

# INTRODUCTION

*Jon O. Newman\**

The diversity of fascinating issues in the field of intellectual property is well illustrated by the collection of outstanding papers presented at the 2003 IPIL/Houston Conference in Santa Fe, New Mexico, on June 6, 2003. Sponsored by the Institute for Intellectual Property & Information Law of the University of Houston Law Center, the papers explored important aspects of copyright law and posed significant challenges for those interested in copyright specifically and public policy generally. The Houston Law Review has rendered an important service in collecting the papers in this issue.

1. *Rejecting “Misappropriation” in Intellectual Property Law.* Judge Richard A. Posner sets his powerful mental sights on a precise target: “misappropriation,” both as a narrow doctrine for deciding specific cases like *International News Service v. Associated Press*, 248 U.S. 215 (1918), and as a broad principle sometimes enlisted for rationalizing much of intellectual property law.

He makes a strong case that resort to the doctrine to decide specific cases is unnecessary because unsuccessful claimants were properly rejected and successful claimants could have prevailed with somewhat altered copyright doctrines. And he cogently challenges misappropriation as a rationalizing doctrine for intellectual property law, pointing out the consequential distinctions between unauthorized borrowing of physical items and unauthorized copying of the content of intangible works.

---

\* Judge, United States Court of Appeals for the Second Circuit. Judge Newman had been scheduled to serve as moderator for the Santa Fe Conference, but personal matters precluded fulfilling that assignment.

I take from his Essay a point I doubt he intended to make, or at least to illustrate: the limited utility of economic analysis for the decision of cases. Not surprisingly, Judge Posner grounds all of his arguments on economic analysis. We are invited to focus on the cost to the author of creating a work, the cost of making a copy, transactions costs, etc. For example, in order for the Judge to determine whether *INS* was decided correctly (he doubts it was), he would need to know “the cost of AP’s news gathering and the likely effect on AP’s revenues of competition from the Hearst newspapers.”

Are these the sorts of inquiry we want to pursue in our courtrooms to decide intellectual property cases? And how likely would we be to have confidence in our answers? No doubt the cost of AP’s news gathering could be quantified, but the pretrial and trial explorations would be extensive. And even allowing time for leisurely exploration, how would we determine the likely effect of competition on AP’s revenues? I do not doubt that experts would arrive to offer their opinions. But what would we really know after they left? Invoking my own limited grasp of economics, I question whether the costs of such inquiries are worth the benefits, except in areas of law, like antitrust, where such inquiries seem inevitable and the stakes are usually high enough to justify the effort.

But just as I am doubting that Judge Posner’s economics approach can provide answers for most legal disputes, I notice his own healthy skepticism. After questioning, on economic grounds, the patent law’s denial of the defense of independent creation, he ultimately agrees that the defense should not be allowed because of “the difficulty of determining independent discovery by the methods of litigation.” Three cheers! What has carried the day is not economics, but the realities of the litigation context.

Having set out to show that “misappropriation” is a doctrine of dubious worth, Judge Posner has identified what I believe is the major limitation of the law and economics approach—too often the factors necessary for economic analysis either cannot be quantified in a courtroom for requisite comparison or their approximation is too unreliable a basis for decision. (No doubt Judge Posner would remind me that recognition of the realities of the litigation context is itself an application of economics, albeit a rather rudimentary one.)

However, I do not doubt that economic analysis is a powerful tool for helping us to think about legal issues, dispel some long held fallacies, and point toward needed doctrinal refinements.

2. *Preservation.* Professor Laura Gasaway explores the problem of preserving copyrighted materials, a challenging issue before the cyber revolution, and an area of even greater difficulty now that so many copyrighted items are created in a digital format.

The dominant issue in all of copyright law is striking an appropriate balance between the maintenance of an adequate incentive for authors to create new works and the vital interest of the public in having adequate access to the works that are created—limited access via the fair use doctrine during the copyright term and general access once the work has entered the public domain. The vital task of preservation presents especially difficult issues in maintaining and perhaps adjusting that balance. One complicating factor is that the act of accomplishing preservation to assure the availability of the work after it enters the public domain might constitute infringement of the copyright during the copyright term.

The struggle to maintain a proper balance in the preservation context has not always been a fair fight. As Professor Gasaway points out, “The public’s interest has not been well presented or represented, although library, archives, and museum associations have tried to make the case for preservation because of its very importance to society.”

Her article carefully explores the provisions of the library exemption in § 108 of the 1976 Copyright Act and the special provision for reproduction by libraries in the last twenty years of a work’s term, added by the Copyright Term Extension Act (CTEA). Both provisions are helpful, but contain limitations that merit careful scrutiny and perhaps some modification. She also considers the special problems of preservation of digital materials.

This is a very useful illumination of a topic in need of more attention from scholars and formulators of public policy.

3. *Limiting Copyright Protection by the First Amendment.* Professor Alfred C. Yen decries the practice of judges (including me) to regard copyright doctrines as providing sufficient protection of First Amendment values. He contends that the First Amendment should be understood to permit the publication of some works that courts now consider a copyright infringement.

He complains of decisions upholding what he calls “aggressive copyright claims,” which turn out to be rejections of the fair use defense in circumstances where he thinks it should

have been upheld. Whether or not a few fair use cases have been incorrectly decided in favor of the copyright proprietor, the broader issues are: (1) how the line is to be drawn between prohibited and permitted copying, and (2) whether the constitutional standards of the First Amendment are better suited to assuring the appropriate level of permitted copying than the doctrines of copyright law.

On the first issue, Professor Yen comes dangerously close to suggesting that permitted copying is any use of a copyrighted work that provides added value. The enjoined defendants who, in his view, should have won, "have generally added meaningful work of their own." Indeed, he broadly argues, "Enforcing copyright against those who add expression of their own to borrowed material means silencing newly created speech." One might ask, "If the newly created speech should be heard, can't it be formulated without adding it to someone else's 'borrowed' copyrighted expression?"

Of course, no one can make free use of a patented invention simply by adding a clever refinement. Should added "speech" carry the day? I don't think Professor Yen really means to reject infringement claims whenever the defendant has added some speech, but, as a judge, I would welcome more help as to the criteria he has in mind for permitting more copying than current fair use doctrine allows.

Wherever the elusive line is to be drawn, why is it better to draw it with constitutional standards, rather than those of copyright law? Professor Yen suggests that copyright doctrines are inadequate to accommodate First Amendment requirements, in part because "the relevant doctrines do not even mention 'free speech.'" Yet nothing prevents judges from applying the flexible fair use doctrine with a healthy regard for First Amendment values, as some of us have tried to do. *See New Era Publications International, APS v. Henry Holt, Co.*, 884 F.2d 659, 662-64 (2d Cir. 1989) (Newman, J., dissenting from denial of rehearing in banc).

Indeed, those who urge resort to constitutional limits when statutory and doctrinal interpretation may suffice would do well to at least reckon with Judge Leval's recent critique of this approach in the field of trademark law. *See Pierre N. Leval, Trademark: Champion of Free Speech*, COLUM.-VLA J.L. & ARTS (forthcoming 2003) (Horace Manges Lecture).

Professor Yen finds comfort in *Eldred's* rejection of the D.C. Circuit's broad statement that copyrights are categorically immune from First Amendment challenges. He takes from

*Eldred* the message that claims to copyright protection will encounter First Amendment limitations whenever Congress endeavors to enlarge the “general contours” of copyright, at least in ways other than term extension. Whatever theoretical First Amendment protection that approach presages, I suspect that in practice it will often merely substitute for Professor Yen’s First Amendment inquiry a fuzzy analysis of whether the challenged legislation has enlarged the “general contours” of copyright. And courts viewing the challenged protection as tilting the copyright balance too far toward authors will likely construe the statute narrowly, rather than void it on constitutional grounds. Moreover, whatever *Eldred* signals for future analysis of congressional enlargement of copyright protection, I doubt that it will be enlisted, as Professor Yen suggests it should be, to alter the outcome of fair use cases that arise under the current statute.

4. *Broader First Amendment Arguments.* Professor Eugene Volokh usefully follows Professor Yen with a broad exploration of arguable First Amendment limitations not just on claims for copyright protection but also on claims grounded on trademark law and trade secrets law. He wisely cautions that copyright protections that prevail over the “speech” of infringers can too easily be invoked as analogies to justify upholding restrictions in fields far removed from copyright—for example, campaign finance.

But reprising Professor Yen, Professor Volokh wants the boundaries of copyright law policed by First Amendment limitations. “Speech that copies ideas or facts, or that is a fair use,” he asserts, “is constitutionally protected.” Why, I wonder, is it not enough simply to rule that such speech does not infringe the copyright? Part of the answer, he suggests, is that the First Amendment imposes procedural protections that copyright law of its own force might not demand. Perhaps it should.

Moving beyond copyright, Professor Volokh mounts a First Amendment attack on antidilution laws as applied to accurate presentations and on trade secret laws as applied to nonconspiratorial third-party disclosures. In the process, he offers very helpful insights on the moving target of commercial speech. In *Freedom of Speech and the Right of Publicity*, 40 HOUS. L. REV. (forthcoming 2003), Professor Volokh will follow this analysis with a discussion of right-of-publicity protections as applied to souvenir sculptures, T-shirts, and prints.

Professor Volokh also directs criticism at the label “transformative,” finding it an unacceptably imprecise way of

distinguishing permissible from impermissible copying (at least in the right-of-publicity context, though perhaps tolerable in the fair use context). I can agree that the term will not always be easy to apply, but I wonder if the cure of certainty using some other analytical model might not be worse than the disease. And, in First Amendment jurisprudence, where he finds comfort, are outcomes so predictable?

5. *Misuse of International Copyright Provisions.* Professor William Patry joins the chorus decrying the extra twenty years of protection provided by the CTEA and upheld against constitutional challenge by the Supreme Court in *Eldred v. Ashcroft*, 123 S. Ct. 769 (2003). But, as usual, this insightful copyright scholar makes a distinctive attack—challenging not just the merits of the extension but the way that international copyright provisions were selectively enlisted as justification.

As one of the few copyright scholars with experience inside governmental processes (he served as copyright counsel to the House Judiciary Committee), Professor Patry brings a valuable perspective to an assessment of how copyright issues are handled and mishandled in the legislative mills.

No doubt those pursuing their narrow legislative objectives will continue to extract support from any treaties or conventions that are helpful to their cause, but those with broad public policy concerns will do well to heed Professor Patry's caution.

6. *Consequences of Berne for the Third World.* Professor Alan Story contributes a wonderfully provocative piece on the adverse effects of the Berne Convention for the peoples of Third World nations, which he prefers to call "countries of the South." He mounts a powerful argument against the comfortable assumption of the industrial nations that what is good for their copyright proprietors is good for the world. And he decries the scholars' preoccupation with intriguing but ultimately trivial issues like e-book protection while ignoring the more basic issue that millions of people cannot get access to their first book in any form.

Boldly challenging the "national treatment" premise of Berne, he argues that the copyright balance struck by the industrialized nations is entirely unfair to most of the world's population, unduly limiting their access to knowledge and harming their economic interests. Among his disturbing examples is the inability of medical personnel in Southern Africa to distribute copyrighted materials on methods of avoiding AIDS

2003]

*INTRODUCTION*

619

infection and treating its symptoms.

Whether Berne should be abandoned, as he urges, or substantially modified, his reexamination of the traditional copyright balance in the world context deserves a wide and respectful audience.

\* \* \* \* \*

These symposium articles are not merely food for thought about intellectual property; they provide a sumptuous feast.