COPYRIGHT INFRINGEMENT—THE BETAMAX CONTROVERSY:  
*Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963 (9th Cir. 1981).*

INTRODUCTION

Recent technological advances in the area of home entertainment have enabled television owners to tape television programs without being present, or if present, while simultaneously viewing another program.1 These new video-cassette recording systems have brought about a significant legal problem. That problem has arisen in the area of copyright law. Performances which are seen on television can be protected by copyrights.2 The owners of these copyrights retain certain exclusive rights, one of which is the right to reproduce the copyrighted work.3 Consequently, a direct conflict seems to arise between the copyright owner's exclusive rights and the owner of a home video-cassette device who records the copyright owner's work.4 It is a conflict which is not easily resolved.

Relatively recent revisions of copyright law were affected by

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* This article was written prior to the United States Supreme Court's resolution of the Betamax Controversy. See Sony Corp. v. Universal City Studios, 104 S. Ct. 774 (1984). In *Sony*, the Supreme Court held that the home use of audiovisual tape recording devises constituted "fair use," and therefore, did not violate federal copyright laws.

1. The new video-cassette recording systems have made the time of television viewing a matter of convenience, and the subject a matter of choice. Television scheduling, formerly the exclusive domain of corporate executives, has suddenly become a personal art. *Universal City Studios, Inc. v. Sony Corp. of Am.*, 480 F. Supp. 429, 439 (C.D. Cal. 1979).

2. There is little doubt that the 1976 Copyright Act can protect television programs. "Motion pictures and other audiovisual works" are listed, in 17 U.S.C. § 102(a)(6) (Supp V 1981) as a proper subject matter of copyright. Audiovisual works are defined as "works that consist of a series of related images which are intrinsically intended to be shown by the use of machines, or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the works are embodied." 17 U.S.C. § 101 (Supp. V 1981).

3. *Id.* § 106(1).

4. The holder of a copyright does not have control over all uses of the copyrighted work. The holder has exclusivity over only those uses which are statutorily given to him. *Fortnightly Corp. v. United Artists Television*, Inc., 392 U.S. 390, 393-94 (1968). To find infringement, an exclusive right granted the copyright owner under the relevant statute must have been violated. Thus, an audiovisual tape recording (VTR) user infringes § 106(1) when he reproduces a copyrighted work on tape. Furthermore, if the viewer makes deletions or other modifications while recording the original copyrighted work, a derivative work is created, and an infringement occurs. 17 U.S.C. § 106(2) (Supp. V 1981).
the Copyright Act of 1976. This Act was largely the result of Congress’ realization that the Copyright Act of 1909 was obsolete when applied to recent technological advances. In enacting the new statute, Congress dealt with new forms of technology in three ways. Some forms of technology were specifically exempted from the scope of copyright laws. Others were left entirely for resolution under the general “fair use” defense. A third area of new technology was covered partially by specific exemptions and partially by the doctrine of fair use. Despite the many revisions, the New Act does not deal with all new technological discoveries which might fall within the parameters of copyright law. In particular, the Copyright Act of 1976 does not contain a specific provision governing the home use of audiovisual tape recording (VTR)


8. L. Seltzer, Exemptions and Fair Use in Copyright 49 (1975); 17 U.S.C. §§ 108, 110, 111, 112 (Supp. V); exemptions of certain types of performances are found in § 110; secondary transmission exemptions are found in § 111; ephemeral recordings are dealt with in § 112.

The concepts of exemptions and fair use should not be confused. An exemption is an express statutory provision which removes an activity from the scope of copyright protection. Fair use is a noninfringement of an otherwise protected area. Audiovisual tape recording (VTR) is left entirely to fair use apart from specific instances where it is expressly excluded from other exemptions. See, e.g., § 112(a), § 110(1), § 108(h), § 108(f)(3) (which grant exemptions for reproduction of audiovisual news programs to libraries and archives). Similarly § 117 freezes copyright protection with respect to computers to the law in effect December 31, 1977. In addition, all forms of technology yet to be discovered are left to fair use.

10. See notes 83-187 and accompanying text infra.

11. See H.R. REP. No. 1476, 94th Cong., 2d sess. 66-72 (1976), reprinted in 1976 U.S. Code Cong. & Ad. News 5659, 5679. While § 108 deals with reprography, it does so only in the context of libraries and archives. Thus, while reproduction for archival purposes is covered by specific exemption all other areas of reprography not covered by § 108 are left to fair use. For instance, photocopying by educators is dealt with by the fair use doctrine. However, specific guidelines exist for classroom copying and for educational uses of music.

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machines. The absence of an audiovisual tape recording provision is particularly conspicuous given the fact that such technology was known at the time Congress enacted the 1976 Act.

In Universal City Studios, Inc. v. Sony Corp. of America, the United States Court of Appeals, Ninth Circuit, dealt with a case of first impression with respect to the application of the Copyright Act of 1976 to home VTRs designed for off-the-air taping of television broadcasts. This article will examine the decisions reached by the United States District Court for the Central District of California and the Ninth Circuit concerning the issue of whether in-home video recording of free television programming constitutes an infringement of copyright law.

STATEMENT OF THE CASE

The plaintiffs, Universal City Studios, Inc. and Walt Disney Productions, are two major producers and owners of copyrighted audiovisual works. Universal produces movies for both television broadcasts and theater exhibition. With respect to television broadcasts, Universal licenses many of its programs to commercial networks and local stations which renumerate it as copyright owner. In addition, Universal syndicates many of its television series to independent television stations through syndication licenses. Disney also owns an extensive collection of

13. Sony, 480 F. Supp. at 435-36. The term VTR is an abbreviation for video tape recording, including various video systems: videotapes, videodiscs, videocassettes. The Betamax machine which underlies the suit in Universal City Studios, Inc. v. Sony Corp., is but one type of VTR system. In particular, the Betamx enables television owners to record broadcasts for later replay on their own sets. As presently manufactured, the viewer may delete commercials or skip them when replaying by using the "pause switch" or "fast-forward switch" respectively. The user may record the program he is watching, or may record on one channel while viewing another, or he may set the Betamax to record while he is not at home. Id.

14. Id. at 435. Progenitor models of the Betamax have been manufactured since 1965.

15. 659 F.2d 963 (9th Cir. 1981), cert. granted, 50 U.S.L.W. 3982 (U.S. June 15, 1982) (No. 81-1687) [hereinafter referred to as Sony].


18. Id.

19. Id. at 433-35. The primary market for television programs are the networks and the local television stations. The copyright owners license their creations to the networks which then make the programs available to their affiliated network stations. Additional licensing arrangements arise between the copyright owners and individual local stations, generally on programs which either are not offered to the networks or which have already been run and rerun on the network. Id.

20. Id. at 434. Universal possesses "approximately 2000 theater films in syndication . . . . All together, it has over 3000 syndication licenses covering more than 300,000 different programs." Id. This large inventory is significant when consider-
copyrighted films which it has licensed for network broadcast and pay television exhibition. In addition, Disney has a large syndication market.

The primary defendants are Sony Corporation of America, the manufacturer and distributor of Betamax recorders and tapes, numerous representative retail outlets for Betamax products, and a representative owner of a Betamax recorder. The plaintiffs contended that the home recording of their copyrighted programs by individual Betamax owners constituted a copyright infringement and that the corporate defendants were liable for that infringement as either direct or contributory infringers.

A syndication is a contractual relationship through which a copyright owner licenses a broadcaster to transmit his copyrighted work over the broadcaster's station. Generally the license provides for a number of showings over a specific time period. Typically in a syndication license, which may be executed in the third year of the first run of the series, all rights to show each episode approximately six times over four to six years commencing after the show's fifth year. See Grover, Delayed Payoff TV Series Only Become Profitable for Producers Upon Syndication, Years After They are Made, Wall St. J., Dec. 27, 1977, at 26, col. 1. The reason the syndication requires so many episodes is that the normal practice is strip programming where a different episode is broadcast each day Monday through Friday. The potential rewards to a producer of a successfully syndicated series can result in profits of $10-50 million. Id. It is easy to understand the plaintiff's interest in litigating this case considering such potential rewards.


22. 480 F. Supp.: at 434-35.

23. Id. at 433. Although the major corporate defendants were Sony Corporation (a Japanese Corporation) the manufacturer of the Betamax products and Sony Corporation of America, the United States distributor of the Betamax, the text for simplicity refers only to Sony Corporation of America.

The retail defendants included: Carter Hawley Hale Stores, Inc.; Associated Dry Goods Corporation; Federated Department Stores, Inc.; and Henry's Camera Corporation. Id. at 432. The representative individual Betamax owner, Griffiths, owned a model 7200 which was purchased by his sons. Id. at 436. The individual was named only to establish the infringement, for which the corporate defendants could be held contributorily liable. Another interesting note is that "Griffiths is a client of plaintiffs' law firm and consented to being a defendant in the lawsuit... Plaintiffs never expected Griffiths to be represented by counsel and he has not been." Id. at 437. Evidence was introduced at the trial concerning not only Griffiths' home use but also that by five other named individuals. Id. at 436-38. Additionally, the results of surveys of Betamax owners conducted by both the plaintiffs and defendants were introduced. Id. at 438-39.

24. The plaintiffs waived any claim for damages or costs against the individual defendants. Id. at 437.

25. Id. at 432. Other contentions advanced by the plaintiffs were that the defendants interfered with their business relations and unfairly competed with them and that the retail defendants violated the copyright law by recording portions of plaintiffs' programs when demonstrating the Betamax recorders to prospective customers. Id.
The decision of the United States District Court for the Central District of California consisted of three parts. First, the court found that an implied exemption from the copyright laws existed for some video recording. Second, even if home video recording was an infringement, the court held that it was protected by the fair use doctrine. Third, again assuming an infringement, it was found that Sony was not a contributory infringer because it did not know that home video recording violated the copyright laws at the time it manufactured and sold its machines.

The United States Court of Appeals for the Ninth Circuit reversed, holding off-the-air home video recording of copyrighted materials was an infringement and was not protected by the fair use doctrine. The court held Sony liable as a contributory infringer because it knew that the Betamax would be used to reproduce copyrighted materials and actively encouraged that use. The decision put an end to the barrage of criticism generated by the district court's reasoning. The United States Supreme Court granted certiorari.

Copyright Infringement

Copyright protection originates in the Constitution, which empowers Congress "[t]o 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." Consistent with this constitutional foundation, the Copyright Act passed by Congress in 1909, and revised in 1976, gives authors exclusive rights over some but not all uses of their works. By obtaining monopoly power over their works, authors and inventors realize an economic incentive to invent or create, which in turn promotes the development of science and the arts to the benefit of society. As the Supreme Court has stated:

26. Id. at 443.
27. Id. at 456.
28. Id. at 459.
29. 659 F.2d at 969, 971-72.
30. Id. at 975-76.
31. Id. at 966 n.1.
32. 50 U.S.L.W. 3982 (June 15, 1982).
34. Mazer v. Stein, 347 U.S. 201 (1954). The Supreme Court held that:

The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.' Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.
"The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts."35

A copyright is the creature of the federal statute which created it.36 Congress, in passing such legislation, did not merely sanction an existing right; Congress created a new right.37 A copyright has been defined as "the right of literary property as recognized and sanctioned by positive law,"38 and as "an intangible, incorporeal right granted by statute to the author or originator of certain literary or artistic productions, whereby he is invested, for a limited period, with the sole and exclusive privilege of multiplying copies of the same and publishing and selling them."39 Put more abstractly, a copyright is "at once the equivalent given by the public for benefits bestowed by the genius and mediations and skill of individuals and the incentive to further efforts for the same important objects."40

Assuming a valid copyright exists,41 a court must next address

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Id. at 219


35. Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975).
37. Fox Film v. Doyal, 286 U.S. 123, 127 (1932).
38. BLACK'S LAW DICTIONARY 304 (5th ed. 1979).
39. Id.
40. Fox Film, 286 U.S. at 127-28.
41. The basic issue to resolve in applying copyright law to new forms of technology, such as an audiovisual recording, is whether or not the given use creates an infringement of the relevant Copyright Act. "Infringement" is not defined in the 1976 Act, 17 U.S.C. § 101 (Supp. V 1981). Nor was it defined under the 1909 Act. See note 6 supra. Rather than defining infringement, the statute specifies the exclusive rights of the copyright owner. 17 U.S.C. § 106 (Supp. V 1981). However, before a court need consider whether a copyright infringement has occurred, certain preliminary requisites must be established.

The first question is whether or not the material at issue was copyrightable. Motion pictures were added to coverage of the 1909 Act in 1912 and are listed in § 102(a)(6) as subject matter of the 1976 Act. See note 6 supra. Movies were listed as copyrightable in § 5(1) and § 5(m) of the 1912 Act. 17 U.S.C. § 102(a)(6) (Supp. V 1981). Therefore, the material underlying the Betamax suit is copyrightable under both acts. See id.

Assuming a work is copyrightable the next issue is, does valid copyright protection exist. Under both acts notice of copyright is required upon publication. Id.
the issue of infringement. Generally "the test of infringement is whether the work is recognizable by an ordinary observer as having been taken from the copyrighted source."42 The holder of a copyright, therefore, does not have control over all uses of the copyrighted work. The holder has exclusivity over only those uses which are statutorily given to him.43 To find infringement, an exclusive right granted to the copyright owner under the relevant statute must have been violated.44

For a better understanding of the exclusive rights of a copyright holder and the question of whether home video taping infringes on those exclusive rights, an examination of both the historical perspective of prior copyright law and the reasons for enactment of present law is helpful. The Copyright Act of 1909 governs recordings made prior to January 1, 1978.45 Section I of the 1909 Act gave the copyright owner an "exclusive right in the printing, reprinting, publishing, copying, and vending of the copy-

§ 401. Similarly § 9 of the 1909 Act required notice of copyright. Notice must "give reasonable notice of the claim of copyright." Id. § 401(c). The 1976 Act is more liberal than the 1909 Act on the placement of notice (any location which gives reasonable notice is adequate). See id. Because uncopyrightable material such as live performances could legitimately be recorded with a Betamax, it is important to give the public reasonable notice of what is copyrighted. Any program not "‘fixed’ in a tangible medium of expression is not copyrightable. . . . A work consisting of sounds, images, or both, that are being transmitted, is ‘fixed’ for purposes of this title if a fixation of the work is being made simultaneously with its transmission." Id. § 101. The work must be "‘fixed’ by or under the authority of the author." Id. Thus many "live" television performances may not be copyrighted, for example, coverage of presidential news conferences. However, under § 310, the preemption section, those programs not covered by the Copyright Act of 1976 are governed by state statutes or common law, where applicable. Id. § 301(a).

Other requisites to a plaintiff's claim of copyright infringement are that plaintiff held title to the copyright and had standing to sue. Id. § 501(b). The Betamax defendants argued that the suit was a collusive one. Defendants' Memorandum of Contentions of Fact and Law (Trial Memorandum) at 196, Universal City Studios, Inc. v. Sony Corp. of Am., 480 F. Supp. 429 (D.C. Cal. 1979). The only defendant who made actual home use of the Betamax to record plaintiffs' movies after January 1, 1978 and thus could be liable under the 1976 Act, Griffiths, was a client of plaintiff's law firm. Id. at 195-96. However, a genuine controversy does exist between plaintiff and defendant and the court was correct in reaching the merits of the suit. See Comment, Betamax and Infringement of Television Copyright, 1977 DUKE L.J. 1181, 1184 n.16 (1977). Of particular relevance here is that under the 1976 Act, the owner of any exclusive right in the work is treated as a copyright owner and has standing to sue. 17 U.S.C. § 201(d) (Supp. V 1981).


44. Id. at 394-95.

45. Sony, 480 F. Supp. at 442.
righted work." Under this broad, unqualified language, Betamax recording would appear to be an infringing activity.

However, under the 1909 statute, a "copy" meant a version of the work which the user could directly perceive, without any special equipment. Arguments have been made that a videotape is not decipherable to the naked eye, and therefore is not a "copy" under the 1909 Act. Under this approach, videotapes would not be "copies," despite the copyrightability of the underlying subject matter, and therefore, there would be no infringement.

Furthermore, in certain circumstances where Congress was silent under the Copyright Act of 1909 as to new technologies, or as to uses of already existing technologies not addressed by the Act, the judicial doctrine of "fair use," which was developed to immunize individuals from liability for unauthorized copying, was invoked.

46. Id. (emphasis added).
47. Id.
49. Comment, supra note 48, at 471-72 (A distinction must be made between "copy" when used in conjunction with an infringement of the 1909 Act versus when used to denote a copyrightable material under the 1909 Act. The two are not synonymous). The issue in Sony as in any copyright infringement suit, is not whether the material created by copying (VTR software) is copyrightable but whether the material copied from movies is copyrightable. Movies were clearly copyrightable under §5(1) and §5(m) of the 1912 Act. See note 42 and accompanying text supra.

In fact, a videotape itself is copyrightable under the 1909 Act. The Copyright Office has registered magnetic videotape under §5(1) and §5(m) of the 1912 Act since 1961. See Colby, An Historic "First"—Copyright Office Accepts Magnetic Videotape for Registration, 8 BULL. COPYRIGHT Soc'y 205 (1961). However, irrespective of whether or not videotape is copyrightable under the 1909 Act, VTR does not create "copies" which infringe §1(a) exclusive rights.


50. The elements of a fair use were introduced by Justice Story in Folsom v. Marsh, 9 F. Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4,901).
nize some forms of copying from strict application of the statute,\textsuperscript{51} is available as a defense. The fair use doctrine will be discussed extensively later in this article.

Recordings made after January 1, 1978 are governed by the Copyright Act of 1976.\textsuperscript{52} The new Act was enacted with the intent of updating the obsolete Copyright Act of 1909, and specifically, of providing for certain technological developments.\textsuperscript{53} Although the new Act protects numerous activities unaddressed by the Act of 1909, it is silent as to certain technological discoveries to which copyright protection arguably might attach.\textsuperscript{54} Under the 1976 Act, a copyright gives its holder the exclusive rights over: (1) reproduction of the materials; (2) the preparation of derivative works; (3) the distribution of copies; (4) the performance of the copyrighted work publicly; and (5) the display of the copyrighted work publicly.\textsuperscript{55}

Copyright infringement, therefore, can be defined in a negative way. If a person, unauthorized by the copyright holder, uses a copyrighted work in a way that is within the scope of one of the exclusive rights in the above sanction, there would be an infringement. However, if the unauthorized use is not specifically listed as within the exclusive rights of the copyright holder, there is no infringement of the copyright.\textsuperscript{56}

In \textit{Sony}, the United States District Court for the Central District of California first addressed the question of whether home videotaping constitutes infringement, characterizing its inquiry as a search for the proper balance between "the need for wide availability of audiovisual works against the need for monetary reward to authors to assure production of these works."\textsuperscript{57} Looking at the legislative history of the copyright protection given sound record-
ings, the court determined that a similar exemption could be im-
plicated to audiovisual tape recordings. The court stated: "Congress
did not intend to restrain the home-use copying at issue here."58

In 1971, Congress attempted to combat the growing problem of
record piracy59 by amending the old copyright law to give sound
recordings limited protection.60 Under this amendment, Congress
did not intend to give the holders of sound-recording copyright
protection against noncommercial home recording.61 One of the
rationales used to justify this noncommercial home-use exemption
was that such protection would cause insurmountable "privacy
and enforcement problems . . . ."62 Reasoning that the home-use
sound-recording exemption was carried over to the 1976 Act,63 the
district court in Sony extended the rationale of that exclusion to
home videorecording and thus found an implied exemption for
such noncommercial home use.64

The United States Court of Appeals for the Ninth Circuit re-

58. Id. at 447.
60. Sound Recording Amendment of 1971, Pub. L. No. 92-140, § 1(a), 85 Stat. 391
1981)).
61. 480 F. Supp. at 444. In reaching this conclusion, the court found the follow-
ing language contained in the House Report on the Sound Recording Amendment
to be significant:

In approving the creation of a limited copyright in sound recordings it is
the Intention of the Committee that this limited copyright not grant any
broader rights than are accorded to other copyright proprietors under the
existing title 17. Specifically, it is not the intention of the Committee to
restrain the home recording, from broadcasts or from tapes or records, of
recorded performances, where the home recording is for private use and
with no purpose of reproducing or otherwise capitalizing commercially on
it. This practice is common and unrestrained today, and the record
producers and performers would be in no different position from that of the
owners of copyright in recorded musical compositions over the past 20 years.
Cong. & Ad. News 1566, 1572). The court also quoted testimony of Barbara Ringer,
then Register of Copyrights, to the effect that the noncommercial home recording
of sound recordings was not the kind of conduct Congress intended to control with the
amendment. See id. at 445 (quoting Hearings on S. 646 Before the Subcomm. No. 3 of
the House Judiciary Comm., 92d Cong., 1st Sess. 22 (1971)). The court cited the
floor debate on the measure wherein Representative Kastenmeier, the chairman of
the House subcommittee that drafted the new Act, agreed that the amendment only
prohibited commercial copying. In his view, home recording for personal use was
"considered both presently and under the proposed law to be fair use." Id. at 445-46
(quoting 117 Cong. Rec. 34,748 (1971)). Finally, the court discussed a 1961 report of
the Register of Copyright owners against home use recording. Id. at 446.
62. Id. at 446.
63. Id. at 444-45.
64. Id. at 443. In hearings on the Sound Recording Amendment, the Register of
Copyrights expressed her opinion that a private home-use exemption would extend
to home videorecording as well as to sound recording. See Hearings on S. 646,
supra note 62. Representative Kastenmeier, chairman of the subcommittee that
versed. The appellate court held that off-the-air home video recording of copyrighted materials was an infringement. The court found that the district court's conclusion was erroneous and had "inadvertently bypassed the statutory framework of the 1976 legislation." The court noted that section 102(a) of the 1976 Act, in listing the categories of "works of authorship" that receive copyright protection, sets out audiovisual works and sound recordings in separate categories. The court further noted that section 106 describes the author's exclusive rights in copyrighted works, and section 114 limits those exclusive rights in certain areas. One of the areas where a copyright owner's exclusive rights are limited is in the area of sound recordings; there is no such limitation as to audiovisual works. Thus, the court held that any express or implied exemption arising from the conjunction of sections 102(a), 106 and 114 could not apply directly to audiovisual works because the statute delineated audiovisual works and sound recordings as separate categories. In addition, the court stated that a statute granting clear and unambiguous monopoly control is limited only by express statutory exemptions, not by those implied from other statutes, or from legislative histories. The Ninth Circuit concluded that it would be improper for a court to imply an additional exemption which Congress did not see fit to make explicit.

Under the new Act, the video-cassette recording of copyrighted television broadcasts seems to fall within the scope of the exclusive rights of the copyright holder. The 1976 Act provides that the holder is the only individual who can, among other things, reproduce the copyrighted work, and the only one who can authorize such reproduction. The term "reproduce" has been defined in several ways, one of which is "to cause to be or seem to be

drafted the new Act, expressed a similar opinion in the floor debates on the 1971 Amendment. See also note 62 supra.

65. Sony, 659 F.2d at 974.
66. Id.
67. Id. at 966.
69. Id. § 10.
70. Id. § 114(b). This section reads in part:
The exclusive right of the owner of copyright in a sound recording under clause (1) of section 106 is limited to the right to duplicate the sound recording in the form of phonorecords, or of copies of motion pictures and other audiovisual works, that directly or indirectly recapture the actual sounds fixed in the recording.
71. Id. at 966-69.
72. Id. at 966.
74. Id.
repeated.” This definition also describes the purpose of the video-cassette systems, namely, to cause a television show to be repeated.

Moreover, the cassettes which are produced for later viewing fall easily within the new Act’s definition of the term “copies.” The 1976 Act defines “copies” as “material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” This could as easily be the definition of “video-cassette” as it is of “copies.” Thus, it would appear that a VTR tape is a “copy” under the 1976 Act, and that a VTR user infringes section 106(1) when he produces a copyrighted work. Furthermore, if the viewer makes deletions or other modifications while recording the original copyrighted work, a derivative work is created, and an infringement of section 106(2) occurs. Thus, with two possible infringements occurring through VTR use, it would seem that videotaping is within the exclusive province of the copyright holder or his agent under the terms of the 1976 Act.

Therefore, it is argued that home video-cassette recording, when weighed against the exclusive rights of the copyright holder, is an infringement. However, even without an express or implied exemption, the rights of the copyright holder are subject to other statutorily and judicially created limitations. Infringement, therefore, cannot be said to be present until the applicability of these limitations is assessed.

FAIR USE

In addition to the statutory limitations on a copyright owner’s exclusive rights, there are certain judicially created limitations. The doctrine of “fair use,” developed by the courts, and subse-

77. Id. Section 101 defines a derivative work as “a work based upon one or more preexisting works, such as a . . . motion picture version . . . or any other form in which a work may be recast, transformed, or adopted. A work consisting of editorial revisions . . . or other modifications which, as a whole, represent an original work of authorship, is a ‘derivative work’.”
78. Id. § 106(2). Sections 106(3), 106(4), and 106(5) all involve public activities and are thus not germane to the issue of non-commercial home use. The sections grant the copyright holder exclusive rights of public distribution, performance, and display. Id. § 106(3)-106(5).
79. Id. § 106.
80. Id.
81. See note 51 supra.
quently codified in the Copyright Act of 1976, was created to restrict the control that a copyright gives an author over the publication, distribution, and performance of a copyrighted work. A discussion of this doctrine aids in determining whether home video-cassette recording systems infringe copyrights.

The fair use doctrine has been described as a "privilege in others than the owner of a copyright to use the copyrighted material in a reasonable manner without his consent, notwithstanding the monopoly granted to the owner." It is a "rule of reason," which can be used as a defense against an infringement action on the grounds that the alleged infringer's use was outside the legitimate scope of the copyright holder's exclusive rights.

The doctrine emerged as a response to the vesting of excessive control of a work in the copyright owner which would often inhibit the creative efforts of a second author or artist who would otherwise have relied upon the copyrighted work. Thus, the doctrine of fair use tilts the balance in favor of public access insofar as the fair use doctrine allows artists, authors, and musicians to borrow reasonably from copyrighted works to create new expressions. Several justifications have been put forth for the creation of this doctrine: implied consent, custom, inconsequential amount of copying, and the public policy of encouraging the development of art, science, and industry. Of these justifications, the encouragement of art, science, and industry is the most consistent with the constitutional mandate. The constitutional purpose in granting copyright protection in the first place was "[t]o Promote the Progress of Science and Useful Arts." Fair use is, under the public policy justification, merely a continuation of the stated constitutional purpose for granting copyright.

84. Williams & Wilkins Co. v. United States, 487 F.2d 1345, 1377 (Ct. Cl. 1973) (Cowen, C.J., dissenting), affirmed by an equally divided Court, 420 U.S. 376 (1975).
85. 487 F.2d at 1377.
86. Iowa St. Univ. Research Found., Inc. v. ABC, 621 F.2d 57, 60 (2d Cir. 1980) (fair use prevents rigid application of copyright law when copyright protection would otherwise stifle creativity that it was designed to foster).
89. 487 F.2d at 1377.
92. U.S. CONST. art. 1, § 8, cl. 8.
For a fair use privilege to be found, a greater value to the public must override the copyright holder's interest. "The Progress of Science and Useful Arts" is not promoted unless the underlying actions broaden dissemination of knowledge or serve some other intellectual use. Without this countervailing societal interest there is no need to apply the equitable doctrine of fair use to override the copyright holder's exclusive rights.

In the 1973 case of Williams & Wilkins Co. v. United States, a key factor considered by the United States Court of Claims in addressing the doctrine of fair use was whether medical research would be hampered if fair use were not found. In Williams, a copyright infringement suit had been brought under the Copyright Act of 1909 by a publisher of medical journals alleging that two government institutions, the National Institute of Health and the National Library of Medicine, had infringed its copyrights by making photocopies of articles in its medical journals. The court of claims concluded that reproduction and distribution of medical journal articles by government agencies was fair use. The intended use of the copies, to disseminate medical knowledge, was identical to the intrinsic use of the original articles.

Similarly, other fair use cases have involved balancing some artistic or literary value against the rights of a copyright owner. Consider, for example, the traditional areas for the application of the fair use doctrine, which are: handcopying for private use by researchers and scholars; quotations for use in criticism or review; incidental use; parody; summary or brief quotation.
for use in news reports;\textsuperscript{103} reproduction for use in legislative or judicial proceedings or reports;\textsuperscript{104} reproduction of a portion by a library to replace a damaged copy;\textsuperscript{105} and quotation of short passages for illustration of a scholar’s observations.\textsuperscript{106} Beyond these general areas, what is considered a fair use cannot be precisely defined.\textsuperscript{107}

Although difficult to define, the courts are not without guidelines in applying the fair use doctrine. Certain factors have been considered in determining whether a particular use is “fair,”\textsuperscript{108} and these factors, along with the doctrine, have been codified in the 1976 Act. Under section 107 of the new Act, the four factors to be considered in determining whether a particular use is “fair” are:

(1) The purpose and character of the use, including whether such use is of a commercial nature or is for non-profit 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.\textsuperscript{109}

Thus, being a codification, the statute indicates the parameters of the doctrine as it was originally developed by the courts,\textsuperscript{110} and as it evolved in the case law.\textsuperscript{111}

Most of the examples listed in the statute fall within a category which can be described as “productive uses.” A productive use is one whereby the user incorporates the copyrighted material in a developmental process, that is, in creating a second work, or in carrying on research or education.\textsuperscript{112} The House Report accompanying the 1976 Act emphasized the importance of the productive purpose of the use. The report implied that the productive use of a work was a prerequisite to the finding of a fair use—with the four statutory factors being relevant only as an aid in determining

\begin{footnotesize}
\begin{itemize}
\item Benny v. Loew's Inc., 239 F.2d 532 (9th Cir. 1956), \textit{aff'd per curiam by an equally divided Court,} 356 U.S. 43 (1958).
\item 487 F.2d at 1377.
\item Id.
\item See 3 M. NIMMER, NIMMER ON COPYRIGHT \textsection 13.05[A], 13-56 (1976).
\end{itemize}
\end{footnotesize}
whether the basic doctrine of fair use applies in a particular case. As Professor Seltzer has written:

"Fair use has always had to do with the use by a second author of a first author's work. Fair use has not heretofore had to do with the mere reproduction of a work in order to use it for its intrinsic purpose—to make what might be called the 'ordinary' use of it."

Thus, productive use is a necessary precondition of fair use. Having determined that a particular use is productive, however, does not end the inquiry; a court next needs to consider whether the use is "fair," by applying the four factors codified in the statute.

These four criteria have remained constant since their first judicial pronouncement in Folsom v. Marsh. Most courts in determining whether a use is privileged evaluate all the statutory factors. The factors are to be considered together, with no single factor being given more weight than any other. However, some courts have held that the fourth factor, harm to the potential market, should be regarded as the most important, and, therefore, given more weight.

The first guideline for determining whether a fair use exists specifically states that the purpose and character of the use shall include "whether such use is of a commercial nature or is for non-profit educational purpose." Fair use has traditionally been more readily found in noncommercial uses, especially nonprofit educational purposes. Thus, a key consideration in any fair use case is the characterization of the use as commercial or noncommercial. If the character of the use is commercial, courts normally do not find fair use. The probability of a reproduction qualifying as fair use, however, is greater if the character is nonprofit and educational.

114. L. SELTZER, supra note 8, at 24.
115. 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901).
118. Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc. 626 F.2d 1171, 1175 (5th Cir. 1980); 3 M. NIMMER, supra note 113, at § 13.05[A][4].
120. Loew's, 131 F. Supp. at 175. See H. HENN, COPYRIGHT PRIMER 156 (1978).
121. See 659 F.2d at 972. See also Triangle Publications, 626 F.2d at 1175.
In *Sony*, the district court described the character of the use as primarily private and noncommercial.\(^{123}\) The use of VTRs to record broadcasted programs was characterized by the court as serving the same function as the original broadcast.\(^{124}\) Since the character of the use of VTRs in the case was private, noncommercial, and within the home, while the original use was public and commercial, the alleged infringement did not result in direct commercial market competition with the original broadcast.\(^{125}\) However, a noncommercial use does not necessarily mandate a finding of fair use.\(^{126}\) Thus, although the noncommercial use was not dispositive, it did allow a closer examination of the purpose of the particular production at issue.\(^{127}\) Stating that the purpose of the VTR user's appropriation “is to increase access to the material plaintiffs choose to broadcast,” the court linked the videotaping to “the First Amendment policy of providing the fullest possible access to information through the public airwaves.”\(^{128}\)

The court of appeals found that copying the plaintiff's works, though nonprofit,\(^ {129}\) was not educational.\(^ {130}\) Furthermore, the court of appeals expressly adopted the principle that fair use must be a “productive” use.\(^ {131}\) Unless the copier is making an original contribution to the copyrighted work in order to create a new work of his own, he may not invoke the defense of fair use.\(^ {132}\) The court of appeals found that fair use is not applicable where the user cop-

\(^{123}\) 480 F. Supp. at 453.

\(^{124}\) Id.

\(^{125}\) Id. at 454, 456.

\(^{126}\) Id. at 453.

\(^{127}\) See id.

\(^{128}\) Id. at 454.

\(^{129}\) 659 F.2d at 972. Although the motive of the VTR owner was nonprofit, the court of appeals questioned whether the same was true of the corporate defendants who “are obviously not in the business of promoting home video recording for strictly altruistic reasons.” Id. at 972 n.9.

\(^{130}\) Id. at 972.

\(^{131}\) Id. at 970.

\(^{132}\) See id. The court of appeals cited *Williams & Wilkins Co. v. United States*, 487 F.2d 1345 (Ct. Cl. 1973), *aff’d per curiam by an equally divided Court*, 420 U.S. 376 (1975), as the one example of a case that does not conform to this principle. Id. In *Williams & Wilkins*, the United States Court of Claims held that library photocopying of entire articles from medical and scientific journals constituted fair use. *Williams & Wilkins*, 487 F.2d at 1353-54. The appellate court disapproved of the *Williams & Wilkins* decision because the court believed that the court of claims had failed to adhere to the “productive use” principle. 659 F.2d at 970. In fact, however, *Williams & Wilkins* may conform to the “productive use” principle: the library furnished photocopies only for study and research, and this limitation implies a use that it is hoped will result in further scientific authorship. The court of claims seems to have had this scholarly purpose of the copying in mind when it remarked, “[I]t is settled that, in general, the law gives copying for scientific purposes a wide scope.” 487 F.2d at 1354.
ies a protected work merely for his own "convenience" or "entertainment." Yet it is an "entertainment" use, and only that, which is involved in most video-cassette recordings. Therefore, it cannot be said that the purpose and character of home recording meets the first requirement of fair use.

The second fair use factor listed in section 107 is "the nature of the copyrighted work." This criterion, rarely relied upon by the courts, concerns the substance of a particular work—whether the work is, for example, a film, news article, musical composition, or book. The court will inquire into whether the nature of the material is such that additional access "would serve the public interest in the free dissemination of information. . . ." Courts have been more willing to recognize the defense of fair use when the copied work is one "more of diligence than of originality or inventiveness," such as a catalogue, index, or other compilation. If the work is "creative, imaginative, or original," the fair use defense is less appropriate.

In Sony, the district court found it crucial that the copyrighted material was telecast free of charge and that the copyright owner's opportunity to use the public airwaves resulted both in a profit and a wider dissemination of the copyrighted material than that normally available to a copyright owner. The material was licensed for broadcast and came into the viewer's home without any direct effort or expense on his or her part, and as such, was commercially remunerative to the copyright owner without a direct sale to the individual. The court inferred that this somehow diminished the producers' exclusive rights in the material, and made some rights more speculative. The court also recognized that the determination of the nature of the work is much more difficult than it initially appears. The court did not characterize the works at issue as educational, scientific or mere entertainment, but relied, in large measure, upon the means of dissemination in its "nature of the work" analysis.

133. 659 F.2d at 970.
135. 480 F. Supp. at 452.
136. See id. at 452-53.
139. MCA, Inc. v. Wilson, 677 F.2d 180, 182 (2d Cir. 1981).
140. 480 F. Supp. at 453.
141. Id.
142. Id.
143. Id. at 452-53.
144. Id.
The court of appeals stated that “the scope of fair use is greater when informational type works, as opposed to more creative products, are involved. . . . If a work is more appropriately characterized as entertainment, it is less likely that a claim of fair use will be accepted.”

The third fair use factor is “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.”

This criterion envisions a continuum: as more of the copyrighted work is taken, the fair use defense becomes progressively less viable. For example, the Ninth Circuit, in *Benny v. Loew's Inc.*, found that a substantial taking precluded fair use. Although affirmed by the Supreme Court, *Benny* has not been widely followed. Moreover, the Ninth Circuit later observed that strict application of the *Benny* rationale would severely undermine the fair use defense because it would limit the defense to a relatively small number of cases. In the context of technologically advanced systems, however, the criterion becomes wholly inapposite. Most courts determining whether a use is privileged evaluate all the statutory factors.

The home video-cassette recording of television broadcasts is a complete reproduction of a copyrighted work. The relation between the amount and substantiality of the portion copied and the copyrighted work as a whole is total. They are identical. This creates a problem in applying the “fair use” doctrine since the general proposition concerning a total reproduction is that a complete copying is never a fair use—even if there is no intent to profit from the copying. Under the traditional American rule, excessive copying alone precludes fair use. As a result, the more a user

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145. 659 F.2d at 972.
147. 239 F.2d 532 (9th Cir. 1956), aff'd per curiam by an equally divided Court sub nom., CBS v. Loew's Inc., 356 U.S. 43 (1958).
148. 239 F.2d at 536-37.
150. Walt Disney Prods. v. Air Pirates, 581 F.2d 751, 756 (9th Cir. 1978).
151. 480 F. Supp. at 454 n.4.
153. 487 F.2d at 1377-78.
154. See Walt Disney Prods., 581 F.2d at 758. The legislative history of section 107 indicates that the “doctrine of fair use would be applied strictly to the . . . repro-
copies, the less likely a court will find fair use.\textsuperscript{155}

In considering the substantiality of the taking, the district court in \textit{Sony} recognized that "[g]enerally, the more substantial the taking from the copyrighted work, the less likely it is that the fair use defense will be available."\textsuperscript{156} Although the home user of a VTR ordinarily appropriates an entire work, the court determined that this did not bar a fair use defense because the four factors must be considered together.\textsuperscript{157} The court stated that the substantiality factor must be examined in light of the harm inflicted upon the copyright owner who has had his work copied without authorization.\textsuperscript{158} Therefore, despite the substantiality of the recording performed with VTRs, the lack of probable harm to the plaintiffs prevented this factor from causing a finding of infringement under the fair use doctrine.\textsuperscript{159} The court concluded: "When considered with the nature of the material and the noncommercial private use, this taking of the whole . . . constitutes fair use, because there is no accompanying reduction in the market for ‘plaintiffs’ original work.’"\textsuperscript{160}

The court of appeals weighed the substantiality of the taking factor against a finding of fair use.\textsuperscript{161} The court quoted from an earlier case which concluded that "‘excessive copying precludes fair use.’"\textsuperscript{162} In the Ninth Circuit’s view, the substantiality test limited fair use, regardless of whether the copyright holder had been injured by the copyright infringement.\textsuperscript{163}

The fourth fair use factor, which some courts have regarded as the most significant of all,\textsuperscript{164} is "the effect of the use upon the potential market for or value of the copyrighted work.”\textsuperscript{165} The importance of this factor has been used to explain decisions which would otherwise be quite puzzling.\textsuperscript{166} The injury, or decrease in value, to the copyrighted work does not have to be actual. Potential injury

duction of entire works, such as . . . audiovisual [works]." S. REP. NO. 473, 94th Cong., 1st Sess. 64 (1975).

\textsuperscript{155}. 480 F. Supp. at 454. \textit{See also} Whitel v. Crow, 309 F.2d 777, 780 (8th Cir. 1962); Public Affairs Assocs., Inc. v. Rickover, 284 F.2d 262, 272 (D.C. Cir. 1960); \textit{Benny}, 239 F.2d at 536; Leon v. Pacific Tel. & Tel. Co., 91 F.2d 484, 486-87 (9th Cir. 1937); Walt Disney Prods. v. Mature Pictures Corp., 389 F. Supp. 1397, 1398 (S.D.N.Y. 1975).

\textsuperscript{156}. 480 F. Supp. at 454.

\textsuperscript{157}. \textit{Id}.

\textsuperscript{158}. \textit{Id}.

\textsuperscript{159}. \textit{Id}.

\textsuperscript{160}. \textit{Id}.

\textsuperscript{161}. 659 F.2d at 973.

\textsuperscript{162}. \textit{Id} at 973, \textit{quoting} Walt Disney Prods., 581 F.2d at 758.

\textsuperscript{163}. \textit{Id}.

\textsuperscript{164}. \textit{See} 626 F.2d at 1175.


\textsuperscript{166}. 3 M. Nimmer, \textit{ supra} note 113, at § 145.
COPYRIGHT INFRINGEMENT

is sufficient to prevent the invoking of the fair use doctrine. As one author has stated, "[a] strong argument can be made for potential economic damage to the copyright holder of a television broadcast recorded by home viewers." In Sony, the district court stated that the harm factor is central to three determinations: (1) whether fair use is demonstrated; (2) whether injunctive relief is warranted; and (3) assuming infringement, the extent of the damages. The court did not require a showing of actual harm for purposes of its fair use analysis, but adopted a probable effects standard which requires the expected harm to be no more than probable. The court first considered the potential economic harm to the author. The court viewed the plaintiff's theories of probable harm from widespread use of the VTR as too speculative and was "hesitant to identify 'probable effects' of home-use copying." The court observed that production companies "have proven resilient to change in market practices arising from other technological inventions" and concluded that copyright law "does not protect authors from change or new considerations in the marketing of their products." Therefore, the court found that the plaintiffs had failed to clearly demonstrate that the probable effect of the home use recording would be economic harm to their copyrights.

The court of appeals gave little consideration to the final factor aside from the criticism of the burden the district court had placed on the plaintiffs to show specific harm from home VTR use. Calling the district court's requirements too strict, the court of appeals suggested that the better standard was "whether the infringing work tends to diminish or prejudice the potential sale of the plaintiff's work." The "tends to diminish" requirement was satisfied by the court's conclusion that, because the use of the VTR copy was the same as the intrinsic use of the original program, namely entertainment, the copy might be used to compete with the

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168. Note, Copyright-The Home Video Recording Controversy, 81 W. VA. L. Rev. 231, 244 (1982).
170. Id.
171. Id. at 452.
172. Id.
173. Id.
174. Id.
175. Id.
176. 659 F.2d at 973-74.
177. Id. at 974 (emphasis added).
According to the court of appeals, a broad view of the effects of off-the-air taping was specific enough when it came to showing where plaintiff's market might be harmed. Thus, the court of appeals concluded that when "one looks at the full scope of the activity in question, it seems clear that it tends to diminish the potential market for . . . [plaintiff's] works." Although some courts consider the final factor to be the most important, all four factors must be weighed and considered together in determining whether the use at issue is "fair." However, consideration of these other factors also weighs heavily against home video-cassette recording's qualification as a "fair use." The purpose of the copying, entertainment, the nature of the copyrighted work, also entertainment, and the total reproduction of the copyrighted work all fall outside the traditional fair use exception. While there are no rigid rules which can be applied, the home video-cassette recording of television broadcasts does not seem to fit under the fair use doctrine as it presently exists.

**Contributory Infringement**

From a practical standpoint, contributory infringement is the most important issue to be resolved. If the corporate defendants are absolved of liability as contributory infringers, copyright holders will be faced with the prospect of bringing suits against each of the millions of VTR owners who have copied protected works in order to obtain adequate relief. Any infringement action must, therefore, be directed against the manufacturer of the equipment that makes the infringement possible. Such action is possible through the concept of contributory infringement.

Both the district court and the court of appeals in *Sony* cited with approval the definition of "contributory infringement" developed by the United States Court of Appeals for the Second Circuit

178. *Id.*
179. *Id.*
180. *Id.* (emphasis added).
181. See note 120 and accompanying text *supra*.
184. Universal brought this action against only the manufacturers, advertisers and sellers of the VTRs because they, and not individual VTR owners, are the ones profiting from unauthorized copying of Universal's motion pictures. Universal has the absolute right to sue those contributory infringers alone without joining the primary infringers, i.e., individual VTR owners, as defendants. Costello Pub. Co. v. Rotelle, 670 F.2d 1035, 1043 (D.C. Cir. 1981); Wells v. Universal Pictures Co., 166 F.2d 690, 692 (2d Cir. 1948). See Kalem Co. v. Harper Bros., 222 U.S. 55, 60 (1911) (contributory copyright infringer sued without joining direct infringers).
in the 1971 case of *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.* The *Gershwin* definition provides that "one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a 'contributory' infringer." Therefore, under this definition, a finding of copyright contributory infringement requires: (1) a direct infringement of the copyright; (2) that the contributory infringer knew of the infringing activity; and (3) that the contributory infringer induced, caused, or materially contributed to the infringing conduct. The function that the contributory infringer plays in the reproduction process is more important than the extent of involvement in determining whether alleged wrongful conduct has contributed to the primary infringement.

Under this standard, a contributory infringer need not have actual knowledge of the infringing activity; constructive knowledge is sufficient. Further, actual "inducement" of the infringing activity is not required. Rather, conduct which "furthers" or "materially contributes to" the infringing activity will suffice. Nor is direct contact between the contributory infringer and the ultimate infringer necessary; indirect contact or participation in a chain of distribution resulting in the infringement is sufficient.

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185. 443 F.2d 1159 (2d Cir. 1971); 659 F.2d at 975 (adopting the *Gershwin* definition); 480 F. Supp. at 459 (same).
186. *Gershwin*, 443 F.2d at 1162.
188. *Id.* at 488.
189. 443 F.2d at 1162.
190. 392 U.S. at 397 ("[M]ere quantitative contribution cannot be the proper test to determine copyright liability . . . . Rather, resolution of the issue . . . depends upon a determination of the function that [the alleged infringer] plays in the total process of the television broadcasting and reception.").
191. *Screen Gems-Columbia Music, Inc. v. Mark-Fi Records, Inc.*, 256 F. Supp. 399, 403 (S.D.N.Y. 1966) (contributory defendants who "should have been aware" of infringing activities because of suspicious nature of primary infringers' conduct had sufficient constructive knowledge). *See Inwood Labs., Inc. v. Ives Labs., Inc.*, 102 S. Ct. 2182, 2188 (1982) (one who supplies a product to another with "reason to know" that the other is using the product in an infringing manner may be held liable as a contributory trademark infringer).
192. *Kalem*, 222 U.S. at 62-63; *Gershwin*, 443 F.2d at 1162; *Screen Gems*, 256 F. Supp. at 403 (non-infringing advertisements which "further" the sale of infringing recordings sufficient to hold advertiser contributiorily liable).
Copyright contributory infringement evolved from common law principles of agency. Consequently, courts focus on the defendant's knowledge of, and power to control, the directly infringing activity. The knowledge requirement is met when the defendant is sufficiently involved with the activity to have actual knowledge, or reason to know, of the infringement. The manufacturers of the home video-cassette recorders fit this definition. The design of the machine itself, and the style of advertising, would seem to demonstrate the manufacturer's knowledge of the infringing act. In *Gershwin*, the court found the requisite knowledge when a concert artists' management agency knew that its artists were performing copyrighted works without securing copyright licenses and yet helped to organize an artists' association and created an audience for them.

In applying the "control and supervision" standard, courts assess the relationship between the direct infringer and the alleged contributory infringer to decide whether the contributory infringer had the requisite participation in, or control over, the infringing activity. One indication of control is the presence of a direct financial benefit from the copyright infringement. Thus, failure to exercise power to prevent copyright infringement, coupled with direct financial benefit, is a sufficient basis for imposing liability for contributory infringement.

Furthermore, formal control over the infringer is not necessary for a finding of contributory infringement. A case involving an early motion picture, made from the novel *Ben Hur*, provides language which is most appropriate to the situation present in *Sony*. Justice Holmes, in ruling that the film's producers were liable for the infringement of the film's unlawful public exhibitions, stated:

The defendant not only expected but invoked by advertisement the use of its films for... [the infringing exhibitions]. That was the most conspicuous purpose for which they could be used, and the one for which especially they were made. If the defendant did not contribute to the infringement it is impossible to do so except by taking part in the final act. It is liable on principles recognized in

195. 443 F.2d at 1162-63.
198. *Gershwin*, 443 F.2d at 1163.
every part of the law.\textsuperscript{199}

The liability which attaches to a contributory infringer is based on the concept that copyright infringement is a tort.\textsuperscript{200} As such, "the basic common law doctrine that one who knowingly participates in or furthers a tortious act is jointly and severally liable with the prime tortfeasor is applicable in suits arising under the Copyright Act."\textsuperscript{201}

In Sony, the district court held that even if off-the-air taping did constitute copyright infringement, the knowledge of the videotape manufacturers that their equipment might be used for infringing purposes was not sufficient to make them liable as contributory infringers.\textsuperscript{202} In reaching its conclusion, the district court had found that the Betamax was a "staple item of commerce."\textsuperscript{203} The "staple item of commerce" theory is a defense to patent contributory infringement.\textsuperscript{204}

Patent contributory infringement, in contrast to copyright contributory infringement, evolved from common law principles of aiding and abetting.\textsuperscript{205} The 1952 Patent Act codified this doctrine by imposing liability on anyone selling a component of a patented product or process knowing it to be specially made for infringing uses.\textsuperscript{206} Although the precedential value of patent law as applied to copyright law is not binding, its underlying rationale is persuasive—by way of analogy—to the present case.\textsuperscript{207}

The "staple item of commerce" defense relieves a component seller of liability when the article sold is capable of noninfringing,

\textsuperscript{199} Kalem, 222 U.S. at 62-63.
\textsuperscript{200} Leo Feist Inc. v. Young, 138 F.2d 972, 975 (7th Cir. 1943).
\textsuperscript{201} Screen Gems, 256 F. Supp. at 403.
\textsuperscript{202} 480 F. Supp. at 459.
\textsuperscript{203} Id. at 461.
\textsuperscript{205} 4 D. CHISUM, PATENTS § 17.02, at 17-3 (1982).
\textsuperscript{206} 35 U.S.C. § 271(c) (1976). The Patent Act provides:
(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.
(b) Whoever actively induces infringement of a patent shall be liable as an infringer.
(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer. . . .
\textsuperscript{Id.}
\textsuperscript{207} 480 F. Supp. at 461.
as well as infringing uses.\textsuperscript{208} The doctrine allows manufacturers of articles usable for patent infringement, but also suitable for non-infringing uses, to escape liability provided the manufacturers are not found to know of the infringing use of a particular item prior to sale.\textsuperscript{209} Advocates of the doctrine argue that commerce would be obstructed if a manufacturer was deemed to be an infringer whenever it constructively knows its product is being used in a patent infringing way.\textsuperscript{210} The suggested noninfringing use must not be "farfetched, illusory, impractical, or merely experimental."\textsuperscript{211} A seller of a component capable of noninfringing uses nevertheless may be liable if the seller takes further steps to induce infringement through advertising or instruction.\textsuperscript{212}

The Ninth Circuit reversed the district court's finding on the contributory infringement issue.\textsuperscript{213} The appeals court held that the knowledge element of the contributory infringement claim had clearly been satisfied:

The corporate appellees "know" that the Betamax will be used to reproduce copyrighted materials. In fact, that is the most conspicuous use of the product. That use is intended, expected, encouraged, and the source of the product's consumer appeal. The record establishes that appellees knew and expected that Betamax's major use would be to record copyrighted programs off-the-air.\textsuperscript{214}

As to the requirement that the contributory infringer must in-

\begin{itemize}
\item \textsuperscript{208} See 35 U.S.C. § 271(c) (1976).
\item \textsuperscript{209} Henry v. A.B. Dick Co., 224 U.S. 1, 48-49 (1912).
\item \textsuperscript{210} Id.
\item \textsuperscript{211} 4 D. CHISUM, PATENTS § 17.03(3), at 17-41 to -42 (1982). See also Fromberg, Inc. v. Thornhill, 315 F.2d 407, 415 (5th Cir. 1963) (in assessing whether a product is a staple article of commerce, the standard, though ambiguous, is "mere theoretical capability"); Reynolds Metals Co. v. Aluminum Co. of Am., 457 F. Supp. 482, 509 (N.D. Ind. 1978), rev'd on other grounds, 609 F.2d 1218, 1220 (7th Cir. 1979), cert. denied, 446 U.S. 989 (1980) ("In assessing whether a product is a staple article of commerce, the quality, quantity, and efficiency of the suggested alternate uses are to be considered.").
\item \textsuperscript{212} 4 D. CHISUM, PATENTS § 17.04(3), at 17-48 (1982). It has been suggested that in such cases the appropriate remedy would not be to forbid the sale, but an injunction against continuing actively to induce infringement. See, e.g., Rohm and Haas Co. v. Dawson Chem. Co., 599 F.2d 685, 703 n.24, (5th Cir. 1979), aff'd, 448 U.S. 176 (1980).
\item \textsuperscript{213} 659 F.2d at 975-76. Both courts found that Sony's involvement in home recording was not substantial enough to hold them liable for direct infringement or for vicarious liability. Id. at 975; 480 F. Supp. at 457. See generally Kalem, 222 U.S. at 60-63, 659 F.2d at 974. The court of appeals held home users directly liable. 659 F.2d at 976. The court of appeals held that the retail defendants selling Betamax VTRs were liable as contributory infringers. Id. But, agreeing with the district court, the circuit court held that in-store demonstrations constituted fair use. Id.; 480 F. Supp. at 457.
\item \textsuperscript{214} 659 F.2d at 975.
\end{itemize}
duce, cause, or materially contribute to the infringing activity, the court stated that "the corporate appellees are sufficiently engaged in the enterprise to be held accountable."\textsuperscript{215} Furthermore, the court rejected the "staple item of commerce" doctrine.\textsuperscript{216} That theory requires a corporation's products to have some legitimate, non-infringing use.\textsuperscript{217} The theory that the manufacturers of video home recording equipment are contributory infringers, however, rests on the assumption that the equipment is manufactured and purchased primarily for the purpose of making unauthorized copies of copyrighted material.

The Ninth Circuit's reasoning in finding VTRs not suitable for noninfringing uses was relatively simple. The court observed: "Videotape recorders are manufactured, advertised, and sold for the primary purpose of reproducing television programming. Virtually all television programming is copyrighted material. Therefore, videotape recorders are not 'suitable for substantial noninfringing use.'"\textsuperscript{218} Once the court found that VTRs were not suitable for noninfringing uses, it went one step further and labeled Sony a contributory infringer.\textsuperscript{219}

**CONCLUSION**

Videotape home recording of copyrighted works has never been protected by any special exemption, express or implied, from the Copyright Act of 1976. The practice is also not defensible under the "fair use" doctrine that has been developed by the courts and codified in the 1976 Act. Although enforcing the copyright laws against individual home-use infringers presents difficulties, courts can avoid such problems by recognizing that the manufacturers of videotape recorders are contributory infringers, thereby making them legally responsible for the infringing activity.

If the Supreme Court reverses the court of appeals' decision, copyright owners in the entertainment industry will have to depend solely on the legislature for their protection and compensation. On the other hand, if the Court affirms, it will in essence

\textsuperscript{215} Id. at 976.

\textsuperscript{216} Id. at 975.

\textsuperscript{217} See notes 208-15 and accompanying text supra. The staple article of commerce doctrine originated in patent law. Under the doctrine, the manufacturer or seller of a common item such as a camera or a typewriter, which could technically be used for infringing activities, is not liable for any infringing use. To come within the protection of the doctrine, the manufacturer or seller must show the item can be put to a substantial noninfringing use and the infringing use was not, in some way, encouraged by the manufacturer or seller.

\textsuperscript{218} 659 F.2d at 975.

\textsuperscript{219} Id. at 975-76.
sanction a system that benefits both the creators of intellectual property and the consuming public. It will benefit the creators by providing fair compensation and protection and thereby the incentive to create new works. It will offer a benefit to the consumers by assuring them a rich and increasing variety of works from which to choose. Regardless of the outcome, Sony will be a landmark—either for the precedent it sets or for the legislation it prompts.

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