

SONY CORPORATION OF AMERICA, *et al*; *Petitioners*, vs. UNIVERSAL CITY STUDIOS, INC. and WALT DISNEY PRODUCTIONS, *Respondents*.

No. 81-1687

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October Term, 1982

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On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

BRIEF OF HITACHI, LTD. AND HITACHI SALES CORPORATION OF AMERICA AS AMICUS CURIAE IN SUPPORT OF THE PETITIONERS.

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Question Presented.

Assuming *arguendo* that the use of videotape recorders ("VTR's") to record free off-the-air television programming for private home viewing is an infringement of statutory copyright on such programming, does the mere manufacture and distribution of VTR's constitute contributory infringement?

Interest of Hitachi, Ltd. and Hitachi Sales Corporation of America.

Hitachi is a Japanese corporation engaged in, among other things, the business of manufacturing VTR's. HSCA is a California corporation engaged in, among other things, the business of distributing Hitachi VTR's in the United States.

Hitachi and HSCA have a vital interest in seeing that this Court reverse the Court of Appeals' decision below for two reasons.

First, as manufacturers and distributors of VTR's, Hitachi and HSCA stand in a similar position to petitioners and will be significantly affected by the outcome of this litigation and the impact which it will inevitably have on the home VTR industry.

Second, Hitachi and HSCA are among the defendants in an action recently brought by respondent Universal City Studios, Inc. in the United States District Court for the Central District of California against fifty manufacturers, distributors, and advertisers of VTR's which together comprise virtually the entire remainder of the home VTR industry. The action, which is entitled "Universal City Studios, Inc., et al., v. RCA, et al.," Civil No. 81-5723 FW, was commenced within weeks after the Court of Appeals' decision herein, and in obvious reliance thereon, and states substantially the same causes of action as the instant case. The action has been stayed pending the decision of the Court herein. Since the two decisions below currently stand as the only authority considering the question presented, the Court's action in this case will obviously have a profound impact upon the

outcome of the new litigation.

Hitachi and HSCA accordingly are legitimately interested in petitioners' prayer that this Court reverse the Court of Appeals' decision below, which decision, if left undisturbed, creates the specter of unwarranted and far-reaching liability not only for Hitachi and HSCA but for all manufacturers and distributors of VTR's.

Preliminary Statement.

This Brief is submitted by Hitachi, Ltd. ("Hitachi") and Hitachi Sales Corporation of America ("HSCA") as *amicus curiae* in support of petitioners' prayer that this Court reverse the judgment and opinion of the United States Court of Appeals for the Ninth Circuit ("Court of Appeals") entered in the above-entitled action on October 19, 1981.

As required by Rule 36 of the Rules of this Court, the parties to this action have consented to the filing of briefs *amicus curiae*, which consent is on file with the Clerk of this Court.

Summary of Argument.

In this Brief, Hitachi and HSCA demonstrate that, under traditional copyright analysis, under concepts borrowed from the analogous law of patents, and under an important principle of public policy, the manufacturers and distributors of VTR's should not be held liable as contributory infringers for the alleged copyright infringements of home users.

Although this Court has not squarely addressed the issue and although the decisions of the lower courts are in somewhat of a state of disarray, the consensus of authority, broadly speaking, is that contributory liability for copyright infringement will be imposed only upon those who knowingly induce, cause, or otherwise materially contribute to an infringing activity. The manufacturers and distributors of VTR's are not implicated by any of the elements of this test. First, the knowledge of the manufacturers and distributors -- that the use of VTR's to copy copyrighted television programming is but one of many uses, most of which are unquestionably non-infringing, to which the product may be put - is simply not sufficient to justify liability. Second, the manufacturers and distributors of VTR's cannot be said to induce, cause, or materially contribute, knowingly or unknowingly, to the alleged infringing activity because they do not have the ability to police the home use of VTR's, because their financial interest ends once the product is sold and is not affected by the use to which the product is put, and because their advertisement and promotion of VTR's is not improper.

Under the federal patent statute and the case law developed thereunder, and which have been cited in part by the lower courts herein, the manufacturers and distributors of VTR's are also innocent of contributory infringement. This is so, first, because the manufacturers and distributors have insufficient knowledge of the infringing use of the product and, second, because VTR's are staple articles of commerce suitable for substantial non-infringing use. Furthermore, this lawsuit constitutes an attempt by respondents to misuse their copyright monopoly by tying a protected property (their copyrighted television programming) to an unprotected activity (the use of VTR's generally) -- clearly, a "copyright misuse."

Aside from the statutory and decisional law of copyrights and patents which relieves the manufacturers and distributors of VTR's from respondents' accusation of contributory copyright infringement, an important principle of public policy serves the same purpose. Respondents have acknowledged that VTR's have only a negligible impact, if any, upon

their copyrights. Indeed, the fact is that respondents have richly benefited from the introduction of VTR's. In view of these facts, it would be a most unfortunate perversion of copyright law to protect respondents' marginal copyright interest at the expense of the many non-infringing uses of VTR's. The American public and American commerce should not be deprived of this new technology, with all its promise, on such shallow grounds as those propounded by respondents.

For these reasons, this Court should grant petitioners' prayer that the Court of Appeals' decision below be reversed.

ARGUMENT.

I.

UNDER TRADITIONAL COPYRIGHT ANALYSIS, THE MANUFACTURERS AND DISTRIBUTORS OF VTR'S ARE NOT GUILTY OF CONTRIBUTORY INFRINGEMENT.

A. The Test.

The Court of Appeals and the district court both agreed on the standard which should be applied in evaluating the contributory liability of the manufacturers and distributors of VTR's. That standard is as follows:

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.

Gershwin Publishing Corp. v. Columbia Artists Management, Inc., 443 F.2d 1159, 1162 (2d Cir. 1971).

Although the standard enunciated in *Gershwin* may be accurate as a broad statement of legal principle, it is important to note that it is but one court's distillation of a large body of case law promulgated by the lower federal courts without any effective guidance from this Court. n1 The *Gershwin* standard should not, therefore, be followed mechanistically, but rather should be used only as a framework within which to apply the specific rules set forth in other cases and indeed in *Gershwin* itself.

n1 In *Kalem Co. v. Harper Brothers*, 222 U.S. 55, 62-3 (1911), this Court held that the exhibition of a motion picture dramatization of the novel "Ben Hur" infringed the author's copyright. The Court further held that the producer of the film was guilty of copyright infringement. The Court justified this latter holding on the grounds that, even though the producer did not exhibit the film himself, he sold prints to others who arranged for its exhibition and he advertised the film, all with the obvious expectation that it would be seen by the public. Although the case is cited as authority on contributory infringement, it is, by virtue of special facts and limited statement of general principle, of little guidance in this action.

B. Although the Manufacturers and Distributors of VTR's Have Knowledge That VTR's May Be Used, Among Many Other Things, to Copy Copyrighted Television Programming, This Knowledge Is Not Sufficient to Justify Liability.

The knowledge component of the *Gershwin* standard is missing in this case. n2

n2 Knowledge may be actual or imputed, and this section discusses both types. However, three factors which have been used to impute knowledge -- ability to police an infringing activity, financial interest in an infringing activity, and advertisement and promotion of an infringing activity -- are reserved for discussion in connection with the

second part of the *Gershwin* test since they are more typically thought of as means whereby an alleged contributory infringer "induces, causes, or materially contributes" to copyright infringement. *See infra*, at 11-13.

Although VTR's can obviously be used to record respondents' copyrighted television programming, they also can be used to record other copyrighted television programming (with or without the consent of the copyright holder), to record uncopyrighted television programming for viewing commercially prepared videotapes, and for creating and viewing home-made family movies. The manufacturers and distributors of VTR's "know" that all of these uses are possible. However, this is not adequate knowledge to permit a finding of contributory liability.

This Court has noted that "the mere indifferent supposition or knowledge on the part of the seller that the buyer [is] contemplating [an] unlawful use is not sufficient to connect him with the possible unlawful consequences." *Kalem Co. v. Harper Bros.*, *supra*, 222 U.S. at 62. Certainly, the manufacturers and distributors of VTR's can make no more than an "indifferent supposition" as to the use to which their product will be put by consumers.

The lower courts have joined in this Court's statement in *Kalem Co.*, holding that, in order for contributory liability to attach, the alleged contributory infringer must act with the knowledge that the primary infringer will infringe a particular copyright or class of copyrights. n3

n3 *E.g.*, *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F.2d 354 (9th Cir. 1947); *Elektra Records Co. v. Gem Electronic Distributors, Inc.*, 360 F. Supp. 821 (E.D.N.Y. 1973); *Screen Gems-Columbia Music, Inc. v. Mark-Fi Records, Inc.*, 256 F. Supp. 399 (S.D.N.Y. 1966).

Clearly, the manufacturers and distributors of VTR's have no knowledge of the identity of any purchasers and no knowledge of whether any unit will be used to infringe any copyrights, including respondents' copyrights. The manufacturers and distributors are merely links in the economic chain through which individual infringers acquire the passive instrumentality which they use to infringe. Under the case law, contributory liability cannot be found in such a situation. The knowledge that it is possible that *some unknown* infringer may misuse *some unknown* VTR to violate *some unknown* statutory copyright does not render the manufacturers and distributors contributorily liable.

In its opinion, the district court herein recognized the above analysis. The court found that the manufacturers and distributors of VTR's do not have sufficient actual knowledge to justify the imposition of contributory liability. n4 The court also found that knowledge could not be imputed to the manufacturers and distributors because they could not previously have known, and even now cannot know, that the recording of copyrighted television programming by means of VTR's is an infringing activity. n5

n4 *Universal City Studios, Inc. v. Sony Corporation of America*, 480 F. Supp. 439, 460 (C.D. Cal. 1979).

n5 *Id.* at 459.

The Court of Appeals, on the other hand, committed two fatal errors in its review of this aspect of the district court's decision.

First, the Court of Appeals ignored the district court's conclusion that the manufacturers and distributors of VTR's do not have knowledge of the infringing uses to which their product is put and instead concluded that such knowledge is present. n6 This

conclusion was reached by the Court of Appeals without citation to the record and without reference to any case authority. It is reversible error.

n6 *Universal City Studios, Inc. v. Sony Corporation of America*, 659 F.2d 963, 975 (9th Cir. 1981).

Second, the Court of Appeals held that, regardless of whether the manufacturers and distributors of VTR's had knowledge of the infringing use of their product or not, said knowledge does not go to liability but rather only to the amount of damages which respondents can recover. n7 The Court of Appeals makes this bold assertion also without the benefit of any authority. It is simply incorrect. Knowledge, whether actual or imputed, is an absolutely essential prerequisite for the imposition of liability for contributory copyright infringement. This is a thread that runs through all of the applicable cases from *Kalem Co.* to *Gershwin*. n8 The Court of Appeals' attempt to impose strict liability upon the manufacturers and distributors of VTR's is completely without precedent or justification.

n7 *Id.*

n8 *See, e.g., Kalem Co. v. Harper Brothers*, *supra*, 222 U.S. at 62; *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, *supra*, 443 F.2d at 1162. C. The Manufacturers and Distributors of VTR's Do Not Induce, Cause, or Otherwise Materially Contribute to Any Infringing Use of the Product.

The second part of the *Gershwin* standard requires that a contributory infringer make some contribution, by action or inaction, to the infringing activity.

The *Gershwin* court imposed a high materiality requirement upon this aspect of its standard, footnoting the applicable portion of its decision with a reference to and quotation from this Court's opinion in *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390 (1968). n9 To demonstrate the type of analysis which it anticipated would take place under the second part of its standard, the *Gershwin* court quoted, in part, the following portion of this Court's opinion:

n9 *Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, *supra*.

[M]ere quantitative contribution cannot be the proper test to determine copyright liability in the context of television broadcasting. If it were, many people who make large contributions to television viewing might find themselves liable for copyright infringement -- not only the apartment house owner who erects a common antenna for his tenants, but the shopkeeper who sells or rents television sets, and, indeed, every television set manufacturer. Rather, resolution of the issue before us depends upon a determination of the function [the alleged infringer] plays in the total [reproduction] process...

Fortnightly Corp. v. United Artists Television, Inc., *supra*, 392 U.S. at 397.

Under this strict standard of materiality, the manufacturers and distributors of VTR's cannot be held liable for the infringing activity of home users.

Certainly, the manufacture and distribution of VTR's is not a significant part of the alleged infringing activity in this case. The manufacturers and distributors merely make available to the public a passive instrumentality which is capable of many uses, one of which happens to be an alleged violation of federal copyright law. The viewer selects: the programming to be copied out of the enormous pool available; the time, place, and

method of copying; and the time, place, and method of display. Thus, the viewer is the active party, making all of the critical choices which determine whether or not a given use will be infringing.

The manufacture and/or sale of an instrumentality used in committing copyright infringement has never before been the sole basis for a finding of contributory liability. The courts have analyzed the situation where the alleged contributory infringer has furnished the direct infringer only with the copyrighted work; n10 the courts have analyzed the situation where the alleged contributory infringer has furnished the direct infringer with both the instrumentality and the copyrighted work; n11 but the courts have not analyzed the situation presented in this case where the alleged contributory infringer furnishes the direct infringer only with the instrumentality itself. Therefore, the Court of Appeals' decision below, in imposing liability upon the manufacturers and distributors of VTR's, takes a step which is unprecedented in the history of copyright law.

n10 *E.g., Mount v. Book of the Month Club, Inc.*, 555 F.2d 1108 (2d Cir. 1977).

n11 *E.g., Elektra Records Co. v. Gem Electronic Distributors, Inc.*, *supra*.

The district court found that this case presents none of the three facts which, under *Gershwin* and related cases, has previously been held sufficient to constitute material contribution to an infringing activity. n12 The Court of Appeals reversed this finding again without reference to the record and without reference to any authority other than a series of law review articles. n13 The Court of Appeals' reversal of the district court's decision is clearly incorrect and should be overturned by this Court.

n12 *Universal City Studios, Inc. v. Sony Corporation of America*, *supra*, 480 F. Supp. at 460-61.

n13 *Universal City Studios, Inc. v. Sony Corporation of America*, *supra*, 659 F.2d at 975-76.

1. The Manufacturers and Distributors of VTR's Do Not Have the Ability to Police the Home Use of the Product.

The single most important finding which the cases imposing liability for contributory copyright infringement have in common is the right and ability, whether exercised or not, in the alleged contributory infringer to police the primary infringer.

This requirement has been discussed in a wide variety of cases. n14 However, none of these cases is even remotely analogous to this case.

n14 *E.g., Gershwin Publishing Corp. v. Columbia Artists Management, Inc.*, *supra*, 443 F.2d at 1162 (organization which promoted infringing concerts sponsored by an affiliated group had the "ability to supervise the infringing activity" and, therefore, for this and other reasons, was liable for contributory infringement); *Shapiro, Bernstein & Co., Inc. v. H.L. Green Co., Inc.*, 316 F.2d 304, 308 (2d Cir. 1963) (store owner was held liable for copyright infringement of phonograph record concessionaire, in part, because it had "the power to police carefully the conduct of its concessionaire"); *Boz Scaggs Music v. KND Corp.*, 491 F. Supp. 908, 913 (D. Conn. 1980) (vice-president/general manager of radio station held contributorily liable for the infringements of the station); *Davis v. E.I. duPont de Nemours & Company*, 240 F. Supp. 612, 631 (S.D.N.Y. 1965) (sponsor of infringing television program and its advertising agency held liable for contributory infringement, in part, because they had the right to approve of the program).

In this case, the manufacturers and distributors of VTR's have no possible way of policing the home use of the product without changing the very nature of the product itself by, for example, installing some sort of jamming system or eliminating the record function altogether. Even assuming that these changes would be technically and economically feasible, it is totally unreasonable to impose a duty upon a manufacturer and distributor to change its product to prevent an infringing use at the expense of a multitude of non-infringing uses.

There is no realistic way by which the manufacturers and distributors of VTR's could police home use and, therefore, it is unfair to hold them accountable for such use. The district court agreed with this position. n15

n15 *Universal City Studios, Inc. v. Sony Corporation of America, supra, 480 F. Supp. at 462.*

2. Once the Product Is Sold, the Manufacturers and Distributors of VTR's Do Not Have Any Financial Interest in the Use to Which It Is Put by Its Purchasers.

In a number of cases, the alleged contributory infringer's financial interest in the primary infringement has been held to be sufficient to support a finding that there was a material contribution to the unlawful act. n16

n16 *E.g., Gershwin Publishing Corp. v. Columbia Artists Management, Inc., supra* (organization which promoted infringing concerts sponsored by affiliated group was liable for contributory infringement, in part, because it was reimbursed for its expenses, was paid a commission, and was paid a percentage of the profits by the primary infringer); *shapiro, Bernstein & Co., Inc. v. H.L. Green Co., Inc., supra* (store owner held liable for copyright infringement of phonograph record concessionaire, in part, because he received a percentage of sales proceeds); *MCA, Inc. v. Wilson, 425 F. Supp. 443, 456 (S.D.N.Y.)* (owner of theater where infringing song was performed was contributorily liable, in part, because he received a percentage of ticket sales proceeds), *aff'd in part and modified in part, 211 U.S.P.Q. 577 (1976).*

The special factor of direct financial interest which has been found persuasive in certain cases is not applicable here.

The direct financial interest of the manufacturers and distributors of VTR's is limited to the purchase price of the product. The manufacturers and distributors of VTR's profit directly only from the sale of VTR's and not from the use of VTR's -- whether the use is to copy respondents' copyrighted programming, to copy other copyrighted programming, to copy uncopyrighted programming, to display commercially prepared videotapes, or to create and display home-made family movies.

Thus, the manufacturers and distributors of VTR's receive no financial benefit from the use of the product. The district court also agreed with this position. n17

n17 *Universal City Studios, Inc. v. Sony Corporation of America, supra.*

3. The Way in Which the Manufacturers and Distributors of VTR's Advertise and Promote The Product Is Not Sufficient to Justify the Imposition of Contributory Liability.

The case law also contains authority for the proposition that the way in which an infringing activity is advertised and promoted may lead to contributory liability. n18

n18 *E.g., Gershwin Publishing Corp. v. Columbia Artists Management, Inc., supra*

(organization which promoted infringing concerts sponsored by affiliated group was liable for contributory infringement, in part, because of its promotional activities); *Davis v. E.I. duPont de Nemours & Company, supra*, 240 F. Supp. at 631-32 (sponsor of infringing television program and its advertising agency were held liable for contributory infringement, in part, because of their promotional activities).

In this case, although VTR's are advertised, in part, as a means of copying television programming, they are not advertised as a means of copying copyrighted television programming nor as a means of copying respondents' copyrighted television programming.

This is not the type of active promotion which is anticipated by the *Gershwin* case and those cases which have followed it, and the district court so held. n19

n19 *Universal City Studios, Inc. v. Sony Corporation of America, Inc., supra*.

II.

UNDER THE ANALOGOUS LAW OF PATENTS, THE MANUFACTURERS AND DISTRIBUTORS OF VTR'S ARE NOT GUILTY OF CONTRIBUTORY INFRINGEMENT.

A. The Test.

Both the district court and the Court of Appeals supplemented their analysis of this case by reference to patent law. n20

n20 This Court has recognized that issues of copyright infringement may be resolved by resort to principles, of patent infringement. *See Sheldon v. Metro-Goldwyn-Mayer Corp.*, 309 U.S. 390 (1939).

The subject of contributory patent infringement is dealt with directly in the language of the federal patent statute. 35 U.S.C. § 271 provides, in subsection (c), that liability for contributory patent infringement may be imposed as follows:

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 non-infringing use, shall be liable as a contributory infringer.

Both of the lower courts herein devoted their attention solely to that portion of subsection (c) which exempts the sale of a staple article of commerce "suitable for substantial non-infringing use".

B. The Manufacturers and Distributors of VTR's Do Not Have Sufficient Knowledge of the Infringing Use of the Product.

This Court has held that, under Section 271(c), an alleged contributory infringer must be shown to have actual knowledge that the "combination for which his component was especially designed was both patented and infringing." *Aro Manufacturing Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 (1964).

The manufacturers and distributors of VTR's have no such knowledge for a number of reasons.

First, VTR's may be used for a multitude of purposes, only one of which is allegedly infringing. VTR's may be used for copying copyrighted and uncopied television programming, for displaying commercially prepared video tapes, and as a tool for the

creation and display of home made family movies. Clearly, VTR's were not *especially* made for any infringing purpose.

Second, the manufacturers and distributors of VTR's have not knowledge of the use to which individual purchasers and users will put the product. Without knowing whether or not the user will use the product to copy copyrighted programming and without knowing whether or not the copyright holder consents to the copying, the manufacturers and distributors can at best only speculate as to how VTR's are being used. Without knowing the specific nature of the alleged infringing "combination," the manufacturers and distributors cannot be categorized as contributory infringers under Section 271(c).

Third, as the district court found, the manufacturers and distributors of VTR's could not, and still cannot, because of the uncertain state of the law, know whether the use of the product to copy copyrighted programming is an infringement. n21

n21 *Universal City Studios, Inc. v. Sony Corporation of America, supra. 480 F. Supp. at 460.*

Fourth, in *Aro Manufacturing*, this Court further held that the issue of knowledge is one of fact, and not of law. *Aro Manufacturing Co. v. Convertible Top Replacement Co., supra, 377 U.S. at 491.* This gives increased significance to the express finding of the district court herein that the manufacturers and distributors of VTR's have insufficient knowledge of the infringing use of the product and requires that the Court of Appeals' contrary statement be reversed.

These facts, in addition to those discussed above in connection with the knowledge component of the *Gershwin* standard, n22 indicate that the manufacturers and distributors of VTR's do not meet the knowledge requirement of Section 271(c).

n22 *See supra*, at 6-8.

C. VTR's Are Staple Articles of Commerce Suitable for Substantial Non-Infringing Use.

The Court of Appeals overruled n23 the district court's conclusion n24 that VTR's are staple articles of commerce "suitable for substantial non-infringing use". This is reversible error.

n23 *Universal City Studios, Inc. v. Sony Corporation of America, supra, 659 F.2d at 975.*

n24 *Universal City Studios, Inc. v. Sony Corporaton of America, supra, 480 F. Supp. at 461.*

The determination of whether or not the cited exception to contributory liability applies is one of fact, not law. n25 Factual determinations are reserved to the trier of fact, in this case the district court, and all subsequent review must generally be bound by the trier of fact's findings. n26 In this case, no exception to this rule was invoked by the Court of Appeals.

n25 *See Charles H. Lilly Co. v. I.F. Laucks, Inc., 68 F.2d 175 (9th Cir.), cert. denied, 293 U.S. 573 (1933).*

n26 Fed. R. Civ. P. 52(a).

Moreover, even if the question did involve a legal judgment, the Court of Appeals'

conclusion that VTR's are not staple articles of commerce "suitable for substantial non-infringing use" is clearly wrong.

VTR's are a product which may currently be found in 3 million American homes -- obviously a "staple" item.

The uses of VTR's are equally broad -- VTR's may be used for copying copyrighted and non-copyrighted television programming, for displaying commercially prepared videotapes, and as a tool for the creation and display of home-made family movies. Each of these uses are "substantial uses" and this lawsuit implicates but a portion of one of them.

Therefore, even without the district court's finding of fact, common sense dictates that the statutory exception applies and precludes the imposition of liability upon the manufacturers and distributors of VTR's for the infringing activities of home users. D. Respondents' Lawsuit Herein Is a "Misuse" of Their Copyright Monopoly in That They Seek to Tie a Protected Property (Their Copyrighted Television Programming) to an Unprotected Activity (the Use of VTR's Generally).

As stated above, both the lower courts herein devoted their attention solely to that portion of subsection (c) which exempts the sale of a staple article of commerce "suitable for substantial non-infringing use."

Such a limited treatment of the statute is misleading because the drafters of the patent law, in their wisdom, created a concept which operates to limit or preclude a finding of contributory infringement in certain situations. This concept is known as "patent misuse." See 35 U.S.C. § 271(d).

Basically, patent misuse consists of an inventor's attempt to link a protected product to an unprotected product by, for example, tying the purchase of the two products together. n27

n27 See, e.g., *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176, reh'g denied, 448 U.S. 917 (1980).

To the extent that it is deemed desirable to analogize copyright law to patent law at least in the area of contributory infringement, it would be advisable not to incorporate that law piecemeal but rather to incorporate it fully.

If, in this case, a concept of "copyright misuse" is applied, respondents should have very little success. Their lawsuit should be viewed as an attempt to link a protected property (their copyrighted television program) to an unprotected activity (the use of VTR's generally) for, by blocking the copying of their copyrighted programming, respondents will effectively preclude the many non-infringing uses of VTR's which require application of the product's record function. Furthermore, even if one could fashion a continuing royalty remedy such as the Court of Appeals has suggested, respondents will reap profits to which they are not entitled under the copyright law at the ultimate expense of the American consumer. This represents an impermissible attempt to extend respondents' copyright monopoly.

Although Section 271(d) expressly provides that the mere filing of a lawsuit to enforce statutory rights is not "patent misuse," the statute does reflect a policy limiting how far the courts should go in protecting the rights of inventors and creators when such protection can only be accomplished at the expense of other important rights. In this case, respondents' rights are outweighed by the rights and interests of the public in preserving the availability of VTR's as currently designed.

III.

IN VIEW OF THE ENORMOUS PUBLIC BENEFIT PROVIDED BY VTR'S AND THE NEGLIGIBLE DAMAGE WHICH RESPONDENTS ACKNOWLEDGE HAS BEEN DONE TO THEIR COPYRIGHTS, IT WOULD BE AGAINST PUBLIC POLICY TO HOLD THE MANUFACTURERS AND DISTRIBUTORS OF VTR'S LIABLE AS CONTRIBUTORY INFRINGERS.

If this Court holds that the manufacturers and distributory of VTR's are contributory infringers, the product may very well be taken from the market or its availability and function severely impaired. This result would not be in the best interest of any concerned party, including respondents and the public.

VTR's have created an expanded market for the release of respondents' programming, first, through pre-recorded tapes and, second, through exposure of much of respondents' programming to a new audience of time-shifters, *i.e.*, those persons who record a program for later viewing. In addition to the benefits derived from enhanced exposure alone, respondents will be adequately compensated for the release of their programming into both of these new markets.

Respondents' compensation from the sale of pre-recorded tapes is obvious.

Respondents will be compensated for the new audience of time-shifters through their future licensing arrangements with broadcasters.

Respondents have effectively acknowledged the benefits to them of VTR's by admitting that they have suffered no damage from their use.

In view of the benefits which VTR's have brought to respondents, it is unseemly that they seek through this law suit to make even larger profits.

The Court should also consider what the public stands to lose should VTR's be forced from the market or their use restricted.

VTR's may be put to a variety of uses, including the copying of copyrighted and uncopyrighted programming, the display of commercially prepared videotapes, and the creation and display of home-made family movies. In addition to these current uses VTR's hold the promise of even greater and more worthwhile uses in the future.

Beyond the benefits arising from the uses of VTR's, the contribution which they make to our national economy is also noteworthy. VTR's and ancillary products currently comprise a multi-billion dollar industry which is continuing to grow. This Court has stated that it seeks to do nothing which will "block the wheels of commerce," n28 yet an affirmance in this case would accomplish just that.

n28 *Henry v. A.B. Dick Co.*, 224 U.S. 1, 48 (1912), overruled on other grounds by *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 517 (1917).

Clearly, VTR's provide substantial public benefit.

In view of the extreme imbalance between the negligible damage which VTR's have done to respondents' copyrights and the enormous benefit which VTR's provide to respondents, petitioners, and the public, this Court should preserve the technology and its potential by reversing the Court of Appeals' decision below.

Conclusion.

For each and all of the foregoing reasons, this Court should reverse the judgment and opinion of the Court of Appeals below.

Respectfully submitted,

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Dated: August 26, 1982.