

*Case No. 04-17434*

**UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT**

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BREWSTER KAHLE, INTERNET ARCHIVE,  
RICHARD PRELINGER,  
and PRELINGER ASSOCIATES, INC.,

Appellants/Plaintiffs,

v.

JOHN ASHCROFT,

Appellee/Defendant.

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**On Appeal from a Decision of the  
United States District Court  
N.D. Cal. Case No. C04-1127 MC**

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**APPELLANTS' AMENDED OPENING BRIEF**

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**ORAL ARGUMENT REQUESTED**

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**CORPORATE DISCLOSURE STATEMENT**

Pursuant to Federal Rule of Appellate Procedure 26.1, plaintiffs certify that they do not have a parent corporation, nor do any publicly held corporations own 10% or more of their stock.

Dated: January 31, 2005

Respectfully submitted,

/s/

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Jennifer Stisa Granick  
Attorney for Appellants/Plaintiffs

## **JURISDICTION**

This is an action for declaratory relief pursuant to 28 U.S.C. § 2201, seeking the invalidation of two federal statutes as they are applied to a specified range of copyrights. The District Court had subject matter jurisdiction under 28 U.S.C. §§ 1331, 1361 and 2201, because this declaratory judgment action challenges the constitutionality of federal statutes. There is personal jurisdiction over defendant Ashcroft. Venue is properly laid in this District under 28 U.S.C. § 1391(e). By an order dated November 19, 2004, the District Court granted Defendant's motion to dismiss, and entered final judgment on November 30, 2004, dismissing plaintiffs' Amended Complaint in its entirety with prejudice. Plaintiffs filed a timely notice of appeal pursuant to Fed. R. App. P. 3 and 4 on December 7, 2004. This Court has appellate jurisdiction pursuant to 28 U.S.C. § 1291.

## **ISSUES ON APPEAL**

1. Whether the change from an "opt-in" to an "opt-out" system of copyright alters a "traditional contour[] of copyright," requiring "further First Amendment scrutiny" under the standard established in *Eldred v. Ashcroft*, 537 U.S. 186, 123 S. Ct. 769 (2003).

2. Whether the current term of copyright is so long as to be effectively perpetual.
3. Whether a statute that extends copyright terms that have not, and will not, pass through a filter of renewal violates the “limited Times” condition of Article I, sec. 8, cl. 8 (“the Progress Clause”).

## **INTRODUCTION**

Copyright is an exclusive right secured to authors of creative work pursuant to statutes enacted by Congress under Article I, sec. 8, cl. 8 of the Constitution (“the Progress Clause”). Its purpose is to provide an economic benefit to authors, so as to produce the incentives necessary to create and disseminate new work. As the Supreme Court described in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 558, 105 S. Ct. 2218, 2229 (1985) (emphasis added), “[b]y establishing a marketable right to the use of one’s expression, copyright supplies the *economic incentive* to create and disseminate ideas.” Its “philosophy,” the Court explained in *Mazer v. Stein*, 347 U.S. 201, 219, 74 S.Ct. 460, 471 (1954) (emphasis added), is “that encouragement of individual effort by *personal gain* is the best way to advance public welfare ....” “Encouragement” is secured through an exclusive right; economic benefit follows that “encouragement.”

Yet although economics is at the core of copyright's purpose, only a tiny proportion of creative work is produced for economic gain in a manner that depends upon this exclusive right. And only a tiny proportion of the work that depends upon this exclusive right continues to have any commercial life after a very short time. The economic incentive produced by an exclusive right may well be central to the purpose of copyright, but it is an exception in the world of creative work.

For most of our history, copyright law took account of these undeniable facts. The law was designed to narrow the burden of copyright regulation to those works that needed, or could benefit from, the exclusive right of copyright. For 186 years of our history, copyright was a conditional, or "opt-in" regime of protection. Only those authors taking affirmative steps to secure the protection of copyright could rely upon that regulation once their work was published. The balance of published work — not opting for the benefit of copyright — passed immediately into the public domain. And even the vast majority of published work that had secured the benefits of an initial term of protection passed into the public domain after that initial term — presumably because the expected return from renewing the copyright term wasn't worth the cost.

Beginning in 1976, however, Congress has transformed this tradition. Despite the fact that the majority of creative work never enters any commercial marketplace, Congress has extended federal copyright to cover all work, regardless of use. And although history suggests that the vast majority of commercially valuable work needed only a very short term of exclusive protection, Congress has granted all creative work the same, astonishingly long, copyright term. The law today is blind to economic motive: it secures an exclusive right automatically, for a term of almost a century, for any creative work reduced to a tangible form, regardless of whether the right serves any economic or commercial incentives at all. Congress has thus transformed a conditional, opt-in regime to an unconditional, opt-out regime of protection. In so doing, it has untethered the copyright monopoly from its underlying purpose: the “economic incentive to create and disseminate ideas.” *Harper*, 471 U.S. at 558, 105 S. Ct. at 2229.

The motive behind this change from an opt-in to an opt-out regime was in part to reduce the burden of copyright law on those authors who rely upon an exclusive right for commercial purposes. “Formalities” often hindered authors who sought copyright protection; inadvertent failures to comply with formalities resulted in the forfeiture of copyright completely.

Automatic copyright was designed to reduce those burdens, and to bring America closer to the European tradition of copyright. And because the high cost of copying and distribution, at least as the world existed in 1976, meant that the feasible opportunities of others to reuse creative work no longer commercially available was slight, the burden of these changes on free expression was slight as well.

But in light of the fundamental change of digital technology, which has exploded the opportunities to reuse creative work for both commercial and noncommercial purposes, the burdens of the change to an opt-out system of copyright regulation are now of constitutional significance. Though Congress's initial purpose may well have been benign, the effect of its regulation has been to burden a vast proportion of creative work that has no continuing commercial value at all with a system of speech regulation that effectively blocks noncommercial reuse. The freedom to cultivate and spread our culture, enabled by these technological changes, is now significantly restricted by unnecessary legal regulation.

Plaintiffs seek to challenge these changes in copyright regulation under a standard of review first articulated by the Supreme Court in *Eldred v. Ashcroft*, 537 U.S. 186, 123 S. Ct. 769 (2003). As both the District Court and government below recognized, *Eldred* establishes a standard of First

Amendment review that is triggered by significant changes to copyright law’s “tradition[.]” Under this standard, changes in the “traditional contours of copyright,” 537 U.S. at 221, 123 S. Ct. at 790, are subject to First Amendment review.

The principal question raised by this appeal is whether this change from an opt-in to an opt-out system of copyright qualifies as a change in a “traditional contour[] of copyright.” The government below argued that it is not, because, as it claimed, *Eldred* intended “traditional contour[] of copyright” to refer to just two aspects of copyright’s tradition — the fair use doctrine and the idea/expression distinction. The District Court rejected the government’s argument. But because the District Court believed that “mere ‘formalities’” could never rise to the level of a “traditional contour[] of copyright,” District Court Opinion at 25 (Excerpts of Record, hereinafter “ER” p. 59), the Court dismissed plaintiffs’ case without granting plaintiffs the opportunity to demonstrate the significance of this change to fundamental First Amendment values.

This was error. There could be but few changes in American copyright law that would prove to be as fundamental to the “traditional contours of copyright” as the change from an opt-in to an opt-out copyright regime. On any metric, the effect of this change on the opportunity to

cultivate and spread our culture is profound. If plaintiffs’ factual claims are correct, then this is precisely the type of change that the Supreme Court reserved judgment on in *Eldred*. It was therefore a mistake for the District Court to dismiss plaintiffs’ case for failure to state a claim.

### **STATEMENT OF THE CASE**

Plaintiffs’ Amended Complaint raised four counts, one grounded in the First Amendment, and three arising from the Progress Clause.

Count I alleged that the change from an opt-in to an opt-out copyright system was the change of a “traditional contour[] of copyright,” requiring First Amendment Review under *Eldred*, 537 U.S. at 221, 123 S. Ct. at 790. Compl. ¶¶ 81-92 (ER pp. 20-22). Counts II and IV alleged that the current term of copyright violates the “limited Times” requirement of the Progress Clause. Compl. ¶¶ 91-104, 114-119 (ER pp. 22-23, 25-26). Count III alleged the change from an opt-in to opt-out copyright system violated the “promote the Progress of Science” requirement of the Progress Clause. Compl. ¶¶ 105-113 (ER pp. 24-25).

The District Court dismissed all four counts. With respect to Count I, while the Court accepted plaintiffs’ claim that changes in “traditional contours of copyright” would merit “further First Amendment scrutiny,” and rejected the government’s claim that the fair use doctrine and the

idea/expression distinction are the only two “traditional contours,” the District Court refused to permit plaintiffs an opportunity to demonstrate the significance of the change from an opt-in to opt-out copyright regime. “Mere ‘formalities,’” the Court held, were not “traditional contours of copyright.” District Court Opinion at 25 (ER p. 59).

With respect to Counts II and IV, the District Court dismissed the claims on the basis of *Eldred*. District Court Opinion at 10-12 (ER pp. 44-46). The Court also dismissed Count III, finding the “promote the Progress of Science” requirement satisfied under a rational basis analysis. District Court Opinion at 23 (ER p. 57).

On December 7, 2004, plaintiffs appealed the District Court’s judgment. Plaintiffs seek reversal with respect to Counts I, II and IV of the Amended Complaint. Plaintiffs do not challenge the District Court’s conclusion with respect to Count III.

### **STATEMENT OF FACTS**

Two fundamental changes — one technological, one legal — give rise to this case. The technological change is the emergence of digital technologies and the Internet. The legal change is the shift from a conditional, “opt-in” copyright regime, to an unconditional, “opt-out” regime of copyright. The technological change has radically increased the

opportunities to cultivate and spread our culture. The legal change has radically increased the regulatory burden on those who would use these technologies to cultivate and spread that part of our culture no longer commercially available, yet presumptively remaining under copyright. But for the technological change, the changes in law may well not have mattered. But given the technological change, the burden of these changes in speech regulation now present a constitutional question. The law now unnecessarily “orphans” a significant part of our cultural past, despite the opportunity to spread and cultivate that culture offered by digital technology and the Internet.

Plaintiffs use digital technologies to cultivate and spread creative work. Plaintiff Brewster Kahle and the Internet Archive have built an “Internet library,” with the purpose of offering permanent and free access for researchers, historians, and scholars to works — including audio, books, films, websites, and software — that exist in digital form. Compl. ¶ 3 (ER p. 4). Working with others, the Archive intends to provide access to a large number of “orphan” works, meaning work that remains under copyright, but that is currently out of print, and generally unavailable.

Plaintiff Richard Prelinger, and the Prelinger Archives, collect “ephemeral” (advertising, education, industrial and amateur) films. Compl. ¶

5 (ER pp. 4-5). Though the Prelinger Archive sells stock footage of these films, it makes digital versions of many available for free across the internet. The collection currently contains over 10% of the total production of ephemeral films between 1927 and 1987. *Id.*

Thus plaintiffs depend upon digital technologies for their work. But to see the effect of the interaction of these changes in both law and technology, the changes in each must be more fully described.

### ***I. Changes in Technology***

Digital technologies have profoundly changed the nature and economics of creativity and the preservation and distribution of creativity. Compl. ¶ 10 (ER p. 6). By providing a common “digital platform,” they have radically lowered the cost of creating, transforming, and preserving creative work. *Id.* at ¶ 11 (ER p. 6). By providing a common network platform, they have radically lowered the cost of distributing creative work.

Plaintiffs rely upon the advantages from both changes. Plaintiff Brewster Kahle’s nonprofit foundation, plaintiff Internet Archive, for example, makes available over 300 terabytes of content – more than 10 times as much data as all the text contained in the Library of Congress. Compl. ¶ 13 (ER pp. 6-7). The archive has over 30 billion Web pages, archived from the beginning of 1996. *Id.* It hosts over 33,705 audio, video,

and text-based works, available for free download from its site. *Id.* The Internet Archive also hosts 3,173 moving images, ranging from graduate-level mathematics lectures to independent news and ephemeral films. *Id.* The archive's texts collection contains 21,633 public domain works, including the first 10,551 books digitized pursuant to a "Million Book" project. *Id.* Users have contributed more than 7,643 live concert recordings, 1,043 studio recordings, and 213 radio programs to the audio collection. *Id.* The cost of storing this content is less than \$1 million per year. And because the cost of digital storage continues to fall dramatically, the cost of storing a terabyte of data continues to decline each year. *Id.*

Efficiencies in storage are leveraged by efficiencies in connectivity. This is the consequence of the Internet, which has dramatically lowered the cost of sharing digital content. The "Internet" is a network of networks, built upon a free inter-networking protocol (TCP/IP). Compl. ¶ 16 (ER p. 7). That suite of protocols enables a diverse range of technology to interconnect — from cell phones to satellites. Compl. ¶¶ 17-19 (ER p. 7). This facility, tied to falling bandwidth costs, has dramatically lowered the costs of distributing creative content. Emerging peer-to-peer technologies promise to effectively eliminate many of the remaining costs as well. Plaintiff Prelinger Archives, for example, has made 1,620 motion pictures available on-line, through the

Internet Archive. These works are available for free viewing, or can be downloaded for a variety of purposes, including for transformative use of portions of a motion picture in a derivative work. Since January 2, 2001, there have been over 1.5 million downloads from the Prelinger Archives, and many of these downloads have been for the purpose of transformative uses. Compl. ¶ 24 (ER pp. 8-9). The costs of this distribution are a tiny fraction of the costs of non-Internet distribution. Neither the Prelinger Archive, nor the Internet Archive, could exist without the efficiencies of digital technologies, including the Internet.

These technological changes have produced two competing effects.

1. The first, and more obvious effect, is the extraordinary growth in opportunities for creative and informative speech. Digital technologies have expanded commercial opportunities to distribute and create new work. More significantly, they have expanded noncommercial opportunities as well.

Some of these new commercial ventures merely extend commercial models of the pre-Internet age to the Internet. Apple iTunes Music Store, for example, sells songs across the Internet for 99 cents. This business merely continues the pre-Internet practice of relying upon the exclusive right to

control the copying and distribution of expression to secure commercial gain to artists, and publishers.

But some of these new commercial ventures build value from creative work indirectly. These ventures don't depend upon an exclusive right to creative work for their success. They do depend, however, upon wide access to creative work. Google, for example, has recently launched a project to scan and make available 20 million books. *See* David Vise, *Google to Digitize Some Library Collections*, WASHINGTON POST E5 (December 14, 2004). The vast majority of these works are in the public domain. Google's business model depends upon the indirect benefit from making vast quantities of information freely available. That opportunity grows as access to underlying content is expanded.

The most dramatic changes in creative potential occasioned by digital technologies, however, are noncommercial. Projects such as Wikipedia, <<http://www.wikipedia.org>>, for example, build upon inter-linking and networking technologies to craft the largest and most comprehensive encyclopedia in history, all through voluntary collaboration by authors. This work links to, and draws upon other creative work. But amateur (in the sense of unpaid) editors help guide this collaborative editing to the creation of something new.

And perhaps the most recent prominent example is the explosion of amateur journalism in the form of weblogs. More than 5,000,000 weblogs are now indexed at Technorati.com. These “blogs” have exploded the pamphlet journalism that our Framers imagined, linking texts directly to the arguments that they seek to rebut or support, and supplementing political and social discourse with facts and graphical illustration that contributes substantially to political and social speech.

The differences in these modes of creativity, both commercial and noncommercial, enabled by digital technology make salient a point often overlooked: That while the exclusive right of copyright certainly benefits activities for some of these business models (for example, again, the iTunes Music Store), an overly broad or cumbersome exclusive right can harm other commercial and noncommercial speech-related activities. Google, for example, would certainly benefit from being able to include “orphaned works” within its archive. And Wikipedia and blogs would certainly benefit from a wider opportunity to include references or examples of a wider range of culture and our recent past. The choice to strengthen or expand the exclusive right of copyright thus also a choice to burden these other forms of speech as well.

2. These changes in digital technology have had a second, less noticed, effect caused by the unintended interaction between the architecture of digital technology and the architecture of copyright law.

The core of copyright law is the regulation of “copies.” Uses of creative works that do not produce a copy are, with limited exceptions, outside the reach of copyright law. Thus, to read a book does not require the permission of the copyright owner, since reading a book does not produce a copy. To collect a selection of books does not require permission from the range of copyright owners, since collections do not produce copies. Selling a book does not require the permission of the copyright owner, since selling a book does not produce a copy. All these ordinary uses of creative work are free of copyright regulation, even if the underlying work remains under copyright. Compl. ¶ 75 (ER p. 18).

This feature of copyright law is dramatically altered within digital networks. For every “use” of a creative work in a digital network produces a “copy.” And hence, except for “fair uses,” every use of a creative work in a digital network presumptively requires the permission of a copyright owner. Thus, reading an eBook on a computer requires a license from the copyright owner, since reading an electronic book produces a copy. Hosting a collective of works within a digital archive requires licenses from any

copyright owners, since that collection is only produced by copying the original work. And even selling a digital copy of a copyrighted work presumptively requires permission of the copyright owner, since the transfer itself produces a copy. The interaction of digital architecture with the architecture of existing copyright radically expands the reach of copyright's regulation. Compl. ¶ 75 (ER p. 18).

## ***II. Changes in Law***

At the same time that technology has changed, the effective regulatory burdens of copyright law have changed as well. These changes have, in the main, been motivated by the aim to benefit commercial activities that depend upon the exclusive right of copyright. But the unintended consequence of the manner in which these changes have been effected is to burden dramatically other forms of creative expression and the spread of knowledge. Compl. ¶ 27 (ER p. 9).

### **A. The History of Copyright Regulation**

America has had two distinct systems of copyright regulation since the founding. The first, established in 1790 and in effect until 1978, was an opt-in system of regulation. The second, effected through a series of statutory changes beginning in 1976, and continuing through today, is an opt-out system of regulation.

While the details of our opt-in copyright regime have changed slightly over our history, the general form was stable until 1976. To secure copyright protection, an author had to (1) register his work, (2) give notice that copyright protection was asserted, and (3) renew the copyright after an initial term of protection. These steps together signaled the desire of the author to secure the protection of copyright. They together perfected the protection that copyright secured. For 186 years of our history, unless an author or his assigns took these affirmative steps, his work would either enter the public domain upon publication, or upon the expiration of its initial term.<sup>1</sup> Compl. ¶¶ 36-40 (ER p. 11).

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<sup>1</sup> First, the 1790 Act conditioned protection on the author’s registration of his work with the clerk’s office of the District Court where the author resided. Act of May 31, 1790, 1 Stat. 124, §3 (“1790 Act”).

Second, within two months thereafter, the author was required to give notice of his copyright by publishing proof of registration in a newspaper for at least four weeks. *Id.* In 1802, in an enactment described as “supplementary” to the 1790 Act, Congress required, in addition to newspaper notice, that any author seeking to obtain copyright “give information” by marking each copy of his work with a prescribed copyright notice. Act of Apr. 29, 1802, ch. 36, 2 Stat. 171 (1802).

Third, a surviving author was permitted to renew the copyright for an additional fourteen years. Renewal required the author to reregister the copyright and to publish proof of reregistration in a newspaper. Both actions were required to be taken within the final six months of the first term. 1790 Act, § 1.

This system had an obvious, and significant, free speech benefit. By requiring affirmative steps to secure the benefit of copyright, the system automatically narrowed the scope of this inevitably speech restricting regulation. Over 50% of published work was never initially registered for

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This emphasis on formalities established in the Founders’ copyright statutes stayed almost entirely intact through the revisions of the copyright law enacted in 1831 and 1909. *See* Act of Feb. 3, 1831, ch. 16, 4 Stat. 436 (1831) (“1831 Act”), Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075 (1909) (repealed 1976) (“1909 Act”). The 1831 Act extended the initial term of copyright to twenty-eight years, *see* 1831 Act, § 16, but kept the registration, deposit, and notice requirements of the 1790 Act, *id.*, §§ 3-5, as well as the requirement that copyright owners renew their copyrights to secure the benefits of a second term. *Id.*, § 2.

Like the 1831 Act, the 1909 Act retained the registration, notice, and renewal requirements—though it lengthened the renewal term from fourteen to twenty-eight years and softened the registration requirement somewhat. *See* 1909 Act, §§ 1, 19-21, 24. The 1909 Act allowed protection to attach upon “publication of the work with the notice of copyright.” *Id.* at § 12. Following publication, however, the Act required that the author “promptly” deposit copies of the work with the Copyright Office, and authors were required to submit an application for registration along with the deposit. <sup>2</sup> NIMMER & NIMMER, § 7.16[A][2][b].

Rights-holders were barred from bringing a lawsuit for infringement of the copyright until they had complied with the registration and deposit formalities. *Id.* at § 12. In addition, the Register of Copyrights was authorized to make a demand for deposit; failure to promptly comply (within three months from any part of the United States except for “outlying territorial possessions,” and within six months from anywhere else) would result in fines and the voiding of the copyright. *Id.* at § 13.

And there copyright came to rest, until its major revision—and the beginning of the move from conditional to unconditional copyright—in 1976.

copyright protection. See Christopher Sprigman, *Reform(aliz)ing Copyright*, 57 Stanford L. Rev. 485, 503-5132 (forthcoming, 2005). And depending upon the nature of the work (whether, for example, film, books, or music), between 85% and 90% of the works initially registered never sought the benefits of a second term of protection. Compl. ¶ 42 (ER p. 12). See William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law* 236 (2003). Under this opt-in system, until 1976, the average term of copyright in America was never more than 34.1 years. Compl. ¶ 43 (ER p. 12). The expected term (discounting the average term by the likelihood a work was copyrighted) was never greater than 17 years.

An opt-out system turns this tradition on its head. Rather than requiring that a creator take affirmative steps to secure copyright protection, protection is automatic, whether needed or not. (The doodle on your memo pad is protected by a federal copyright, automatically, for a term approaching a century — though no one would assert that the economic incentive of an exclusive right was necessary to produce the incentive to create that doodle.) Thus, even though the vast majority of creative work needs no exclusive right for the copyright-related purposes identified by the Supreme Court — since the vast majority of published work is not commercially exploited through an exclusive right — effective in 1978, U.S.

copyright law granted authors federal copyright protection to all creative work reduced to a tangible form automatically. Compl. ¶¶ 47, 48 (ER p. 13). The author no longer needs to register or mark his work to secure this protection. *Id.* And the work is granted a full term of protection automatically without any requirement of renewal. In principle, the author could waive this protection by dedicating a work to the public domain.<sup>2</sup> But unless such a waiver is made, the creative work remains regulated by copyright law.

The effect of these changes is that all work created after 1977 is protected by a federal copyright automatically, rather than the less than 50% that was protected before. And all work created after 1977 is protected for the full term of copyright, rather than the 10%-20% that was protected for the full term before this change. Thus, the average term of copyright for works authored after 1977 has now tripled in just thirty years (from 34.1 to 95 years for corporate works), and the effective term has increased by a factor of six (17 to 95 years). Compl. ¶¶ 52-54 pp. 13-14).

The burden of this automatic copyright regulation on the spread and cultivation of culture is significant. So long as a work remains under

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<sup>2</sup> Indeed, it is not even clear that one can opt-out of copyright. See Diane Leenheer Zimmerman, *Authorship Without Ownership: Reconsidering Incentives in a Digital Age*, 52 DEPAUL L. REV. 1121, 1149 (2003).

copyright, subsequent use within the scope of the exclusive rights secured by copyright requires the permission of the copyright owner. Yet given the growing length of the copyright term, and the lack of reliable records of ownership, the process of identifying whether a work remains under copyright, and then identifying who the current owner is, is extremely costly. See William F. Patry & Richard A. Posner, *Fair Use and Statutory Reform in the Wake of Eldred*, 92 CALIF. L. REV. \_\_\_\_ (forthcoming, 2004).|

To illustrate this point, consider books published in a single year in the United States. In 1930 there were 10,027 books published. In 2001, only 174 of those books were still in print. Brief of Amici Curiae Internet Archive et al., *Eldred v. Ashcroft*, 537 U.S. 186 (2003), at pp. 12-13 (attached at Addendum). That means 9,853 books from this single year are out of print. Yet because published after 1923, all of these books remain within the scope of copyright protection.

If a digital archive such as plaintiff Internet Archive sought to make those out-of-print books available on the Internet, it would need the permission of the copyright owners of each work. (Electronic access, even if copies were not distributed, would infringe an exclusive right of copyright.) The archive would therefore first have to determine which of the 9,853 were still under copyright. That is determined by verifying which of the 9,853

books had its copyright renewed. The archive would then have to locate the current copyright holders for those works whose copyright was renewed. This part of the process could well be impossible. There is no list of current copyright owners. Nor is there any requirement that transfers be recorded. *See* 17 U.S.C. § 205.

Thus, for an archive to comply with the law, it would either have to expend an extraordinary effort identifying owners of property long since forgotten, or it would have to abandon the project of making this work accessible.

This illustration is just a single example of the burdens for just one year. The burdens only increase for later years. Works first published in 1930 had to comply with the requirements of an opt-in copyright regime to secure the benefit of copyright protection. Authors of such works thus had to publish the work and mark each copy with a copyright symbol, and then renew the copyright 28 years after publication. To determine which books are currently under copyright (in the United States, at least), an archive need only look to the list of renewals for work published in 1930. If the work was not renewed, it is no longer under copyright. If it was renewed, then the only remaining question is whether it was properly marked. Approximately 10% of works published in 1930 were actually renewed. William M. Landes &

Richard A. Posner, *The Economic Structure of Intellectual Property Law*  
236 (2003).

This process becomes substantially more burdensome after 1964. Because of the Copyright Renewal Act of 1992 (“CRA”), all work published after 1963 is exempted from the renewal requirement. Copyright Renewal Act of 1992, Pub. L. No. 102-307, 106 Stat. 266 (1992). Thus, to determine the works published after 1963 that remain under copyright, an archive would have to consult the original registrations. All works registered remain under copyright, even though close to 90% would not have had their term renewed but for the CRA.

Tracing ownership for work published in 1930 and 1964, however, is infinitely easier than tracing ownership for work published in 1978 — at least if that work is no longer commercially exploited. For before 1978, at some point in the history of the copyright, the copyright owner had to register the work (either initially or at renewal). However outdated, that registry was an initial and crucial filter, separating protected from public domain works. After 1977, however, no registration is required. Copyright extends automatically to every creative work reduced to a tangible form. Thus, to clear rights for works created after 1977, an archive would have to determine the ownership of works that have never been registered, and that

have no requirement of marking or notice. Thus, under the system that exists after 1977, it is only commercially available work that can be reasonably acquired and spread — since commercial availability presumptively points to the copyright owner. The balance of creative work — and the vast majority of creative work — remains locked up by legal regulation. Compl. ¶¶ 64-69 (ER pp. 15-17).

These burdens from the increased transaction and tracing costs have only been exacerbated by increases in copyright terms. And the effect of increasing copyright terms has been multiplied by the abolition of any renewal requirement. Thus, while Congress has historically extended the term of subsisting copyrights — in particular, in 1831, 1909, and 1976 — each extension historically has been for subsisting works that had been, or would be, filtered by the renewal requirement. Thus, the Act of 1831 extended the initial term of subsisting copyrights from 14 to 28 years, but within a regime that required copyright owners to renew their copyright to secure the benefits of the maximum term of 42 years. Compl. ¶ 56 (ER p. 14). The Act of 1909 likewise extended the renewal term of subsisting copyrights, but the act expressly limited its effect to works that had been renewed. Compl. ¶ 57 (ER p. 14). And finally, the Copyright Act of 1976 extended the term of subsisting copyrights, but again, only works that were

renewed would receive the benefit of the maximum term. Compl. ¶ 58 (ER p. 14).

The extension of the CTEA changes this historical practice. The CTEA is the first extension of subsisting terms in our history that extends the terms for works that have not, or will have not, passed through the filter of renewal. Compl. ¶¶ 59-63 (ER pp. 14-15).

### **B. Effect of These Changes on Access to Creative Work**

Three changes in the law are directly relevant to this appeal. They are:

1. The elimination of mandatory formalities for work created after 1977, and the notice requirement for works created after 1988.<sup>3</sup> Copyright Act of 1976, 17 USC § 301 *et seq.* (“1976 Act”); Berne Convention Implementation Act, Pub. L. No. 100-568, 102 Stat. 2853-2861 (“BCIA”).

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<sup>3</sup> Congress has not eliminated formalities from the copyright system completely, however. It has retained a system of voluntary formalities for all other copyrighted work that continues to be relevant primarily to commercially exploited work. *See* 17 U.S.C. §§ 401(d), 410-412. Thus, under the system of voluntary formalities, authors are still permitted to register their work, and many still mark their work with the copyright symbol. But neither is required to secure copyright protection. The only requirements are that a work be registered before an infringement action can be commenced, 17 U.S.C. § 411, and that statutory damages are unavailable unless the work is registered within an appropriate window around the time the infringement occurs. 17 U.S.C. § 412.

2. The elimination of the renewal requirement for work published after 1963, and created before 1978. Copyright Renewal Act of 1992, Pub. L. No. 102-307, 106 Stat. 266 (1992).
3. The extension of terms for works that have not, nor would ever be, filtered by the requirement of renewal. Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998).

These changes have different consequences for commercially exploited versus commercially unexploited works. Compl. ¶¶ 64-69 (ER pp. 15-17).

For work that is commercially exploited, the extension of copyright terms is an unambiguous benefit to the copyright owners. The elimination of mandatory formalities, however, provides a much less certain benefit. No doubt, automatic protection guarantees that the copyright is not inadvertently forfeited. But as the most significant protections of the copyright system depend largely upon voluntary formalities, most commercially exploited work continues to bear the burden of registration. Likewise, commercial copyright owners continue to register work because any suit based upon the copyright infringement of a work must prove the work has been registered.

Those who benefit commercially from copyright thus still bear the burden of copyright formalities.

For commercially unavailable work, however, the consequences are very different. In the absence of commercial exploitation, it is extremely difficult to locate copyright owners to clear rights for subsequent use, or even to identify whether work continues to be protected by copyright. Extended terms and the absence of any required formalities put all works under a legal cloud. Regulation thus blocks access to this work, without serving any legitimate copyright-related economic interest.

These technological and legal changes thus push in different directions. The consequence of the technological change is to decrease the costs of securing access to both commercially available and commercially unavailable content. The consequence of the legal change is to increase the regulatory costs of securing access to commercially unavailable content. The technological change thus expands speech opportunities; the legal change restricts it. The question presented in this case is whether in light of the technological change enabling a wider freedom to speak, legal changes that restrict the freedom to speak must be evaluated under heightened scrutiny. Compl. ¶¶ 73-80 (ER pp. 18-20).

### ***III. Statutory Changes at Issue***

While the effect of these changes together reach all subsisting copyrights in some way, for purposes of this action, plaintiffs have narrowed their challenge under Counts I and IV of the Amended Complaint to works published after 1963 and before 1978. Compl. ¶ 90 (ER pp. 21-22). Two statutes are thus implicated: (1) the Copyright Renewal Act of 1992, Pub. L. No. 102-307, 106 Stat. 266 (“CRA”), and (2) the Sonny Bono Copyright Term Extension Act of 1998, Pub. L. No. 105-298, 112 Stat. 2827 (“CTEA”).

The CRA automatically renewed the terms of subsisting copyrights secured after 1963 and before 1978. From historical data, we know that no more than 10%-15% of that work would have had its term renewed. William M. Landes & Richard A. Posner, *The Economic Structure of Intellectual Property Law* 236 (2003). The CRA thus extends the term of over 85% to 90% of work for which there presumptively was no continuing commercial interest. The objective of the CRA was to reduce the burden on the 10%-15% of copyright owners who would renew their term. See, e.g., H.R. REP. 94-1476, P.133-134 P. 5749-50, para 5. Plaintiffs submit that in pursuing that objective, Congress has “burden[ed] substantially more speech than

necessary to further [the legitimate governmental] interests.” *Turner Broad. Sys. v. FCC*, 520 U.S. 180, 189, 117 S. Ct. 1174, 1186 (1997) (“Turner II”).

The CTEA extended the terms of subsisting and future copyrights by 20 years. Because of the CRA, CTEA extended the terms of copyrights that had not been, and would never be, filtered by a renewal requirement. This extension thus exacerbates the burden to free speech interests challenged under Count I.

Counts II and IV challenge the current term of copyright under the “limited Times” condition of the Progress Clause. Both the CRA and CTEA are relevant to those challenges as well. The CRA in effect created the oldest class of unrenewed copyrights. The CTEA extended the terms of those copyrights by twenty years. Count II challenges the current length of the copyright term. Count IV challenges the extension of subsisting copyrights that have not, or will not, pass through the filter of renewal.

### **SUMMARY OF ARGUMENT**

In *Eldred v. Ashcroft*, 537 U.S. 186, 123 S. Ct. 769 (2003), plaintiffs asked the Supreme Court to apply First Amendment scrutiny to a law that extended the terms of existing copyrights. The Court declined plaintiffs’ request. The government asked the Court to affirm a decision by the Court of Appeals for the D.C. Circuit, finding copyrights “categorically immune

from challenges under the First Amendment.” *Eldred v. Reno*, 239 F.3d 372, 375 (D.C. Cir. 2001). The Court declined the government’s request as well. Instead, rather than applying no First Amendment scrutiny, or ordinary First Amendment scrutiny, the Court adopted a position in between: First Amendment review is required in at least some contexts, the Court indicated, even if it is not required generally.

The trigger is tradition. If a copyright practice has been tested by tradition, then the Court will not now question that practice under the First Amendment. If it is new, then it will. Thus, a law that does not change “the traditional contours of copyright” does not merit “further First Amendment scrutiny.” But a law that deviates from tradition — one that alters a “traditional contour[] of copyright,” *Eldred*, 537 U.S. at 221, 123 S. Ct. at 790 — must survive First Amendment review if it operates to restrict speech.

The central question raised by this appeal is whether the absolutely fundamental change from an opt-in to an opt-out system of copyright qualifies as a change in a “traditional contour[] of copyright.” The government argued below that the “traditional contours” referred to in *Eldred* are just two — the fair use doctrine (which privileges certain limited uses of copyrighted expression for the purposes of comment and criticism)

and the idea/expression distinction (which limits copyright protection to expression, and leaves ideas unprotected). The District Court rightly rejected that argument. District Court Opinion at 24-25 (ER pp. 58-59). Nonetheless, the District Court denied plaintiffs any opportunity to demonstrate that the change from an opt-in to an opt out regime is as fundamental to the traditional contours of copyright law as any. Plaintiffs were given no opportunity to make any factual showing about the significance of these changes.

This is a mistake. If the Supreme Court did not intend to limit the scope of the “traditional contours of copyright” to the two instances argued by the government, as the Court below rightly found, then plaintiffs must have an opportunity to demonstrate the significance of the changes that we allege as a predicate to finding that they too should be considered within the scope of the “traditional contours of copyright.” By denying plaintiffs this opportunity, the District Court was instead left to rely upon its own preconceptions of the significance of these changes. Those preconceptions are mistaken.

The changes to copyright that plaintiffs challenge are as significant to First Amendment interests as any within copyright law. They represent the single most important change in the nature of American copyright law

effected by Congress in the past two centuries. There is no other “contour” of copyright within our “tradition” that is as significant. If any change creates burdens on speech that would demand First Amendment review, this change does.

The District Court likewise erred in dismissing plaintiffs’ claims grounded in the “limited Times” requirement of the Progress Clause. The arguments raised by plaintiffs are beyond the scope of the Court’s decision in *Eldred*. Here again, plaintiffs should have the opportunity to present the evidence necessary to evaluate these claims.

### **ARGUMENT**

Plaintiffs appeal the District Court’s dismissal of three counts of their Amended Complaint, one grounded in the First Amendment, and the other two grounded in the “limited Times” condition of the Progress Clause. In each case, the Court dismissed the count for failure to state a claim. This was error. Plaintiffs’ First Amendment claim, and their claim that the copyright term is effectively unlimited, cannot be decided on a motion to dismiss. And plaintiffs’ second “limited Times” claim should be reconsidered in light of facts not presented in *Eldred*. The same standard of review applies to the District Court’s dismissal of plaintiffs’ First Amendment and “limited Times” claims. A dismissal for failure to state a claim pursuant to Fed. R.

Civ. P. 12(b)(6) is a ruling on a question of law and is reviewed de novo. *Lewis v. Telephone Employees Credit Union*, 87 F.3d 1537, 1545 (9th Cir. 1996).

***I. The Changes to an Opt-In System of Copyright is a Change in a “Traditional Contour[] of Copyright” Meriting First Amendment Scrutiny***

As plaintiffs have described, after 186 years of our history, federal copyright law has been transformed from an opt-in to an opt-out system of protection.<sup>4</sup> That change is a change in a “traditional contour[] of copyright” meriting “further First Amendment scrutiny.” No feature of American copyright law was more central to the American tradition of copyright, and free speech; no feature has a longer pedigree. Such a change is precisely the sort recognized in *Eldred* as requiring “further First Amendment scrutiny.”

**A. First Amendment Scrutiny is Narrowed to Fundamental Changes in the Copyright System**

Copyright law is unique among federal statutes regulating speech. As the Supreme Court held in *Eldred*, it has been designed from the start to incorporate free speech values within its regulation. *Eldred*, 537 U.S. at 219, 123 S.Ct. at 788-789. By limiting the term of copyright, the Framers’ understood their monopoly would not exceed a time necessary to create the

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<sup>4</sup> State copyright law has been an opt-out system from the founding, but its protection ended upon the publication of the work. *See generally* Nimmer on Copyright §8C.01, -02.

incentives requisite to induce the creation of new works. By limiting the scope of copyright to cover direct copies only, the First Congress assured its regulation would not restrict derivative, or transformative, creativity. *See* Act of May 31, 1790, 1 Stat. 124 *et seq.*

In the context of such a statutory regime, it is certainly appropriate that courts apply a relatively deferential First Amendment analysis to acts that continue a long-standing tradition. Thus, in *Eldred*, because the Court concluded that the practice of extending existing copyright terms had a longstanding historical pedigree, it declined to apply “further First Amendment scrutiny” to the most recent instance of such extensions. On the Court’s view, a practice accepted by such tradition is presumptively valid, and not subject to further First Amendment review. Plaintiffs have no quarrel with this limited exception to First Amendment review.

**B. First Amendment Scrutiny is Appropriate Where Congress Significantly Changes the Traditional Contours of Copyright**

*Eldred* did not, however, exempt all changes in copyright law from First Amendment scrutiny. That position was argued; the Court expressly rejected it. *Eldred*, 537 U.S. at 221, 123 S. Ct. at 789-90. (“We recognize that the D.C. Circuit spoke too broadly when it declared copyrights ‘categorically immune from challenges under the First Amendment.’”) Instead, the Court narrowed First Amendment scrutiny to those cases where

Congress changes copyright law’s long-standing traditions. While no “further First Amendment scrutiny” is required when Congress continues its copyright traditions, when Congress changes the “traditional contours of copyright,” “further First Amendment scrutiny” is required.

Both the government and the Court below accepted this implication from *Eldred*. The only dispute was about whether the “traditional contours” are limited to the two “traditional First Amendment safeguards” described by the Court in *Eldred*. The government argued that they were — that the only “contours” of copyright that mandate “further First Amendment scrutiny” if changed are (1) the limitation of copyright to expression only, and (2) the exception for fair use. Gov’t Brief at 21 (ER p. 29). Plaintiffs argued below that nothing in *Eldred* suggests such a limit, and nor would such a limit make sense of First Amendment law generally.

The Court below did not accept the government’s narrowing of *Eldred* to the two “safeguards” expressly named. District Court Opinion at 24-25 (ER pp. 58-59). But it also refused to permit plaintiffs an opportunity to demonstrate that the change from an opt-in to an opt-out regime should be considered to be a change in a “traditional contour” of copyright. Instead, the Court relied upon its own intuition about the significance of what it called “mere ‘formalities.’” District Court Opinion at 25 (ER p. 59). Because

the Court thought these changes insignificant, the Court refused to apply First Amendment review to these changes.

The government is mistaken in its view that *Eldred* restrict the “traditional contours of copyright” to the two “traditional First Amendment safeguards” named in the Supreme Court’s opinion. The District Court was mistaken in refusing to permit plaintiffs the opportunity to demonstrate the significance of the shift from an opt-in to an opt-out copyright regime.

**C. Nothing in *Eldred* Restricts the “Traditional Contours of Copyright” to the Two “Traditional First Amendment Safeguards” Mentioned in the Opinion**

The government argued that *Eldred* limits to just two the conditions under which a copyright act must be tested under the First Amendment. If Congress either (1) eliminates “fair use” or (2) regulates ideas rather than “expression,” then, the government concedes, “further First Amendment scrutiny” is required. But on the government’s view, these two conditions are exclusive. No other change triggers “further First Amendment scrutiny.”

As the government argued:

Neither the CTEA nor the 1992 Act violate the First Amendment because they do not alter “the traditional contours of copyright protection” – namely, the “idea/expression dichotomy” and the “fair use” defense – and thus require no further First Amendment scrutiny.

Gov’t Brief at 21 (ER p. 29).

This interpretation makes no sense of either the text or logic of *Eldred*.

1. There are two “tradition[s]” referred to by the Court in *Eldred*, not, as the government suggests, just one. The first is the “traditional First Amendment *safeguards*” that the Court found “built-in” to copyright law. *Eldred*, 537 U.S. at 220, 123 S. Ct. at 789 (emphasis added). These two “safeguards” are (1) that copyright reaches expression and not ideas, and (2) that it preserves fair use. *Eldred*, 537 U.S. at 219-20, 123 S. Ct. at 788-89. These limits “safeguard” free speech by assuring that the restriction of copyright does not too strongly interfere with the rights of others to criticize particular expression, or spread the ideas within that expression. Without these “safeguards,” copyright could effectively block rather than “promote ... Progress.”

It is a second, and distinct, “tradition[.]” that the Court refers to as the “traditional contours of copyright.” *Eldred*, 537 U.S. at 221, 123 S. Ct. at 790. Appearing a page after describing the two “traditional First Amendment safeguards,” and after noting that the CTEA did not change either of the two “traditional First Amendment safeguards,” the Court stated: “when ... Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.” *Id.*

These two “tradition[s]” are not the same. The “contours of copyright protection” may well include “safeguards” but they would also include much more.<sup>5</sup> The Court in *Eldred* identified two traditional conditions (“safeguards”) that support First Amendment values within the Copyright Act, but just as a means to showing why copyright law is, generally, consistent with First Amendment values. The Court then added that so long as a law did not “change the traditional contours of copyright protection,” it would not be subject to “further First Amendment scrutiny.” That additional qualification (“traditional contours”) is distinct from the two “safeguards” the Court had identified earlier. It requires a distinct analysis.

2. More fundamentally, the implications of the government’s argument are plainly inconsistent with the reasoning of *Eldred*. A single example will establish the point: Copyright law has always been viewpoint neutral.<sup>6</sup> On plaintiffs’ view, that feature is a “traditional contour[] of

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<sup>5</sup> This is why the government below described “originality” as a “traditional contour of copyright” — which it plainly is, even though not one of the two “safeguards” referred to earlier. *See* Gov’t Motion at 23 (ER p. 31).

<sup>6</sup> There was an early trend in some courts to deny copyright protection for obscenity, though even if that were to have been ratified by the Supreme Court, it would not rise to viewpoint discrimination. So too did Congress experiment with content based restrictions, though again, not with viewpoint based restrictions. *See Mitchell Bros. Film Group v. Cinema Adult Theater*, 604 F.2d 852, 854-55 & n.4 (5<sup>th</sup> Cir 1979) (describing history but rejecting “obscenity exception” within Copyright Act). The 1976 Act kept the renewal requirement for subsisting copyrights, and the notice requirement generally.

copyright protection” even though it is not one of the “traditional First Amendment safeguards” identified in *Eldred*. Thus, on plaintiffs’ view, a change in that “traditional contour” would be subject to First Amendment review. A law, for example, that denied copyright protection to hate speech should, on plaintiffs’ view, receive “further First Amendment scrutiny,” even though viewpoint neutrality is not one of the two “traditional First Amendment safeguards” referred to in *Eldred*.

On the government’s interpretation of *Eldred*, however, a viewpoint-based copyright law would not be subject to “further First Amendment scrutiny” because (1) viewpoint neutrality was not mentioned in *Eldred* as one of the two “traditional First Amendment safeguards” and (2) those two “safeguards” are exclusive. Yet it impossible to believe that the Supreme

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The legislative history expressly recognizes the speech-promoting effect of that requirement. *See* H.R. REP. NO. 94-1476, at 143 (1976) (explaining that the copyright notice requirement serves four principal functions: “(1) It has the effect of placing in the public domain a substantial body of published material that no one is interested in copyrighting; (2) It informs the public as to whether a particular work is copyrighted; (3) It identifies the copyright owner; and (4) It shows the date of publication.”). The BCIA then abolished the notice requirement prospectively, thus multiplying dramatically the number of protected federal works. And the CRA and CTEA then extended the terms of subsisting copyrights, again without regard as to whether the underlying affected work had any continuing commercial value at all. In each case, Congress’s attention was plainly focused on commercially available work. It ignored the effect of its changes on commercially unavailable work.

Court intended *Eldred* to authorize a viewpoint-based copyright law. An interpretation that yields this conclusion must therefore be wrong.

When plaintiffs identified this anomaly below, the government modified its position. *See* Gov't Reply Brief at 14 fn.4 (ER p. 34). *Eldred* intended, the government then argued, to apply its limiting rule to *content neutral* laws affecting copyright's scope. It did not intend the rule in *Eldred* to apply to viewpoint or content-based discrimination.

The government supported this argument with a quote from *Eldred* itself. As the government wrote,

Plaintiffs' observation is irrelevant here because when the Supreme Court in *Eldred* was considering whether First Amendment scrutiny was necessary, it was expressly considering a challenge to a "content neutral regulation of speech" (the CTEA), not a statute discriminating on the basis of content.

*Id.*

But as is plain from the opinion, the language the government quotes is not the Court's characterization of copyright law. It was the characterization offered by *plaintiffs*. The passage quoted was not describing the limit to a rule that the Court then articulated three pages later in the opinion. To the contrary, nothing in the actual text of the *Eldred* opinion suggests that the only "traditional First Amendment safeguards" that it was

contemplating were related to content neutrality. That's especially clear when one recognizes that these "safeguards" are themselves *content based*. Tradition would no doubt ratify those content-based safeguards. But content-based safeguards cannot be read to limit the scope of the *Eldred* rule to content-neutral changes in copyright. Nor can the opinion be read to limit heightened First Amendment review to changes in the "traditional First Amendment safeguards" built-in to copyright.

The same conclusion follows from the logic of *Eldred* itself. The *reason* it makes sense to restrict First Amendment review to changes in the "traditional contours of copyright" is that regulation within those contours has been tested by history, whereas regulation without has not. A regulation that remakes copyright law fundamentally is thus precisely the sort of change that cannot be validated by the Framers or by history, but instead requires First Amendment review. Thus, as the Court remarked in *Eldred*:

The Copyright Clause and First Amendment were adopted close in time. This proximity indicates that, in the Framers' view, copyright's limited monopolies are compatible with free speech principles.

*Eldred*, 537 U.S. at 219, 123 S. Ct. at 788. But that statement only makes sense when the copyright law being considered is in line with the copyright law that the Framers enacted. Yet as plaintiffs have demonstrated, the copyright law known by the Framers was radically different from the

copyright law of today: as an opt-in system of protection, it regulated a tiny portion of published work (5% by some estimates, *see, e.g.*, James Gilreath ed., and Elizabeth Carter Wills compiler, *Federal Copyright Records 1790-1800* xxii (Washington: Library of Congress, 1987)), and for a very short time (14 years, renewable once if the author was alive at the end of the original term). Whatever “compatib[ity]” the Framers may have seen between copyright and the First Amendment, that “compatib[ity]” does not transfer automatically to any regime that calls itself “copyright.”

That the Court did not intend its illustrations of “traditional First Amendment safeguards” to be the exclusive conditions under which a copyright act might be challenged under the First Amendment is not surprising given the context of *Eldred* itself. *Eldred* was the first case in American history to raise a First Amendment challenge to a Copyright Act. In setting the rule to guide such challenges, it would have been imprudent for the Court to presume to specify the full range of cases in which First Amendment review of changes to the copyright laws is required. Instead, the better practice — fully consistent with what the Court actually said — would be to consider, as issues are raised, different changes to the copyright laws, to determine which changes shift copyright’s “traditional contours,” and in those instances require “further First Amendment scrutiny.” The Court

identified two such changes. It plainly did not intend — without the benefit of argument or briefing on the matter — those two to be exclusive. It instead channeled subsequent challenges through the filter of tradition: if the Act being challenged merely continues a longstanding tradition, “no further First Amendment scrutiny” is allowed. But if it changes that tradition, then the presumption of history cannot immunize the act from “further First Amendment scrutiny.”

**D. Plaintiffs are Entitled to Adduce Facts to Show that the Change from an Opt-In to an Opt-Out System is a Change in a “Traditional Contour[] of Copyright.”**

On plaintiffs’ reading of the language in *Eldred*, “further First Amendment scrutiny” must follow at least when Congress changes the “traditional contours of copyright,” and possibly also when Congress repeals one of the “traditional First Amendment safeguards” “built-in” to copyright law. That interpretation, however, requires this Court to resolve a question not at issue in *Eldred*: which, among all the possible contours of copyright, would expose copyright law to “further First Amendment scrutiny” if changed? It cannot be that every change in the contours of copyright law would raise a First Amendment question. But neither can it be, consistent with the language or logic of *Eldred*, that only changes in the two traditional “safeguards” that *Eldred* mentions would raise First Amendment questions.

If Congress is not to be hamstrung by history, plaintiffs suggest that courts must at least determine the scope of the “traditional contours of copyright” in light of the historical pedigree of the alleged “contour” and its significance to First Amendment values. Some features of copyright law are too recent to be considered “traditional.” Some features of copyright are mere details, not “contours.” Thus, a court must determine first whether plaintiffs have established the pedigree and significance of a “traditional contour[] of copyright” before the burden shifts to the government to defend the change in that “contour” under the First Amendment.

To establish that pedigree and significance, however, plaintiffs must have the opportunity to present facts that show why the change from an opt-in to an opt-out system should be considered significant enough to rank as a shift in the “traditional contours of copyright.” The Court below did not afford plaintiffs this opportunity. Instead the Court dismissed this case on a motion to dismiss. On the basis of its own intuition about the significance of formalities, the Court concluded that “mere ‘formalities’” could not be a “traditional contour[] of copyright.” District Court Opinion at 24 (ER p. 58).

Plaintiffs recognize that the significance of “formalities” is counter-intuitive. But constitutional questions are not to be resolved upon intuition. Plaintiffs are entitled to an opportunity to demonstrate the significance of

these formalities to important First Amendment values. This Court should therefore reverse the decision below, and send the case back to the District Court granting plaintiffs an opportunity to demonstrate that the shift from “opt-in” to “opt-out” copyright represents a change in the “traditional contours of copyright,” requiring First Amendment review.

Plaintiffs do not challenge Congress’s power to alter, even fundamentally, the nature of copyright law. Our only challenge is to the judicial procedure that such alterations require. Copyright law is a regulation of speech. *Eldred* stands for the proposition that copyright laws that conform to tradition can be exempted from ordinary First Amendment review. But where a law regulates speech, and does not have the benefit of history on its side, then ordinary First Amendment review must follow.

That review would not necessary entail that changes in the copyright law are unconstitutional. As in *Turner*, it is open to the government to demonstrate that a regulation promoting important governmental interests does not “burden[] substantially more speech than necessary to further those interests.” *Turner II*, 520 U.S. at 189. Plaintiffs believe to the contrary, and believe that there are plenty of ways in which Congress could promote the values it sought without producing the unnecessary burdens on speech that plaintiffs challenge.

To make that showing, however, plaintiffs must have an opportunity to introduce evidence that Congress failed to consider the burden it was imposing upon the spread and progress of culture when it shifted from an opt-in to an opt-out regime — either (1) because Congress ignored an existing burden, or (2) because that burden was insignificant at the time Congress acted, and has only become significant since.<sup>7</sup> It is precisely the function of the First Amendment to keep pressure upon the legislative branch to restrict the scope of its speech regulation to those regulations that “advance[] important governmental interests unrelated to the suppression of free speech and do[] not burden substantially more speech than necessary to further those interests.” *Turner II*, 520 U.S. at 189. Affording plaintiffs an opportunity to challenge this massive change in the scope of copyright’s regulation of speech serves this ultimate purpose.

Plaintiffs therefore ask this Court to reverse the judgment below, and instruct the District Court to consider first whether the changes plaintiffs allege are significant enough to qualify as a change to a “traditional

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<sup>7</sup> Indeed, it is quite plausible that because the change to opt-out copyright occurred in stages, Congress never contemplated the net effect of these partial changes. Thus, while the 1976 Act extended the reach of federal copyright from published work, to all work when reduced to a tangible form, the immediate effect of that change was simply to displace state common law copyright (which governed until a work was published).

contour[] of copyright,” and if they are, to then consider whether the government has met its burden under the First Amendment.

***II. Plaintiffs Should be Afforded an Opportunity to Demonstrate that the Term of Copyright Has Become so long as to be Considered an “Unlimited Term” as that Would Have Been Understood by the Framers.***

Count Two of Plaintiffs’ Amended Complaint alleges that the term of copyright has become so long as to no longer be a “limited term” for purposes of the Progress Clause. Compl. ¶¶ 93-104 (ER pp. 22-23). This claim was not raised by plaintiffs in *Eldred*. It was instead introduced into that case, in a modified form, by Justice Breyer in dissent. As he argued, from an economic perspective, the term of copyright had become so long as to become an effectively perpetual term. *Eldred*, 537 U.S. at 255-256, 123 S.Ct. at 807-808 (Breyer, J., dissenting).

The Court rejected Justice Breyer’s argument, noting first that plaintiffs had not raised it, and noting second its skepticism about whether the Framers would have considered a term “unlimited” merely because it was unlimited from an economic perspective. As Justice Ginsburg wrote for the Court,

It is doubtful, however, that those architects of our Nation, in framing the “limited Times” prescription, thought in terms of the calculator rather than the calendar.

*Eldred*, 537 U.S., at 210 n.16.

Justice Ginsburg, however, could not have based her doubts on anything more than intuition, as again, the issue had not been briefed or argued. Plaintiffs now offer to prove that her skepticism was unwarranted: that in fact the Framers would have considered the current term to be so long as to be effectively perpetual. We submit that evidence from the framing, and from the context within which the original terms of copyright were derived, plainly supports Justice Breyer’s intuition, and answers the Court’s skepticism. Plaintiffs sought an opportunity to present this evidence. The District Court denied plaintiffs this opportunity.

The District Court’s judgment is again plainly mistaken. The government has already conceded that a term could be so long as to be “effectively perpetual.” *See Eldred Resp. Br.* at 27 (available at <http://eldred.cc/legal/01-618.Eldred3-mer.pdf>). As it argued, “[s]omething that was the functional equivalent of an unlimited time would violate the Copyright Clause.” *See Eldred Oral Arg. Tr.* at 34 (available at [http://www.supremecourtus.gov/oral\\_arguments/argument\\_transcripts/01-618.pdf](http://www.supremecourtus.gov/oral_arguments/argument_transcripts/01-618.pdf)). It has therefore agreed in principle that a fixed term could nonetheless not be “limited.” The only open question, therefore, is a factual one: how long does a term have to be before it is considered effectively no

longer limited? Plaintiffs are obviously entitled to the presumption for facts alleged in the complaint in a motion to dismiss. *See NL Industries, Inc. v. Kaplan*, 792 F.2d 896, 898 (9th Cir. 1986). It was therefore improper for the Court below to decide this question without affording plaintiffs a further opportunity to demonstrate the framers' view of the term "limited times."

The Court below refused plaintiffs this opportunity, because it expected that the Supreme Court would not be receptive to such an argument. District Court Opinion at 12 (ER p. 46). Plaintiffs understand the basis for that prediction. But it is plain that any view the Supreme Court offered on this question was dicta, offered without the benefit of any argument on the matter. It would be perverse at best to permit such dicta to preclude a full consideration of the issue in any court, ever again. Plaintiffs should be afforded an opportunity to supply the evidence that Justice Breyer could only hint at.

***III. In Light of the Reasoning in Eldred and the Additional Evidence Identified in This Case, This Court Should Reconsider the Particular Conclusion Reached in Eldred.***

*Eldred* was the first constitutional challenge to the extension of existing copyright terms. Plaintiffs based their challenge on the text of the Progress Clause, in light of the Court's "principle of enumeration" as articulated in *United States v. Morrison*, 529 U.S. 598 (2000), and *United*

*States v. Lopez*, 514 U.S. 549 (1995). In those cases, with respect to the Commerce Clause, the Court had held that an interpretation of an enumerated power that had no limit was not a proper interpretation of an enumerated power. *Lopez*, 514 U.S. at 556-57 (enumerated power must be “subject to outer limits”). It was on the basis of that principle that plaintiffs in *Eldred* argued that a reading of the Progress Clause that permitted Congress to extend existing terms was without any “stopping point,” *Eldred v. Reno*, 239 F.3d 372, 381 (D.C. Cir. 2001) (Sentelle, J., dissenting), and therefore must be improper.

The Court rejected plaintiffs’ challenge in *Eldred*, based upon its understanding of Congress’ historical practice of extending existing terms. The Court did address the argument grounded in the “principle of enumeration.”

The plaintiffs in *Eldred* had not framed their claim against the background of historical practice. But it is plain that under the standard articulated in *Eldred*, there is an historical discontinuity, unrecognized by the Court, between the copyright term extension implemented by the CTEA, and every copyright term extension before the CTEA.

Every extension of copyright terms before the CTEA only extended terms that themselves had passed through, or would pass through, the filter

of renewal. The CTEA was the first extension of terms that had not, or would not, pass through a filter of renewal.<sup>8</sup> Thus, while there may well be historical precedent supporting the extension of terms which themselves had been filtered by renewal, there is no precedent for the extension of terms that had not been filtered by the formality of renewal.

This difference is extraordinarily significant to the speech-restrictive nature of term extension. As historical data demonstrate, between 80% and 90% of copyrights were not renewed after their initial term. Compl. ¶ 61

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<sup>8</sup>The first extension of existing terms was the Copyright Act of 1831. In that case, Congress did not extend terms “uniformly.” Instead, Congress only extended the term of copyrights that had already passed through the filter of renewal. Copyrights that had not been renewed would not get the benefit of this extension. *See* Act of Feb. 3, 1831, 4 Stat. 436, §4.

Likewise, in 1909, Congress extended the renewal term of subsisting copyrights. But the law expressly limited itself to works that had not already passed into the public domain. The only copyrights to have their terms extended, therefore, were copyrights that had renewed their term, or would renew their term. Act of March 4, 1909, ch. 320, §§ 23-24, 35 Stat. 1080-81.

Likewise, in 1976, Congress extended the term of subsisting copyrights by a total of 19 years. But again, that extension applied only to works that had passed, or would pass, through the filter of renewal. The renewal requirement was not removed for those works until the Copyright Renewal Act of 1992.

In every case, the extensions of subsisting terms only extended terms for work that had passed through the filter of renewal, or that would pass through the filter of renewal. The CTEA is different. Because it extends terms that had been automatically renewed by the Copyright Renewal Act, it was the first statute in the history of the Republic to extend terms that had not, nor would not, pass through a filter of renewal.

(ER p. 15). Those that were renewed can reasonably be said to have a copyright-related reason for the renewal of the term.

But when Congress extends the terms of work that have not been, or would not be, renewed, then the reasonableness of that extension is lost: The vast majority of the extended terms are for works that have no continuing commercial interest at all. The extension is just a deadweight loss to the speech market, without any countervailing copyright-related benefit. The extension benefited commercial copyright holders, but only by orphaning the vast majority of contemporaneous work still under a subsisting copyright.

Whatever constitutional pedigree there was for extending existing terms prior to the elimination of renewal, there could not be any constitutional pedigree for extending terms that had not passed, or would not pass, through renewal. Thus, to the extent the Court's reasoning in *Eldred* depended upon this historical pedigree, that judgment should be reconsidered. The Court relied on a "historical practice" of retrospective term extension to justify the CTEA. But the historical practice that the Court identified does not reach extensions of work that have no continuing commercial interest. Plaintiffs in this case submit that such extensions — of work that has no continuing commercial or copyright related interest —

would be the grant of a “term” that does not promote the Progress of Science. Such a term should therefore not be deemed to be “limited.” Plaintiffs would therefore ask this Court to reconsider the application of the principle articulated in *Eldred* to the CTEA, to the extent the CTEA extends the term of works that themselves have not been filtered by renewal.

### CONCLUSION

For the foregoing reasons, Plaintiffs respectfully request that this Court vacate the judgment below, and remand this case for further proceedings.

Dated: January 31, 2005

Respectfully submitted,

/s/

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**STATEMENT OF RELATED CASES**

Counsel for Appellants/Plaintiffs is unaware of any related case pending before this, or any other court.

Dated: January 31, 2005

Respectfully submitted,

/s/

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