balance creators' incentives against the public's right to access, providing monopoly incentives only to the extent necessary to induce creation.

[142] Fisher, *supra* note 9, at 1212-14.

[143] *Id.*

[144] *Id.*

[145] U.S. CONST. art. I, § 8, cl. 8.

[146] If publicity rights protect personhood, it is not clear why the entitlement is limited to

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be viewed as a triumph of labor-desert, with its emphasis on natural rights, over the original utilitarian model. At a minimum, it can be said that the balance of incentive versus dissemination has decidedly tipped in favor of rightholders.

Within specific regimes, skirmishes erupt regularly between advocates of different sets of entitlements based on different underlying theories. The popularization of the Internet has inspired vehement discussion between copyright maximalists and minimalists, and variations in between, over the proper function of fair use doctrine and the primacy of private contract over public regulation. Market failure theory, suggesting that doctrines like fair use are primarily a response to high transaction costs which prevent the formation of markets, has been particularly influential.[147] Commentators have also hotly debated the appropriate scope of trademark and publicity rights and their impact on expression.[148] The Founding Fathers have been pressed into service, sometimes on different

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control over commercial use. Utilitarian incentive theory seems inapplicable since fame is its own incentive; labor-desert is only occasionally relevant as celebrity is at least as often the result of dumb luck as of hard work by the celebrity. Whether celebrities contribute to a diverse and rich culture is debatable at best. *See* Madow, *supra* note 65, at 179-238 (debunking various theoretical justifications for publicity rights).

[147] *See, e.g.*, Bell, *supra* note 123; I. Trotter Hardy, *The Proper Legal Regime for "Cyberspace,"* 55 U. PITT. L. REV. 993 (1994). These authors argue for generally favoring private contractual arrangements and the limitation of copyright doctrines like fair use to situations in which markets fail to form. *But see, e.g.*, Julie E. Cohen, *A Right to Read Anonymously: A Closer Look at "Copyright Management" in Cyberspace*, 28 CONN. L. REV. 981 (1996); Cohen, *supra* note 126; Elkin-Koren, *supra* note 34; Netanel, *supra* note 89. These authors make strong arguments that copyright fosters important socio-cultural values that cannot be left entirely to private law created through contract and technology. *See also* Fisher, *supra* note 9 (suggesting that contractual and technological solutions to intellectual property ownership issues should be encouraged, but must be restrained by public interest limitations). It should be noted that recognition of "market failure" as a factor shaping the copyright regime does not necessarily entail abandonment of limited entitlements. Professor Wendy Gordon's article, *Fair Use as Market Failure: A Structural and Economic Analysis of the* Betamax *Case and its Predecessors*, 82 COLUM. L. REV. 1600 (1982), provides a strong foundation for the prevailing market failure theory of fair use; however, she has interpreted the Lockean sufficiency proviso to impose significant limitations on "property" rights in intangibles. *See, e.g.*, Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 YALE L.J. 1533 (1993).

[148] *See, e.g.*, Dreyfuss, *supra* note 51 (criticizing expansive judicial readings of trademark as incursions on public use of words); Dreyfuss, *supra* note 65 (criticizing expansive judicial readings of trademark and publicity rights as incursions on public use of images); Lemley, *supra* note 55 (criticizing propertization of trademarks); Madow, *supra* note 65 (criticizing publicity rights).

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sides of the same debate.[149] In practice, no single theory prevails. Existing regimes developed—by judicial and legislative accretion—in response to changing technologies and political pressures. Consistency is not a hallmark of the resulting doctrines.

I will not revisit in detail controversies so thoroughly debated by others. For purposes of addressing the appropriate scope of personal use, it is sufficient to answer a few specific questions: Do traditional intellectual property regimes, particularly copyright, serve broad societal goals which would not be served by exclusive rightholder control of creative and informational works? Do unauthorized personal uses contribute toward achievement of such goals, and, if so, should the freedom to make such uses be preserved? I offer answers to these questions based on a philosophy generally favoring limitations on rightholder entitlements, a balance of the need for creator incentives against the importance of public dissemination, and encouragement of a rich and diverse culture.

B. ANSWERING THE CRITICAL QUESTIONS

Copyright and patent, the two constitutionally-based regimes, have always used the grant of entitlements to serve broad, societal goals which would not be served by exclusive rightholder control. Other regimes expressly targeted only commercial competitors, allowing broad expressive use of properties by default.

The Copyright and Patent Clause enunciates two objectives: (1) to provide incentives for authors and inventors by creating limited

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[149] *See* Bell, *supra* note 107, at 18-30 (citing founders' rejection of natural rights in support of argument that rightholders should be allowed to opt-out of copyright in favor of private techno-contractual protections); HALBERT, *supra* note 98, at 13-14 (citing their rejection of natural rights in support of arguments opposing strong protection of intangibles); Lawrence Lessig, *The Limits of Copyright*, THE STANDARD, *at* http://www.thestandard.com/article/10,1902,16071,00.html (June 19, 2000). Lessig notes that the purpose of the fore-fathers in adopting the Copyright and Patent Clause was as much to limit monopoly power as to grant it. With respect to personal use, allusions to the Founding Fathers and their intent are not particularly helpful. While they were certainly far more astute than the current political crowd, the technology of quill pens and printing presses was so fundamental in their universe as to require no discussion. They would, in all probability, have assumed that the relative few who owned books, for example, could engage in any form of personal use they liked, but the scope and consequences of such use were far more limited than they are today. The Internet was farther beyond the Founders' ken than Armstrong's walk on the moon.

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monopolies in order to (2) promote the progress of art and sciences.[150] The first goal is instrumental and subsidiary to the second. Under the utilitarian calculus, limited entitlements should guarantee sufficient rewards to authors and inventors to provide incentives to create new works and disseminate them to the public. In copyright, doctrines like fair use, first sale, and the idea-expression dichotomy, developed by courts and legislators over two centuries, clearly have redistributive effects meant to protect expressive and educational interests and to further the development of a rich culture.[151] They keep the copyright regime in balance with First Amendment values, a function which takes on particular importance in cyberspace where every form of expression, from email to web page, is a copyrightable artifact. Copyright attempts to preserve and enhance the public domain in order to provide new authors with the raw material for future creation.[152] Patent, though providing a broader entitlement to exclude others from "use" of the invention, is likewise limited in scope and duration in order to return inventions to the public domain, where future inventors may build on them.[153]

In their traditional forms, the regimes of trademark, publicity rights, trade secret, and even misappropriation—that most amorphous of doctrines—applied primarily to commercial competitors. They discouraged the "free rider" who gained financially, and parasitically, from the work of the rightholder. Because of that limitation, they allowed broad noncommercial, expressive uses of such properties. Certainly, trademark owners and celebrities enhanced the value of their "properties" by encouraging widespread use of their symbols and images. Judge Kozinski of the Ninth Circuit observed,

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[150] U.S. CONST., art. I, § 8, cl. 8.

[151] *See, e.g.*, Robert P. Merges, *The End of Friction? Property Rights and Contract in the "Newtonian" World of On-Line Commerce*, 12 BERKELEY TECH. L.J. 115, 133-34 (1997) (suggesting we acknowledge that fair use has redistributive purposes favoring creators and users over publishers and other intermediaries).

[152] *See* Elkin-Koren, *supra* note 34, at 271.

[153] Patent, which for purposes of this discussion, is relevant to use of software, entitles the patentholder to exclude others from making, using, or selling the invention. Patents are of substantially shorter duration than copyrights—20 years from date of filing. *See* 35 U.S.C. §§ 154, 271 (1994).

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> Words and images do not worm their way into our discourse by accident; they're generally thrust there by well-orchestrated campaigns intended to burn them into our collective consciousness. . . . The originator must understand that the mark or symbol or image is no longer entirely its own, and that in some sense it also belongs to all those other minds who have received and integrated it. . . . [T]he public's right to make use of the word or image must be considered in the balance. . . .[154]

In modern mass culture, trademarks and images of public figures, no less than copyrightable material, have assumed expressive, symbolic functions. They have become part of the creative common from which society at large derives benefits.

In short, traditional regimes provided a limited scope of protection, allowing ample room for expressive uses and a thriving public domain. None provided rightholders with absolute control of their works; all allowed some degree of "leakage" into the public domain. Limited regimes have served, and should continue to serve, goals of promoting new creation, technological advancement, and an enriched common culture. Personal use flourished in the interstices created by limitations on entitlements.

Personal uses, even those not formally recognized as "fair" uses, support the broader goals of intellectual property by contributing to enriched private lives, a diverse public culture, and the development of new works and technologies. Private copying may support research and writing of new works. Sharing of commentaries and adaptations disseminates new works and encourages social dialog, contributing to the public common. Use of well-known images and symbols contributes to the making of cultural meaning. Some commentators have argued that even mere consumption may be a form of creation in digital environments as readers contribute to the process of meaning-making through their interactive responses to the original work.[155] Certainly, new technologies, like filesharing

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[154] Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U. L. REV. 960, 975 (1993).

[155] *See* HALBERT, *supra* note 98, at 130-31 (noting that readers of linked texts play active

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programs, were developed to tap the personal use market and may well prove to have significant uses beyond the sharing of copyrighted works. However, unauthorized personal uses are unlikely to survive in a pay-per-use world.

With new technological capabilities to reduce transaction fees for exchanges in the electronic marketplace,[156] some copyright scholars have advocated that the limited entitlements of copyright be abandoned in favor of strong property rights and private market arrangements.[157] Rightholders could protect their works with trusted systems, and license and charge for each use, without relying on the vagaries of traditional regimes to enforce their rights. These commentators urge that the market will most efficiently provide the necessary incentives for creation and dissemination.[158] However, it seems far more likely that such a market will provide more reward than the minimum necessary to induce creation and less dissemination than is desirable to secure future creation and vigorous social dialog. A techno-contractual, pay-per-use model would leave to rightholders the determination of who may use works and on what terms.

Past history teaches that rightholders would exercise that control to extract the highest possible fee for every use, disregarding the needs of future creators and the public domain, and, possibly, their own best interests in creating new markets. The strong tendency toward oligopoly evident in the "globalization" of information industries suggests that competitive pressures will impose few restrictions on rightholders' ability to charge monopoly prices for their wares.[159] Those who anticipate modest microcharges within

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role in writing process as they choose to follow different links); Elkin-Koren, *supra* note 34, at 280 (finding that users participate in creating meaning of cultural artifacts).

[156] *See* Merges, *supra* note 151, at 116 (noting that technology may reduce transaction costs but does not eliminate them since development and application of technologies themselves may be expensive).

[157] It should be noted, of course, that "private ordering" is only viable when enforced by public law. Any choice is ultimately a public policy choice, which merely permits greater or lesser freedom to rightholders to control their works.

[158] *See, e.g.*, Bell, *supra* note 107; Hardy, *supra* note 147 (arguing for "modest degree" of "self regulation" in cyberspace). *But see* Cohen, *supra* note 126 (rebutting, strongly, "cybereconomist" point of view).

[159] *See* Stephen Labaton, *800-Pound Gorillas: Oligopoly*, N.Y. TIMES, June 11, 2000, § 4, at 1.

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the means of most users should look more closely at the price history of oligopolistic companies like West Publishing and Lexis,[160] or at the recording industry, which was recently charged with fixing prices on compact discs.[161]

Despite arguments to the contrary,[162] there is little convincing evidence that extensive techno-contractual control over digital works will produce richer or qualitatively "better" content than the current, more limited regimes. While the intermediaries in the traditional multi-tiered structure may once have served as enlightened gatekeepers, nurturing the "good" artists and filtering out the bad, most appear to have abandoned that function in pursuit of the largest demographic. The Internet certainly accommodates a wealth of low-quality material, but traditional mass media do not provide noticeably classier fare. On the contrary, authors and artists of quality work may increasingly look to the Internet to provide them with unmediated access to their audiences.

Finally, it is likely to be to rightholders' long-term economic advantage to allow some level of unauthorized use by consumers. While the dynamics at work in the market for intangibles are obscure at best, it is apparent that some degree of unauthorized copying and use expands rightholders' markets and contributes to the development of new markets. Software publishers discovered early on that users who learn on a pirated software program are likely to buy legitimate copies of later releases. The industry burgeoned as widespread, unauthorized private copying supported the development of industry standards.[163] Many consumers who

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[160] *See* Kendall F. Svengalis, THE LEGAL INFORMATION BUYER'S GUIDE AND REFERENCE MANUAL 14 (2000) (providing short history of high prices charged for legal information).

[161] The FTC alleged that the companies used illegal marketing agreements to inflate the prices of CDs and restrict the ability of retailers to offer discounts. The five largest music companies settled with the FTC, agreeing to forego such agreements. Stephen Labaton, *Five Music Companies Settle Antitrust Case on CD Price-Fixing*, N.Y. TIMES, May 11, 2000, at A1. However, 28 states subsequently filed suit alleging violations of the Sherman Act and seeking damages to compensate consumers who paid inflated prices for music. Oscar S. Cisneros, *States: Labels Fixed CD Prices*, WIRED NEWS, *at* http://www.wired.com/news/politics/0,1283,38103,00.html (Aug. 8, 2000).

[162] *See, e.g.*, Stefik, *supra* note 121 (arguing that without strong protection there will be no quality content on Internet).

[163] *See* Mark Stefik & Alex Silverman, *The Bit and the Pendulum; Balancing the Interests of Stakeholders in Digital Publishing*, 16 NO. 1 COMPUTER L. 1, 1-3 (1999) (noting that this process helps big publishers dominate software markets).

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download or share works for personal use are sampling works to determine whether or not to buy the original work from the rightholder. Whether such sampling actually deprives the rightholder of revenues to which it is entitled or instead serves as its most effective advertising is hotly debated.[164] In all likelihood, some personal uses substitute for actual sales, but many others produce sales that would not otherwise occur. Since most personal uses are noncommercial, involving sampling, sharing with friends, or cultural play, many users might simply drop out of the market if required to pay for every use.

Freedom from restraints on copying has historically contributed to rapid development of new technologies, such as radio, broadcast and cable television, and video rentals, and allowed new players to participate in the markets so created.[165] Some current stakeholders will continue to be major players in new markets, but established industries are frequently bad predictors of the direction of new market development. Had the movie industry prevailed in *Sony*, for example, it might have foreclosed development of the enormous, profitable market in videos and video rentals. Commentators have suggested that the recording industry would combat Napster more

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[164] Surveys have reached conflicting results as to the impact of music filesharing, for example. In the Napster suit, the recording industry offered a survey indicating that use of Napster causes declining record sales in university areas. However, the industry failed to note that most of the decline occurred prior to Napster's creation and that the decline might also be attributed to competition from online music retailers, chain stores or simply changing tastes in music. *See* John Borland & Rachel Konrad, *Study Finds Napster Use May Cut Into Record Sales*, CNET NEWS.COM, *at* http://news.cnet.com/new/0-1005-200-1945948.html (May 25, 2000). A second study, conducted by a nonprofit research center, found that many downloaders subsequently purchase the music they download. *See* Brad King, *New School of Thought on Piracy*, WIRED NEWS, *at* http://www.wired.com/news/print/0,1294,36875,00.html (June 9, 2000). A third survey indicated that Napster use actually increases music sales, as Napster users are likely to be music enthusiasts who employ the service to find new works, which they then buy from the rightholder in order to ensure file quality and virus protection. *See Study Says That Napster Increases Music Sales*, N.Y. TIMES, July 21, 2000, http://www.nytimes.com/library/tech/00/07/biztech/articles/21napster-study.html. Both Napster courts found the recording industry's surveys more persuasive than the other surveys. A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1017 (9th Cir. 2001). *See also* Meurer, *supra* note 7, at 881 (observing that personal use may cut sales but sales decline may be offset by favorable word-of-mouth advertising resulting from personal use). Meurer notes that any decline in revenue is limited because many users who could not get the work from a friend would simply drop out of the market. *Id.*

[165] *See* Litman, *supra* note 44, at 27-30.

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effectively by offering its own subscription services, with guaranteed recording quality and security, rather than by pursuing piracy claims.[166]

Furthermore, despite their claims of billions of dollars lost to piracy,[167] rightholders are thriving under the current, "leaky" regimes.[168] In fact, the robust health of the industries, in the face of allegedly widespread piracy, suggests that incentives for creation are more than adequate without the stronger protections for which rightholders clamor.[169] Particularly for mass market properties

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[166] *See* Borland & Konrad, *supra* note 164.

[167] See, for example, *France, UK at Odds Over Digital Copyrights*, CNET NEWS.COM, *at* http://news.cnet.com/news/0-1005-200-1939585.html (May 24, 2000), where industry spokespersons alleged annual losses of $4.5 billion in pirated music and $2.5 billion in pirated movies. *See also Software Industry Suffers from Cumulative Impact of Global Software Piracy*, 32 SOFTWARE INDUSTRY REPORT, June 5, 2000 (estimating $12 billion in losses to software piracy in 1999).

[168] The music industry has reportedly grown 8% over first quarter, 1999, and consumers are buying more albums than ever. *See* Brad King, *Despite 'Piracy,' CD Sales Up*, WIRED NEWS, *at* http://www.wired.com/news/print/0,1294,35848,00.html (Apr. 24, 2000). Movie revenues for 1999 were estimated to be $7.3 billion, up 9% over 1998's record-breaking revenues. *See* Frank Swertlow, *Universal Reversal in Strong Year for Films*, 22 L.A. BUS. J., Jan. 3, 2000, at 3. And 1999 retail software revenues increased 8.7% over 1998. Microsoft dominated the market with 23.6% of total sales. *See PC Data: Business, Finance Led '99 Software Sales*, PR NEWSWIRE, January 24, 2000; *see also* Meurer, *supra* note 7, at 869-76 (suggesting that digital technologies permit greater price discrimination, hence higher profits, and that losses from sharing are probably overstated). The industry claims, of course, that profits would have been substantially higher absent widespread copying.

[169] The need for copyright protection to provide incentives for creation, and the appropriate level of such protection has been debated. *See, e.g.*, Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 HARV. L. REV. 281 (1970) (suggesting that abolition of copyright would not cause serious decline in book production, but employing that argument against expansion of copyright protection, rather than as tool to abolish copyright regime entirely); Radin, *supra* note 95, at 515 (pointing out that cultural norms may provide incentives for creation without necessity of legal protection). It has been suggested that there is less need for legislated protection to provide such incentives in cyberspace. *See* HALBERT, *supra* note 98, at 39.

It is by no means clear that strong protection, whether under copyright or through techno-contractual means, will provide incentives to the appropriate party. Most valuable intellectual properties are no longer owned by the original author, but by large corporations which require assignment of the copyright in return for merchandising and distribution—in such cases, copyright incentives are, at best, indirect subsidies to the original creator. Halbert argues that the copyright system, especially in its expanded form, provides incentives not for creation but for distribution. *Id.* at 142-44.

The current debate over Napster indicates that artists themselves are divided on the point. See, for example, Courtney Love, *Courtney Love Does the Math*, SALON.COM, *at* http://www.salon.com/tech/feature/2000/06/14/love/print.html (June 14, 2000), where Love tentatively sides with Napster and against the recording industry on grounds that the Internet

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which have become cultural icons or industry standards, like Star Wars movies, Stephen King novels, or Microsoft Office software, the need for stronger protection to secure additional incentives for producers is minimal. These properties have become so popular as virtually to guarantee a huge market for each new iteration, despite private copying.

Some commentators have suggested that, in the new information economy, property rights in intangibles will ultimately be unimportant or even detrimental; most information will function as free advertising to sell services and relationships.[170] Whether such a model will ultimately counteract the current trend toward property-like control of intangibles is unknowable. In the interim, a complex economic process is producing rapid innovation and substantial rewards for rightholders in spite of, or perhaps because of, widespread, unauthorized personal use. Limited entitlements enable that process. Overly strong protection may raise the cost of the intellectual property inputs into the information economy, reducing incentives to innovation.[171] Intellectual property industries, in their haste to garner every penny worth of revenue and to control every possible use of works, may interfere with this dynamic process and foreclose the development of new markets, to their own detriment as well as the impoverishment of public discourse.

In summary, stronger intellectual property protection facilitated by technology and contract is unlikely to redound to the long-term economic interest of rightholders or serve the broader, societal goals advanced, if imperfectly, by traditional regimes. Personal use, in addition to more traditional fair uses, contributes both to the enrichment of public culture and to the development of the burgeoning information economy. Margaret Radin has drawn two visions of

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finally offers artists the opportunity to escape the financial and artistic constriction of the major record labels. Some performers and writers argue that filesharing promotes many new bands who were overlooked by the industry. *See* Alec Foege, *Record Labels Are Hearing an Angry Song: Some Musicians Joining Napster's Bandwagon*, N.Y. TIMES, http://www.nytimes.com/library/financial/Sunday/061100biz-music-foege.html (June 11, 2000). Other musicians, notably Metallica and Dr. Dre, have taken the opposite position, directly threatening their fans with litigation.

[170] *See* Esther Dyson, *Intellectual Value*, WIRED 3.07, July 1995, at 136; *see also*, Barlow, *supra* note 2.

[171] *See* Lessig, *supra* note 149.

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cyberspace: a utopian vision in which the Internet promotes open dialogue and robust scientific, artistic, educational and political interaction, and a dystopian vision, in which cyberspace becomes merely another broadcast medium, delivering advertising and mindnumbing content to passive recipients.[172] Personal use, if kept within reasonable limits, is conducive to attaining the former, while complete techno-contractual control by rightholders, unameliorated by limitations, is a sure route to the latter.

However, personal use should be circumscribed within sensible bounds to prevent it from eradicating rightholders' markets. A balance should be sought in which some forms of personal use are freely allowed in order to produce market- and culture-enhancing effects, but others are controlled because they threaten incentives to produce creative and informational works. The degree of interference with the current market dynamic should be as limited as possible. In light of the growing number of conflicts between users and rightholders generated by the Internet, personal use cannot continue to exist interstitially within regimes which fail to address it directly. Rather, Congress should legislatively define and delimit it as clearly as possible to provide guidance both to users and to rightholders. To do so will not slice a piece from the portion of the intellectual property pie traditionally controlled by rightholders, but will merely acknowledge the public's customary control of its own piece of the pie, the public domain.

VI. DEFINING A PERSONAL USE PRIVILEGE

Up to this point, "personal use" has referred to unauthorized uses which individual users do, in fact, make of creative and informational works. This part now turns to the question whether all or any of these uses *ought* to be allowed without permission or payment in order to maintain the balance of incentive and dissemination. This part sketches the outlines of a personal use privilege which should be defined by federal legislation.

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[172] *See* Radin, *supra* note 95, at 513-14.

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A. GOALS

The concept of a legislatively defined personal use right may be novel in this country, but this concept is well established in many other countries as an exemption from copyright.[173] While not particularly attuned to the peculiar problems posed by cyberspace, such provisions establish a precedent for a defined personal use exemption. Several general goals should inform the re-imagining of a personal use privilege in light of the unique environment of the Internet.

First, any such privilege should only exist after the rightholder has voluntarily released the work to the public. The rightholder exclusively decides whether or not to publish its property. Thus, individual users who post bootlegged copies of unreleased movies or sound recordings would receive no immunity against infringement actions.

Second, exercise of the privilege must not substantially impair the property owner's ability to exploit its property commercially. At a minimum, any such use must be noncommercial in nature.[174] This is not to say that personal use must have no market impact, but only that such impact must be sufficiently limited to allow rightholders a reasonable profit.

Third, the privilege should accord, insofar as possible, with customary, pre-digital practices and allow similar expressive uses of works in order to assure the continued viability of the public domain. Uses analogous to permitted offline uses should generally be allowed in cyberspace unless limitations are essential to meet the second goal. Guidelines which mimic well-accepted offline rules have the additional advantage that they are far more likely to be obeyed by users than new, restrictive readings of personal use.

Fourth, the privilege must provide comprehensible, bright line rules which can be understood by the average user and which give rightholders clear notice of which uses must be permitted, as well as those which are prohibited. Distinctions between permitted and prohibited uses should be fair and sensible. Current regimes are far

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[173] *See* GELLER & NIMMER, *supra* note 32.
[174] *See* Litman, *supra* note 44, at 41.

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too arcane to be comprehensible, and that which is not comprehensible is unlikely to be obeyed.[175] They suffer from the related defect of unpredictability. Multi-factor tests, applied case by case, make litigation the only venue for defining the scope of permissible use. On the one hand, the current regimes create an imbalance of power between corporate rightholders, who can afford such litigation, and individual users who cannot, permitting rightholders to use threats of legal action to prevent user activities on the Net. On the other hand, if the user stands his ground and the rightholder must ultimately resort to litigation, the outcome cannot be guaranteed and the rightholder risks alienating its customers. A clearly defined personal use right should provide stronger protection for users and reduce the friction between rightholders and their consumers.

Fifth, provision must be made for proper attribution (or disclaimers) so that the integrity of the original work is protected against tampering which affects the reputation or effectiveness of the work.

Sixth, the privilege must immunize personal use activities from all intellectual property claims. A privilege which immunizes users against copyright infringement actions without providing protection against trademark infringement actions based on the same activity would be of little use.

More detailed explication of these general goals requires a clear, and fairly narrow, definition of "noncommercial" activity and calibration of the appropriate level of protection.

B. NONCOMMERCIAL USE

Jessica Litman notes that the public generally believes that there is a distinction between commercial and noncommercial activities, with the former constituting infringement and the latter acceptable behavior. While that perception has never been the law, it has to a

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[175] It may be argued that private individuals are often subject to complex bodies of law. However, those that touch them most closely, such as criminal or domestic law, rely on a bedrock of well-understood guidelines for behavior. Even the tax code, renowned for incomprehensibility, is leavened in practice by the creation of EZ-form returns. Personal use rules should bear a closer resemblance to the EZ-form than to the highflown abstractions of fair use jurisprudence.

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great extent reflected actual practice.[176] The commercial/noncommercial distinction is a strong undercurrent in most intellectual property regimes, from the fair use presumption established in *Sony* and the personal taping exemption under the Audio Home Recording Act to the limitation of doctrines—like trademark, publicity rights, and misappropriation—to commercial competition. Limiting the personal use privilege to noncommercial activities, therefore, accords with both this dominant theme in existing law and the public's understanding of acceptable behavior.

However, as the cybersquatting cases demonstrate, reasonable minds may differ as to what constitutes commercial activity. For purposes of personal use, protected noncommercial activity should include any activity which is not done for financial gain, in the commonly accepted sense of the term, as opposed to the NET Act's redefinition to include receipt of anything of value. Downloading a software program for household use is not commercial activity. Uploading a music file to Napster is not commercial activity. Mere maintenance of a web site is not commercial activity. However, accepting banner ads on the site (as many fan sites do) or selling any product would be commercial activity subject to traditional intellectual property rules.

Reliance on the traditional meaning of "commercial" has the advantage of building on common understandings about acceptable behavior with respect to the minimum threshold for personal use protection. However, noncommerciality alone cannot guarantee protection under a personal use privilege. The requirement is necessary, but not sufficient, since even noncommercial uses may pose substantial danger to the rightholder's ability to exploit the work commercially. Further restrictions on personal, noncommercial uses must, therefore, be defined.

C. CALIBRATING THE LEVEL OF PROTECTION

Limitations on personal use could take a variety of forms offering different levels of rightholder control. Techno-contractual, pay-per-

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[176] Litman, *supra* note 44, at 40-41. Litman suggests that a noncommercial use distinction would be a good start toward a sensible copyright regime.

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use proposals provide the highest degree of control at a level which extends to single copies, and requires few distinctions between different forms of personal use. Stefik and Silverman, for example, describe models in which publishers might provide different packages of transfer rights at different prices, or might permit use by household members only, on household computers only, and prevent any transfers outside the household. Alternatively, they suggest scenarios in which users would take tests to win "fair use licenses," with publishers protected against license abuse by fair use "insurance."[177] These scenarios presume that trusted systems will track each use of the work. The rightholder will monitor how many times the work is accessed, on which machines, and will intervene if the user steps outside the bounds of the use agreement, as interpreted exclusively by the rightholder.

The costs to rightholders of developing and monitoring such systems is likely to be significant. Uses of works for purposes of intellectual play, adaptation, or sharing will be chilled, or more likely killed. Most importantly, the implications of such models for user privacy are simply appalling. For all of these reasons, as well as the economic and social reasons already noted above, restrictions of this nature are excessive and should not be permitted. Rather, some looser, less constrictive alternative must be sought. The appropriateness of alternatives may be analyzed in relation to the nature of the use, its impact on the market, its customary treatment, and its contribution to the public domain. More limited uses should receive greater immunity, and redistributive uses should be more strictly controlled. As offline and online personal uses tend to be analogous or overlapping, definition of a personal use privilege, though driven by developments in cyberspace, will impact offline uses as well.

Small-circle consumption is most closely attuned to the personal use right currently recognized by personal use exemptions from copyright in other countries, though such provisions vary from allowing single copies for natural persons to allowing sharing in the household or among a small circle of friends.[178] The broader

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[177] Stefik & Silverman, *supra* note 163, at 11.

[178] As previously noted, France, Germany and Spain exempt from copyright only copies

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interpretation accords with the customary, pre-digital understanding of acceptable personal use in copyright. Most users expect, for example, that if they pay for a copy of software (whether downloaded or in physical copies), they are entitled to share the use of it with their families or to use it on both their desktop and their laptop computers.[179] If they download music or videos (or for that matter, buy a physical CD or videotape), they expect to be able to play it for family and friends. The courts and Congress have specifically approved a number of such uses.[180] These practices allow consumers to derive the benefit from the works they purchase without paying multiple charges for the same work.

Small-circle adaptive uses offer similar benefits. Consumers should be able to adapt works for their own use, compile them into customized collections, and share them with family and a small circle of friends. Such practices are commonplace, and attempts to foreclose them are likely to be disobeyed unless enforced by draconian technological protections. They do raise the issue of proper attribution. However, within a small circle of friends, users are likely to understand that an adaptation has been made which may alter the original. They cannot be heard to complain about defects in products which they receive free.

Privileging small-circle uses permits easy, unfettered exchange of ideas and information among relatively small groups of users.[181] It also supports the "sampling effect" which produces benefits for copyright industries, as well as advertising effects which benefit

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made for the use of the natural person making the copy, but provide no exemption for use by other members of the household. Belgium, Japan and Poland, on the other hand, extend the privilege to a broader circle of family and friends. GELLER & NIMMER, *supra* note 32.

[179] Note that many shrinkwrap licenses for software disallow use on more than one machine. See, for example, the license terms for Microsoft Word '97 (copy on file with author).

[180] Format-shifting and convenience uses like home videotaping and downloading music onto portable devices (spaceshifting) have been approved by the courts as acceptable fair uses. *See* Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984); Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072 (9th Cir. 1999). Audio home taping for personal use has been blessed under the Audio Home Recording Act, 17 U.S.C. § 1008 (1994).

[181] The "small circle" should not be limited to a specific number of acquaintances but should, rather, depend on the nature of the relationship. Personal friendships between people who know each other in real space would qualify; casual Internet contacts probably would not. While the distinction is not precise, it is one which most users should understand.

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holders of trademarks and publicity rights. Any adverse impact on the rightholder's market is relatively limited and must be weighed against benefits to the rightholder in terms of potential new sales, plus the benefit of ease of use for consumers and the consonance of such a privilege with customary practice. The balance tilts in favor of privileging personal uses in these categories.

Small-circle consumptive and adaptive uses in cyberspace primarily involve downloading, not uploading, of materials or transmittal of materials through email. As a general rule, those who download or retransmit material from the Internet to their personal friends should not be held liable for infringement.[182] Given the difficulty of tracking the provenance of materials appearing on the Web, downloaders should not be burdened with a duty to determine whether or not material is subject to IPRs. Enforcement efforts should, rather, target broader redistributive activities which have not yet been blessed, either by custom or law, as permissible uses and which allow users to act as mass distributors in direct competition with rightholders. Even redistributive uses, however, offer some benefits, and enforcement against them should be calibrated accordingly.

Of all personal uses, noncommercial, redistributive adaptations offer the greatest opportunities for cultural enrichment, through activities like parody, commentary, and elaboration on cultural themes and icons. Such activities come closest to copyright fair use and deserve protection to the extent that the original work is significantly altered to produce a new work. Some fine-tuning to determine what constitutes sufficiently transformative behavior may be required. But, in broad outline, noncommercial web sites, listservs, news groups, and similar electronic fora which offer parodies, commentary, or significantly modified works should receive protection under the personal use privilege.[183] However, redistributive adaptation challenges the rightholder's ability to maintain the integrity of its original work. Adaptations which

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[182] Such an exemption for downloaders has been proposed by William W. Fisher III. Fisher, *supra* note 9, at 1230.

[183] With respect to copyright, this interpretation obviously limits the scope of the rightholder's derivative works right, but only with respect to noncommercial adaptors.

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produce defects in products or which may offend consumers should not be laid at the rightholders' door, damaging its reputation. Adapters of protected materials should be required to include conspicuous disclaimers referring to the official rightholder(s) and linking out to the rightholders' site (if any) where the original work may be found.[184]

Redistributed consumption poses the greatest risk to rightholders' markets by allowing users to act as broad-scale, competitive distributors without the effort of enhancing the work. It may allow new artists to find an audience, but it does not directly create new expression. It does provide the benefits of sampling and advertising, which should make rightholders wary of eliminating it altogether through pay-per-use strategies. However, it should be more strictly controlled than other personal uses.

Individual, noncommercial web site (or listserv) operators who upload, or permit uploading of, complete, unaltered works to their sites for purposes of free redistribution should be subject to the usual penalties for infringement. In practice, this is most likely to mean that rightholders will continue to issue cease-and-desist letters, and site owners will either comply or face expensive litigation in which they may try, but will probably fail, to establish defenses. However, Congress might better address the proliferation of centralized, commercial services by imposing a royalty, similar to the royalties imposed in this country and elsewhere on recording devices and media.[185] If services like MP3.com or Napster offer downloading or filesharing services to individual users, they provide the equivalent of a recording "device" and should pay an appropriate

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[184] Fisher, *supra* note 9, at 1227.

[185] The Audio Home Recording Act, 17 U.S.C. §§ 1001-1010, establishes such a royalty system for digital audio recording. The 9th Circuit has held that the provisions of the Act do not apply where music is downloaded onto a computer's hard drive. A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1024 (9th Cir. 1999); Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072, 1078 (9th Cir. 1999). France, Germany, Italy and Spain all have special provisions governing home taping and imposing royalties on manufacturers and importers of taping devices, media, or both. *See* GELLER & NIMMER, *supra* note 32 (noting locations of copyright law information for France, Germany, Italy, and Spain). Japan provides specific royalty provisions for digital recording for private purposes. *Id.* § 8[2][a][i] (giving information for Japan). Such royalties are typically administered by collecting societies which redistribute them in fixed proportions to authors, performers, and distributors/producers. *Id.*

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royalty.[186] As with royalties on recording devices and media, legislation might authorize distribution of proceeds to creators, performers and producer/distributors in a fixed proportion. Sites complying with the royalty requirement could be certified. Rightholders, who already possess the advantage of owning larger selections of higher quality materials, would thereby gain an additional pricing advantage over competitors subject to royalty.

There are some disadvantages to such a system. It imposes administration costs which may be passed on to users or advertisers. It also does not address decentralized filesharing through distributed programs like Gnutella or Freenet which create free-floating user networks. However, the relative difficulty of using distributed programs, compared to the ease of using centralized services, may keep their usage limited.[187] Moreover, certified sites and services are likely to have a wider selection of material available for downloading, thereby attracting more users. They might also provide enhanced services such as indexing, commentary, or virus protection.[188] Rightholders might do well to encourage a royalty system as a means of enticing users to centralized channels where some return on the works can be garnered.

D. APPLYING THE NEW RULES

The personal use privilege, as defined thus far, would permit only noncommercial uses of protected works, but it would also place further restrictions on redistributive uses. The privilege would permit small-circle consumption and adaptation without restriction. It would protect broadly distributed adaptations only to the extent that they offered substantial extensions or alterations of the original source material and provided clear disclaimers and links to original sources. Broad redistribution of unaltered, protected works would receive no protection, and centralized facilitators of user sharing or downloading would be subject to a royalty. This privilege would cut

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[186] In light of the 9th Circuit holdings, *supra* note 185, excluding downloads of music files from coverage under the Audio Home Recording Act, Congress would be required either to amend the Act or to enact separate legislation.

[187] *See generally* Hartigan, *supra* note 17.

[188] I am indebted to Tom Bell for this suggestion.

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across all intellectual property disciplines but would co-exist with current doctrines, such as the fair use doctrine in copyright. Individual, noncommercial users could turn to the personal use privilege, while commercial or institutional users would continue to rely on fair use.

To return to fan sites as an illustration, the personal use privilege would not protect a noncommercial site which merely collects original works for downloading. However, a fan site which incorporates, for example, graphics or small samples of music into new environments or which offers new fiction based on the original characters would be protected as an adaptation.[189] Such a site should be immune from threats and litigation by rightholders based on copyright, trademark, or publicity rights claims. A site which offers both unaltered works and adaptations must receive the rightholder's permission to offer the unaltered works or face the usual array of copyright, trademark, and publicity rights claims with respect to those works. If a site sells any product or accepts any form of advertising, the privilege no longer applies, and the operator is subject to the usual rules of commercial engagement since the web site then becomes a direct commercial competitor of the rightholder.

As to other common uses noted above, the use of browser companions to comment on web sites would be privileged as a noncommercial, redistributed adaptation. Downloading or file-sharing through a central service would be subject to royalty. Distributed filesharing would remain subject to copyright infringement actions, though enforcement might be difficult. Noncommercial web sites devoted to product criticism or parodies would likely be privileged as redistributed adaptations. Sharing of software would be permitted within small circles. However, user web sites providing software for downloading would be subject to legal action, while centralized sites or services would be subjected to a royalty requirement.

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[189] Noncommercial users should be free to use partial audio or video clips, photographs, or artistic renderings of characters and logos, synopses of plots, commentaries on works, and compilations of facts about the works. Expressive, noncommercial uses of trademarks from favorite movies or television series should be permitted. None of these uses pose a threat to the rightholder's market as long as appropriate attribution is made.

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The personal use privilege defined above can be distilled into a relatively simple set of rules for both users and rightholders:

For users: "You may download and use works and may copy and share them with your family and your close personal friends either in physical copies or by email. You may not put them up on your web site, post them to a listserv or newsgroup, or transmit them by bulk email. You may adapt works for use by yourself or a small circle of friends, but you may not merely compile unaltered works and put them online for others to download. You may add to, enhance, take off on, and play with such works, and if you thereby create a substantial work of your own, you can put it on your web site. However, if you do so, you must provide a proper disclaimer and a link to the official site. You should engage in filesharing only on sites which have paid fair royalties to rightholders and are so certified. You may not sell anything or accept any advertising if you expect to have your activities protected."

For rightholders: "You may not issue threats or bring litigation against noncommercial users who share works with family and friends or even those who use their web sites to make fun of your work, comment on it, or run new and extravagant riffs on your characters and themes. You may, however, both prevent them from redistributing your unaltered works online and benefit from a royalty on services which facilitate such redistribution."

The creation of such a personal use privilege may have some adverse impact on the rightholder's markets. However, that impact will be limited by the benefits produced from sampling and advertising of works which are often distributed in other media, as well as over the Internet. If rightholders make properties exclusively available on the Internet, they can charge for initial access to the works, and the prohibition against redistribution of unaltered works should adequately protect their online market. The royalty provision will provide an additional source of revenue. While noncommercial sites may vie with commercial sites for browsers' attention, the rightholder will always have exclusive access to some properties for which consumers will be willing to pay. Overall, the impact on rightholders' returns is likely to be limited

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and is outweighed by the public interest in protecting consumer privacy and promoting free cultural exchange.[190]

Finally, because of the imbalance of power which frequently exists between individual users and corporate rightholders, it is necessary to assure that rightholders do not circumvent the privilege by technology, contract, or by the simple expedient of threatening lawsuits or exerting pressure on Internet service providers. The privilege should not be subject to disclaimer or waiver in mass market licenses issued by rightholders. Users may freely negotiate such waivers, but only in arms length transactions. The DMCA should not prevent exercise of the privilege, and users who circumvent protection systems for purposes of exercising the privilege should be exempt from the act's penalties.

With respect to web sites, accepted protocols concerning domain names and Uniform Resource Locators (URLs)[191] could establish a signaling system which would identify web sites as noncommercial. The Internet Corporation for Assigned Names and Numbers (ICANN), which regulates the domain system, recently approved the addition of new top level domains, including ".name" for registration by individuals.[192] If such a domain were reserved for noncommercial, individual users, it would function as a signaling device. Users registering in such a domain would thereby declare a noncommercial purpose and gain presumptive protection from intellectual property actions unless the plaintiff demonstrated that

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[190] The balance of incentive against public dissemination may shift over time as more works are initially released on the Internet. Jane Ginsburg observes that, as cyberspace becomes the primary market for creative works, the private copying market will become the central market for rightholders. *See* Ginsburg, *supra* note 31, at 1477. If so, some recalibrating of the balance between incentive and dissemination may eventually be required, perhaps by imposing standard serial copying maximums beyond which copies would degrade in quality.

[191] The domain name system is an addressing system that links numerical network addresses to mnemonic equivalents and allows the infrastructure to route users from site to site. *See* Friedman & Siebert, *supra* note 50, at 633-41 (explaining Internet address system and discussing oversight of domain names). The domains most widely used by private citizens are ".com" (commercial), ".edu" (educational) and ".org" (nonprofit organizations). URLs provide addresses for individual Web pages. The present domain name categories are oriented to businesses and other institutions. However, individual users may either own their own domain names or obtain access through institutional or commercial providers.

[192] *See* http://www.icann.org/tlds/ (last modified Apr. 26, 2001) (listing and defining uses for new domains).

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the user was, in fact, engaged in commercial activity. Users in such a domain would undoubtedly police it and report the presence of commercial users within the domain in order to protect their privileges. For users who purvey their web pages through commercial or institutional providers, a standard, noncommercial naming convention in the assignment of URLs would serve the same purpose. While such a signaling device may not preclude the occasional threat from overzealous corporate lawyers, it should, in conjunction with the personal use privilege defined above, prevent those threats from chilling user activities on the Internet.

VII. CONCLUSION

The Internet abolished the physical separation and technological limitations through which personal uses formerly escaped the enforcement efforts of intellectual property rightholders. The personal use privilege defined and delimited herein would recreate a zone of protection in which personal uses would continue to enrich social discourse and promote the growth of the new information economy. Such a course is far less intrusive on either individual privacy or the current economic process than strong protection though expanded IPRs, contract, and technology. It maintains a reasonable balance between rightholder incentives and public dissemination. The overwhelming influence of intellectual property stakeholders on the legislative process may make adoption of such a privilege unlikely. However, only by protecting the public's right to make noncommercial uses of creative and informational works can the utopian vision of the Internet as a true intellectual common be realized.

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