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The Marshall Papers: A Peek Behind the Scenes at the Making of *Sony v. Universal*

by Jonathan Band and Andrew J. McLaughlin*

In early 1993, shortly after Thurgood Marshall's death, the Library of Congress opened his papers to the public.¹ Although Justice Marshall's papers add little to our understanding of most of the copyright decisions issued by the Supreme Court during his 24-year tenure on the nation's highest bench, they do provide startling insights into *Sony Corporation of America v. Universal City Studios*.² This Article traces the evolution of the *Betamax* opinions from the first conferences on the case in January 1983 to the issuance of the decision in January 1984.

Justice Marshall's *Betamax* files contain many interesting revelations about the case. First, the papers show that Justice Blackmun supplied the fourth vote in favor of granting certiorari because he sought to *affirm* the Ninth Circuit, which had found that home recording was not fair use. Justice Blackmun was initially assigned the task of writing the majority opinion, but when he failed to get a majority of the Court to join him, his draft opinion became the dissent. Second, Justice Stevens' first draft of what eventually became the majority opinion relied not on fair use, but on the theory that private copying did not infringe any of the exclusive rights under Section 106 of the 1976 Copyright Act. Third, the Justices' correspondence reveals that Justice O'Connor proved to be the "swing vote." Although she initially favored affirming the Ninth Circuit, she had considerable difficulty with some of Justice Blackmun's positions. He accepted two sets of Justice O'Connor's revisions, but refused to yield to a third set. By then, Justice O'Connor seems to have revised her thinking on fair use, and she began to work with Justice Stevens' opinion.

Justice Marshall's *Betamax* files do not explain the origin of the majority opinion's presumptions that commercial uses harm the market for the copyrighted work and are unfair. What is clear after reading the *Betamax* correspondence, however, is that the Supreme Court, at least

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1. Neil A. Lewis, *Rare Glimpses of Judicial Chess and Poker*, N.Y. TIMES, May 25, 1993, at A1.

2. 464 U.S. 417 (1984) (hereinafter "*Betamax*").

in this instance, worked just as hard on a non-Constitutional issue as it is reputed to work on Constitutional issues.

I. BACKGROUND OF THE BETAMAX DECISION

In 1976, the Sony Corporation of America began marketing the Betamax, a first-generation videotape recorder, with an advertising campaign that promised: "Now You Don't Have To Miss Kojak Because You're Watching Columbo."³ The Betamax was the first compact, affordable consumer videotape recorder on the market.⁴ Two holders of copyrighted audiovisual works, Universal City Studios and Walt Disney Productions, filed suit in federal district court against the Sony Corp., the Sony Corp. of America, Sony's advertising agency, four retailers of Betamax machines, and one individual Betamax owner.⁵ The studios sought relief for direct and contributory infringement of their copyrights in numerous broadcast television entertainment programs and motion pictures. Notably, the studios did not seek to recover damages from the owners and users of Betamax machines; the individual Betamax owner was included in the suit solely to prove direct infringement. Rather, the studios sought from the corporate defendants money damages, an accounting of profits, and an injunction against further manufacture of Betamax machines. Sony responded that recording for home use by individual Betamax owners did not amount to copyright infringement, and, even if it did, the defendants could not be held responsible under theories of contributory infringement or vicarious liability.

Three years later, following a five-week trial, the district court ruled against the studios. Specifically, the district court found an implied exemption for home video recording in the legislative history of the 1976 Copyright Act.⁶ The court further held that even if such recording were not exempted, Betamax users were shielded from liability by the fair use doctrine.⁷ In any case, the district court found that Sony was not a contributory infringer because it did not know that home video recording was an infringement when it manufactured and sold its machines.⁸ The district court's opinion focused on the fact that the taping took place in private homes for private, noncommercial home use, and on the fact that the copied programs were voluntarily sold by the copyright holders for

3. Malcolm Jones, *The Invasion of the VCRs*, ST. PETERSBURG TIMES, April 26, 1987, at 7D.

4. See Steve Lohr, *Hard-Hit Sony Girds for a Fight in the American Market*, N.Y. TIMES, Aug. 14, 1983, Sec. 3 at 8.

5. *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F.Supp. 429, 432 (C.D. Cal. 1979).

6. *Id.* at 447.

7. *Id.* at 456.

8. *Id.* at 459.

free broadcast over public airwaves. According to one commentator:

The district court decision was like a shot heard around the world of Disney, and beyond. For the first time, a court ruled that copying for mere entertainment, convenience or increased access (rather than criticism, news reporting, or scholarship) was fair use; that copying of a whole work could qualify; and that it would be "highly intrusive" and "practically impossible" to enforce copyright prohibitions involving noncommercial copying in the home. Perhaps most significantly, the decision suggested that the copyright holder must prove economic harm to prove copyright infringement.⁹

Universal and Disney appealed the ruling to the Ninth Circuit, which reversed the trial court.¹⁰ The appeals court held that noncommercial private home videotaping infringed the studios' copyrights,¹¹ and that Sony was contributorily liable for infringement because of its awareness that Betamax machines would be used to reproduce copyrighted programs.¹² The Ninth Circuit explicitly rejected the district court's reading of the text and legislative history of the Copyright Act of 1976, finding no evidence that Congress created or intended to create an exemption for home videotaping.¹³ The court adopted a narrow interpretation of the fair use doctrine, suggesting that only "productive" uses are protected by the fair use exception.¹⁴

The Ninth Circuit did affirm two aspects of the district court's opinion: that the display of small portions of copyrighted works by retailers of Betamax machines did not constitute infringement; and that Sony did not directly infringe the studios' copyrights.¹⁵ The case was remanded to the district court for a determination of Sony's remaining affirmative defenses and for the fashioning of appropriate relief. Noting that the issue of relief was "exceeding complex," the Ninth Circuit suggested that the district court consider equitable remedies, including "temporary and final injunctions," statutory damages and "a continuing royalty."¹⁶

The Supreme Court granted Sony's petition for a writ of certiorari.¹⁷

9. Joni Lupovitz, *Beyond Betamax and Broadcast: Home Recording from Pay Television and the Fair Use Doctrine*, 2 FORDHAM ENT., MEDIA & INTELL. PROP. L. F. 69, 78-79 (Spring 1992).

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

11. *Id.* at 969.

12. *Id.* at 975-76.

13. *Id.* at 967 ("[I]t is clear that Congress did not intend to create a blanket exemption for home video recording, even when the recording is not for a commercial purpose.").

14. *Id.* at 970 ("It is noteworthy that the statute does not list 'convenience' or 'entertainment' or 'increased access' as purposes within the general scope of fair use").

15. *Id.* at 976.

16. *Id.*

17. *Sony Corp. of America v. Universal City Studios, Inc.*, 457 U.S. 1116 (1982).

The Court heard oral argument on January 18, 1983, then held the case over for reargument on the first day of the 1983-84 term. Finally, on January 17, 1984, the Court announced its decision, reversing the court of appeals by a 5-4 vote.¹⁸ Justice John Paul Stevens delivered the lengthy opinion of the Court, joined by Chief Justice Warren Burger and Justices William Brennan, Byron White and Sandra Day O'Connor. Joining Justice Harry Blackmun's equally lengthy dissent were Justices Thurgood Marshall, Lewis Powell and William Rehnquist.

The Court's opinion focused on the issues of fair use and contributory infringement. The Court first established the rule that if a product which can make infringing copies is also "capable of commercially significant noninfringing uses,"¹⁹ the sale of that product, like the sale of other staple articles of commerce,²⁰ does not constitute contributory copyright infringement.²¹ The Court rejected Universal's "novel theory" that "supplying the 'means' to accomplish an infringing activity and encouraging that activity through advertisement are sufficient to establish liability for copyright infringement."²² The Court then turned to the question of whether the Betamax was capable of commercially significant non-infringing uses. The Court found that some copyright holders would not object to the time-shifting of their programs by individuals.

The Court further found that unauthorized time-shifting of copyrighted programs for later viewing in one's home was a fair use under Section 107.²³ With respect to the first fair use factor, the nature or purpose of

18. *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).

19. *Id.* at 442.

20. The court imported its analysis from the staple article of commerce doctrine in patent law, while recognizing the "substantial differences between the patent and copyright laws." *Id.* at 442.

21. *Id.* at 442.

22. *Id.* at 436.

23. *Id.* at 449. Section 107 provides:

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include --

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107 (1982), *quoted in Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. at 448, n.30.

the use, the Court announced *in dicta* that “every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belong to the owner of the copyright”²⁴ Conversely, every noncommercial use was presumptively fair. With respect to the fourth fair use factor, the market impact of the use, Justice Stevens stated: “What is necessary is a showing by a preponderance of the evidence that some meaningful likelihood of future harm exists,”²⁵ rather than a mere tendency to diminish sales. With commercial uses, that likelihood of future harm may be presumed; but with noncommercial uses such as home time-shifting, it must be demonstrated. Pointing to the trial court’s finding that no likelihood of future harm had been shown at trial and to Universal’s admission that no actual harm had occurred to date, the Court held that “respondents failed to demonstrate that time-shifting would cause any likelihood of nonminimal harm to the potential market for, or the value of, their copyrighted works.”²⁶ Because the “product is widely used for legitimate, unobjectionable purposes,”²⁷ the Court held the sale of Betamax machines “to the general public does not constitute contributory infringement of respondents’ copyrights.”²⁸

The Court noted a need for Congressional action and stated that in a case such as this, in which Congress and precedent provide insufficient guideposts for judicial action, the Court must be cautious in construing the rights created by statute: “Sound policy, as well as history, supports our consistent deference to Congress when major technological innovations alter the market for copyrighted works”²⁹ The Court concluded: “[I]t is not our job to apply laws that have not yet been written.”³⁰

The Court’s *Betamax* decision was hailed as “a major victory for the electronics industry” and for consumers.³¹ Others were not so pleased. Jack Valenti, president of the Motion Picture Association of America, wondered whether the “copyright is real or whether it is mush,” and insisted that “the future of creative entertainment of the American family is what’s at stake here.”³² Irwin Winkler complained that “[c]reative people have to eat. With this decision they will make less income. They eat a little less. Maybe they create a little less.”³³ Scholar-

24. *Id.* at 451.

25. *Id.*

26. *Id.* at 456.

27. *Id.* at 442.

28. *Id.* at 456.

29. *Id.* at 431.

30. *Id.* at 456.

31. Linda Greenhouse, *Television Taping at Home is Upheld by Supreme Court*, N.Y. TIMES, Jan. 18, 1984, at A1.

32. Richard Stengel, *Tape It to the Max: The Supreme Court Says a VCR Switch in Time is Not a Crime*, TIME, Jan. 30, 1984, at 67 (quoting Professor Weinreb).

33. *Id.*

ly reaction to *Betamax* also has been decidedly uncharitable. Professor Lloyd Weinreb argues that the *Betamax* result "make[s] sense, even good sense, which is unhappily absent from much of the opinion[] . . . Most of the commentary about the Sony opinion has been critical, even dismissive."³⁴ Notwithstanding this criticism, *Betamax* is the cornerstone of all subsequent fair use jurisprudence because it was the Court's first fair use decision following Congress' codification of the judge-made doctrine in Section 107 of the Copyright Act of 1976.

II. BEHIND THE SCENES AT THE COURT

Justice Marshall's papers reveal several surprising aspects of the *Betamax* decision, which illustrate the decisionmaking process at the Court. The following section discusses the revelations contained in the files and their implications.

A. THE GRANT OF CERTIORARI AND THE INITIAL POSITIONS

Justice Marshall's files reveal that four justices — Burger, Stevens, O'Connor, and Blackmun — voted in favor of granting Sony's petition for writ of certiorari, while the other five justices opposed the petition.³⁵ Of the four supporting the petition, only Justice Blackmun ultimately sought to affirm the Ninth Circuit's ruling that private non-commercial home videotaping of copyrighted television broadcasts constituted an infringement, and accordingly that Sony and its co-defendants were liable for contributory infringement. Thus, had Justice Blackmun *opposed* the petition, it would not have been granted, and the Ninth Circuit's holding would have remained intact. Although Justice Blackmun probably supported the petition because he thought that the Supreme Court would affirm the Ninth Circuit, it proved to be a dangerous strategy.

After oral argument on January 18, 1983, the tentative vote in the January 21 conference had Justices Marshall, Blackmun, Powell, and Rehnquist voting to affirm the Ninth Circuit. The other justices either voted to reverse the Ninth Circuit, or expressed only tentative positions, apparently giving Justice Marshall's group the best chance to form a majority. The senior justice in the apparent majority, Justice Marshall, informed Chief Justice Burger that he had assigned the opinion

34. Lloyd L. Weinreb, *Fair's Fair: A Comment on the Fair Use Doctrine*, 103 HARV. L. REV. 1137, 1153 (1990), citing Jay Dratler, Jr., *Distilling the Witches' Brew of Fair Use in Copyright Law*, 43 U. MIAMI L. REV. 233, 260-88 (1988); William W. Fisher III, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1659, 1664-92 (1988).

35. Bench Memorandum at 1 (October 3, 1983). The correspondence discussed in this article, unless noted otherwise, was circulated among all the Justices. The correspondence is on file with the Library of Congress.

affirming the Ninth Circuit to Justice Blackmun.

On January 24, 1983 Justice Stevens sent a letter to Justice Blackmun, to which he attached a memorandum that he had dictated for his own use four days earlier. Justice Stevens, who supported reversal of the Ninth Circuit opinion, wrote to outline "the point that most strongly supports a reversal" which he believed had been inadequately developed at oral argument.³⁶ Since he expected that point to be emphasized in his dissent, Justice Stevens wrote both as a courtesy to Justice Blackmun and because it "conceivably might persuade one of your adherents to reconsider the matter before positions have become absolutely firm."³⁷

The central question for Justice Stevens was whether the making of a single copy of any copyrighted work for a private, noncommercial use is a copyright infringement. Stevens noted that legislative debate in 1971 favored allowing home taping of sound recordings.³⁸ Further, although Congress was aware of the practice of private copying of sound recordings, § 106 of the 1976 Copyright Act contains "no prohibition against the reproduction of a single copy for the private use of the person making the reproduction."³⁹ Stevens argued that in light of Congress' deliberate refusal to confront the issue of private copying when it revised the statute, courts must consider three "values" pointing in the direction of finding the practice lawful: (1) privacy interests, (2) the principle of fair warning to millions of home copiers, and (3) the economic interest in not imposing substantial retroactive fines on an entrepreneur who has successfully developed a new and useful product, "particularly when the evidence as found by the district court indicates that the copyright holders have not yet suffered any actual harm."⁴⁰

An affirmance by the Court, Justice Stevens added, would make millions of Americans into lawbreakers, liable to copyright holders for statutory damages of \$100 per copy. Justice Stevens wrote that "[w]e would hardly encourage respect for the law if we were to announce in effect: 'Anyone who time shifts a single copy of a sportscast owes the copyright holder either \$250 or \$100, but fear not because this law will never be enforced.'"⁴¹ Justice Stevens argued that an affirmance would create unfortunate consequences for the lower courts, while a reversal still allowed for "a congressional solution that would fairly protect the

36. Letter from Associate Justice John Paul Stevens to Associate Justice Harry A. Blackmun at 1 (Jan. 24, 1983).

37. *Id.*

38. *Id.* at 2.

39. Memorandum from Associate Justice John Paul Stevens to the File at 1 (Jan. 20, 1983).

40. Letter from Associate Justice John Paul Stevens to Associate Justice Harry A. Blackmun at 4-5 (Jan. 24, 1983).

41. *Id.* at 5.

various competing interests at stake."⁴²

For Justice Stevens, the question of vicarious liability for the vendor of copying equipment was a separate one, which depended on "the extent to which it is fair to presume that the vendor either knew or should have known that the purchaser's private use of the equipment would be unlawful (because the Copyright Act, unlike the patent statute, does not expressly prohibit contributory infringement)."⁴³

Justice Stevens' arguments were persuasive to Justice Powell, who wrote to Justice Blackmun that Stevens' memorandum "makes the question more difficult for me."⁴⁴ Justice Powell noted that though he had voted with Justice Blackmun at Conference, believing an affirmance to be consistent with Powell's position in *Williams & Wilkins*,⁴⁵ "[t]he 'single copy' argument that John [Stevens] advanced at Conference was new to me."⁴⁶ Justice Powell stated that he wrote "to say that I am not at rest, and need to go back to the 'books.'"⁴⁷

Justice Blackmun responded to Justice Powell later that day, writing that "the difficulties we all encounter will wash out one way or another in the writing."⁴⁸ Acknowledging that "the case [may] have to be reassigned," Justice Blackmun asked that the other Justices "let that possibility rest until further work has been done."⁴⁹

B. OPPOSING DRAFTS OF BLACKMUN AND STEVENS

The first draft of Justice Blackmun's opinion for the majority was circulated to the Court on June 13, 1983. The draft opinion bore strong resemblance to Justice Blackmun's eventual dissent. After reciting the facts of the case and providing a brief overview of the exclusive rights granted by the Copyright Act, Justice Blackmun painstakingly refuted Justice Stevens' (and the district court's) private copying argument.⁵⁰ Justice Blackmun then turned to Section 107, stressing that for a use to be fair, it usually must be productive.⁵¹ Justice Blackmun acknowledged

42. *Id.* at 6.

43. *Id.* at 1.

44. Letter from Associate Justice Lewis F. Powell, Jr. to Associate Justice Harry A. Blackmun at 1 (Feb. 3, 1983).

45. *Williams & Wilkins Co. v. United States*, 420 U.S. 376 (1975) (per curiam), *aff'd* 487 F.2d 1345 (Ct. Cl. 1973).

46. *Id.*

47. *Id.*

48. Letter from Associate Justice Harry A. Blackmun to Associate Justice Lewis F. Powell, Jr. at 1 (Feb. 3, 1983).

49. *Id.*

50. Draft Opinion of Associate Justice Harry A. Blackmun at 7-19 (June 13, 1983); 464 U.S. at 463-475.

51. Draft Opinion of Associate Justice Harry A. Blackmun 20-26 (June 13, 1983); 464 U.S. at 475-481.

that unproductive uses could be fair, but only if they caused *de minimis* harm. In such cases, he shifted the burden of proof to the defendants: "when the proposed use is an unproductive one, a copyright owner need produce only evidence of a potential for harm. Infringement then will be found, unless the user can demonstrate affirmatively that permitting the use would have no tendency to harm the market for or the value of the copyrighted work."⁵² Justice Blackmun proceeded to overturn the district court's finding that the studios had suffered no harm. He next analyzed contributory infringement. Justice Blackmun argued that a manufacturer of a product whose "most conspicuous purpose" was infringement should be liable for contributory infringement.⁵³ Because the district court had made no finding on the proportion of VTR (videotape recorder) recording that was infringing, Justice Blackmun ordered a remand for further consideration of this issue. He also ordered a remand on remedies, suggesting that the district court consider imposing royalties on the sale of VTRs.

Meanwhile, perhaps sensing that at least one member of the tentative majority could be persuaded to join him, Justice Stevens circulated a draft opinion. Interestingly, this was not a traditional dissent, but a printed memorandum, meticulously written so that merely by replacing the words "should be" with the word "is" in the last sentence,⁵⁴ the memorandum could be converted into a majority opinion. Justice Stevens' draft addressed only the issue of private copying, reiterating the argument, made first in his letter of January 24,⁵⁵ that Congress had not prohibited it under the 1976 Act. Justice Stevens noted in his cover memorandum to the Conference that the printed memorandum had been prepared before receiving Justice Blackmun's draft majority opinion, and promised to circulate supplemental comments shortly.

Justice Stevens' follow-up memorandum, circulated later that day (June 13, 1983), cited broad underlying areas of agreement between Justice Blackmun's opinion and his own,⁵⁶ and limited disagreement to the question of how the Court should resolve an issue which Congress knowingly failed to address: in this case, private copying. Justice Stevens understood the 1971 House Report to suggest that noncommercial home

52. Draft Opinion of Associate Justice Harry A. Blackmun at 26 (June 13, 1983).

53. *Id.* at 35.

54. "The judgment of the Court of Appeals should be reversed." Memorandum from Associate Justice John Paul Stevens to the Conference at 23 (June 13, 1983).

55. *Supra* note 36.

56. Stevens noted the following: that *Betamax* was a case of first impression on the question of noncommercial, non-public use; that Congress had always taken the lead in responding to major technological changes that affected the copyright system; that there was no legal distinction between audio and video tape recording; that asserted prospective harms were speculative; that only Congress could provide a satisfactory solution to the issue; and that affirming the Court of Appeals might lead to further litigation. *Id.* at 1-2 and 5.

taping was exempt, and he interpreted the explicit "fair use" exemptions of the 1976 Act not to alter the rules on private home recording, whereas Justice Blackmun's draft majority opinion drew negative inferences from the 1976 Act's explicit exemptions. Justice Stevens wrote:

I base my conclusion that there is no infringement in this case on the facts that Congress has never explicitly sought to regulate private noncommercial copying, that Congress has recognized that such activity is exempt in the audio recording context, and that the courts fashioned the "fair use" exception long before it was a statutory term in order to avoid extending the copyright monopoly to activities literally covered by the statute but unforeseen by Congress.⁵⁷

Justice Blackmun and Stevens also differed over the social value of the practice of time shifting. While Justice Blackmun found that "VTR recording creates no public benefits sufficient to justify [allowing it],"⁵⁸ Justice Stevens argued that "time shifting makes television programming available to viewers who would otherwise miss it," thus serving a public interest.⁵⁹

Justice Blackmun responded to Justice Stevens' criticisms on June 14, 1983, with a memorandum to the Conference. In response to Justice Stevens' position that Congress ought to take the lead in responding to new technologies, Justice Blackmun asserted that Congress had done so only because the Court's response in the past to new technologies had been to construe copyright law narrowly, provoking Congressional reaction. Justice Blackmun believed that unlike previous copyright laws, the 1976 Act was intended to cover all technologies and uses, "whether or not they were specifically contemplated or even known at the time the Act was passed."⁶⁰

Justice Blackmun challenged Justice Stevens' assertion that the 1976 Act permitted home audio taping, pointing out that the Act "change[d] the nature of the sound recording copyright," and suggested that "home reproduction of sound recordings [may] now [be] an infringement of copyright."⁶¹ Moreover, Justice Blackmun dismissed the significance of the fact the studios were not seeking recovery from individual Betamax owners: "It is frequently impossible to recover from individual infringers, and it is precisely this fact that gave rise to the doctrine of

57. Supplemental Memorandum from Associate Justice John Paul Stevens to the Conference at 2-3 (June 13, 1983).

58. Draft Majority Opinion of Associate Justice Harry A. Blackmun at 24 (June 13, 1983).

59. Supplemental Memorandum from Associate Justice John Paul Stevens to the Conference at 3 (June 13, 1983).

60. Memorandum from Associate Justice Harry A. Blackmun to the Conference at 2 (June 14, 1983).

61. *Id.* at 3.

contributory infringement.⁶² The specific remedy in this case would be determined by the district court on remand, after full briefing. Justice Blackmun envisioned the case carrying forward as complex class litigation, with possible relief in the form of “royalty and licensing schemes” such as those administered by the Copyright Royalty Tribunal or authors’ collecting societies. Justice Blackmun added that the unavailability of complete relief ought not act as a bar to the finding of liability as a matter of law.

In a memorandum circulated on June 14, Justice Rehnquist applauded Justice Blackmun’s efforts, writing that he fully agreed with his approach to remedy. Justice Rehnquist announced that he would join Justice Blackmun’s opinion if it were modified to reflect Justice Blackmun’s latest memorandum responding to Justice Stevens. Chief Justice Burger, on the other hand, joined the Stevens opinion.⁶³

C. JUSTICE BRENNAN’S “THIRD ALTERNATIVE”

Also on June 14, 1983, Justice Brennan joined the debate “with some trepidation,” and placed on the table a “third alternative.”⁶⁴ At Conference, Justice Brennan had supported a partial affirmance of the Ninth Circuit, drawing a distinction within fair use doctrine between “time-shifting” (fair use) and “library building” (infringement). Justice Brennan now wrote that he agreed with Justice Stevens that the lower court should be overruled outright. He added, however, that he

cannot agree with John [Stevens] that Congress has implicitly enacted a broad exemption from the Copyright Act for all cases of private, noncommercial, single-copy reproduction. . . . The home-use audio exemption, if it exists, was the product of a specific political compromise, and it cannot provide a theoretical basis for a broader exemption.⁶⁵

Justice Brennan endorsed Justice Blackmun’s reasoning that “Sony can be liable for contributory infringement only if the Betamax’s ‘most conspicuous purpose’ or ‘primary use’ is an infringing use.”⁶⁶ Justice Brennan, however, believed “that a good deal of timeshifting is fair use.”⁶⁷ He further believed that the studio’s allegations of potential

62. *Id.* at 4.

63. Letter from Chief Justice Warren Burger to Associate Justice John Paul Stevens at 1 (June 15, 1983).

64. Memorandum from Associate Justice William J. Brennan, Jr. to the Conference at 1 (June 14, 1983).

65. *Id.* at 1-2.

66. *Id.* at 2, quoting Draft Majority Opinion of Associate Justice Harry A. Blackmun at 35 (June 13, 1983).

67. *Id.* at 2.

harm "are simply empty when applied to most timeshifting."⁶⁸ Accordingly, Justice Brennan could not "agree that the Betamax's 'primary use' is infringement" nor "that the Copyright Act authorizes the sort of complex, multiparty proceeding that Harry [Blackmun]'s opinion contemplates to frame an appropriate remedy."⁶⁹

In closing, Justice Brennan noted that Sony was not a contributory infringer "[a]s long as the Betamax has substantial noninfringing use . . ."⁷⁰ Stating his intention to write an opinion, Justice Brennan indicated it would be a "bare bones" effort unless it attracted substantial support.

D. JUSTICE O'CONNOR RESPONDS TO JUSTICE BLACKMUN

On June 15, Justice Blackmun circulated a revised draft of his opinion containing the discussion of the unavailability of complete relief first mentioned in his June 14 memorandum. Justices Marshall and Rehnquist joined this draft. On June 16, Justice O'Connor endorsed Justice Blackmun's "opinion that Sony violated the respondent's exclusive right to make copies and that the 'fair use' exemption is not applicable in this case."⁷¹ Justice O'Connor disagreed, however, with Justice Blackmun's reversal of the district court's findings that the studios suffered no harm, actual or potential, as a result of Sony's use. Noting that the district court held that the proof of potential harm was too speculative, Justice O'Connor felt that the district court's findings were not clearly erroneous and should therefore be upheld. Justice O'Connor also rejected Justice Blackmun's burden-shifting scheme, whereby once the copyright owner shows that there has been a violation of an exclusive right and that the use is not productive, the burden shifts to the nonproductive user to disprove the existence of harm.⁷² Justice O'Connor asked Justice Blackmun to accommodate her concerns; otherwise, she could not join the judgment.

Later on June 16, Justice Blackmun responded. He differed with Justice O'Connor's reading of the district court's findings on harm:

I read the district court's opinion as finding that at this stage of technological development, it is impossible to say whether harm will occur . . . I believe this finding requires a conclusion that home VTR use is infringement; otherwise, we run the risk of holding that new uses of copyrighted works are permissible only to find later that the harm to the copyright

68. *Id.*

69. *Id.* at 2-3.

70. *Id.* at 4.

71. Memorandum from Associate Justice Sandra Day O'Connor to Associate Justice Harry A. Blackmun at 1 (June 16, 1983).

72. *Id.*

owner has been substantial.

I recognize, however, that the district court's findings are subject to more than one interpretation; you read the district court as making an affirmative finding of no potential for harm.⁷³

Accordingly, Justice Blackmun offered the compromise of "remanding to the district court for further consideration of the issue of harm."⁷⁴ Justice Blackmun attempted to meet Justice O'Connor's concerns about burden of proof by retaining the burden-shifting scheme, but raising plaintiff's initial burden to be a substantial showing of a potential or possibility of harm. Justice Blackmun asked Justice O'Connor to suggest specific changes in language.

E. JUSTICE WHITE'S COMPROMISE

On June 17, 1983, Justice White attempted to broker a compromise between the Stevens and Brennan approaches. Justice White was not convinced that Congress either before or after the 1976 Act "intended each home recorder of copyrighted works to be an infringer, whether he records sound or video."⁷⁵ Justice White felt that, before 1976, the home recorder clearly did not infringe, and that Congress did not intend to change the law in that respect in 1976: "Thus I cannot agree with Harry [Blackmun]'s draft and am closer to John [Stevens] than to you [Brennan]."⁷⁶ Nevertheless, given that no relief was sought against the homeowner and that both Justices Brennan and Stevens agreed that Sony was not a contributory infringer, albeit for different reasons, Justice White asked, "Need the status of the homeowner be decided at all?"⁷⁷ Driving his point home, Justice White said, "If there were five votes to reverse as to Sony, the issue of the homeowner is hardly a pressing question." Justice White appeared to be suggesting that so long as some uses of the VTR are legitimate (*e.g.*, time shifting), Sony is not a contributory infringer, and thus the Court simply need not reach the issue of whether the homeowner's other possible uses of the VTR (*e.g.*, library building) infringe.

Justice Stevens wrote back to Justice White, agreeing to his compromise solution and offering to recast his opinion if five votes could be won by avoiding the issue of the homeowner's status:

73. Memorandum from Associate Harry A. Blackmun to Associate Justice Sandra Day O'Connor at 2 (June 16, 1983).

74. *Id.*

75. Letter from Associate Justice Byron R. White to Associate Justice William J. Brennan, Jr. at 1 (June 17, 1983).

76. *Id.*

77. *Id.*

I would agree that failure of proof of contributory infringement, which rests in part on the total failure of any proof of any impairment of the copyright monopoly, either actual or prospective, is an adequate ground for [reversal]. There is nothing in either the statute itself or any of our prior cases that even remotely suggests that the manufacturer of copying equipment, which has a variety of legitimate uses, can be held liable as a contributory infringer for advertising and selling the equipment to the general public.⁷⁸

In a note to Justice White on June 17, 1983, Justice Brennan reported that he and Justice Stevens would be able to get together on an opinion "reversing on contributory infringement grounds without deciding the question of the homeowners."⁷⁹

F. THE DEBATE CONTINUES

Meanwhile, Justice O'Connor had drafted a response to Justice Blackmun in which she stated that a remand would not be fruitful because of the district court's "strongly expressed view that the harm in this case was entirely too speculative to establish even 'probable' harm."⁸⁰ However, O'Connor stated that she might be willing vote for a remand, if three conditions were met:

1. Rather than create a new nonstatutory exemption for unproductive uses that entail *de minimis* harm, the opinion should address the issue entirely from a fair use perspective, stating that "fair use contemplates both productive and unproductive uses."⁸¹
2. The burden of proof should stay with the copyright owner to show actual or potential harm.⁸²
3. The standard for contributory copyright infringement should be the same as that for contributory patent infringement: "whether the item is capable of substantial noninfringing use."⁸³

Justice O'Connor's demands were cryptically seconded on June 18, 1983, by Justice Brennan, who termed them "very constructive," and stated that he would be "most interested in [Harry Blackmun]'s response."⁸⁴

78. Letter from Associate Justice John Paul Stevens to Associate Justice Byron R. White at 1 (June 17, 1983).

79. Letter from Associate Justice William J. Brennan, Jr. to Associate Justice Byron R. White at 1 (June 17, 1983).

80. Memorandum from Associate Justice Sandra Day O'Connor to Associate Justice Harry A. Blackmun at 1 (June 18, 1983).

81. *Id.* at 2.

82. *Id.*

83. *Id.* at 2-3.

84. Letter from Associate Justice William J. Brennan, Jr. to Associate Justice Harry A. Blackmun at 1 (June 18, 1983).

On June 20, 1983, Justice Powell returned from "the books," to state in a memorandum to Justice Blackmun that he was "strongly tempted" to follow Justice White's suggestion that the Court "simply conclude on the basis of the findings made by the district court that there can be no contributory infringement in this case."⁸⁵ Nonetheless, he preferred to resolve the case in such a way as to address the "substantive statutory issue" (presumably the private copying issue), thereby inducing Congress to clarify the law. He also agreed with Justice O'Connor's suggestions in her June 18 letter. Justice Powell therefore wrote that he would join Justice Blackmun's opinion if it were revised "generally along the lines of her letter."⁸⁶ Justice Powell's memorandum includes this interesting personal aside: "As the case was assigned to you -- in part I suppose -- on the basis of my Conference vote, I feel some obligation to remain with you absent a genuine conviction to the contrary."⁸⁷

Following the memorandum of Justice O'Connor, and the supportive letters of Justices Brennan and Powell, Justice Blackmun wrote to Justices Marshall and Rehnquist that he would attempt to "evolve a Court opinion. . . that will endeavor to accommodate" them, but that he did "not wish to undermine your support."⁸⁸ Justice Marshall responded with a brief note of encouragement: "Go to it. I will more than likely still be with you."⁸⁹

Justice Blackmun circulated another draft of his opinion on June 21, 1983. Justice Blackmun explained the changes he made in an accompanying note to Justices Powell and O'Connor. Justice Blackmun termed the draft "a sincere endeavor on my part to bring at least five of us, and perhaps six, together."

Justice Blackmun accepted Justice O'Connor's first point, that fair use comprises both productive and unproductive uses. He suggested that he had never intended to create a new nonstatutory exemption for unproductive uses; rather, he thought his earlier drafts implicitly had indicated that "unproductive uses may be fair if they create no potential for harm."⁹⁰ Accordingly, he had no opposition to making the point explicitly.

In response to Justice O'Connor's second point, that the burden of persuasion ought to be placed on the copyright owner, Justice Blackmun

85. Memorandum from Associate Justice Lewis F. Powell, Jr. to Associate Justice Harry A. Blackmun at 1 (June 20, 1983).

86. *Id.*

87. *Id.*

88. Letter from Associate Justice Harry A. Blackmun to Associate Justices Thurgood Marshall and William F. Rehnquist at 1 (June 20, 1983).

89. Letter from Associate Justice Thurgood Marshall to Associate Justice Harry A. Blackmun at 1 (June 20, 1983).

90. Letter from Associate Justice Harry A. Blackmun to Associate Justices Lewis F. Powell, Jr. and Sandra Day O'Connor at 1 (June 21, 1983).

reiterated his disagreement. Justice Blackmun first argued that the defendant bears the burden because fair use is an affirmative defense. Justice Blackmun next stated that his main concern centered on new technologies, for which the burden of proving "that harm has occurred or that it is more likely than not in the future . . . is a burden that cannot be met."⁹¹ However, he agreed to accommodate Justice O'Connor: "As I read Sandra [O'Connor]'s letter, she agrees that only potential harm need be shown. Thus, I am willing to compromise on the burden of persuasion issue. I do not think it would be unreasonable to require the copyright owner to show a potential for harm, and Part IVB has been altered accordingly."⁹²

Justice Blackmun also repeated his opposition to importing patent doctrines into copyright law. He stressed that "most Betamax owners would not have bought the device if they were restricted to noninfringing uses."⁹³ However, Justice Blackmun again compromised:

I am willing, however, to adopt Sandra [O'Connor]'s proposed standard for contributory infringement, provided that an opinion for the Court can thereby be obtained. I agree that the question of contributory infringement turns on the amount of VTR use that is infringing rather than the amount of television programming that is copyrighted.⁹⁴

Justice Blackmun concluded by noting that Justices Marshall and Rehnquist had yet to indicate their agreement with the changes.

Justice O'Connor responded to Justice Blackmun's new draft with a letter later that day. She wrote that "the opinion is still inconsistent with portions of my views as previously set forth."⁹⁵ Justice O'Connor provided a list of four remaining areas of disagreement, including suggested changes in the text that would accommodate her views:

1. Justice O'Connor objected to language that "would ostensibly preclude a finding that any VTR copying (other than that which could be characterized as 'productive use') could be fair use."⁹⁶ She wanted to "open up the possibility that certain VTR use, *e.g.*, timeshifting with all advertisements preserved, may be fair use because it generates *de minimis* harm. I understand this to be Bill Brennan's concern as well."⁹⁷

2. Justice O'Connor agreed with Justice Blackmun's changes placing the burdens of proof and persuasion on copyright owners, but still had

91. *Id.*

92. *Id.* at 1.

93. *Id.* at 2.

94. *Id.*

95. Letter from Associate Justice Sandra Day O'Connor to Associate Justice Harry A. Blackmun at 1 (June 21, 1983).

96. *Id.*

97. *Id.* (emphasis in original).

"misgivings about the content of the burden."⁹⁸ Justice Blackmun had written that the burden is satisfied by showing "a reasonable possibility of harm." Justice O'Connor preferred to follow the statute, and proposed that the opinion read: "In adhering to the statutory language, we conclude that the copyright owner must show harm to the potential market for, or value of, the copyrighted work."⁹⁹

3. Justice O'Connor did not want to give the studios a "second chance" to demonstrate sufficient harm, and did not want the opinion to suggest that the studios had already satisfied their burden.¹⁰⁰ She saw no reason to require the district court to reopen the record. She preferred to leave open the question of whether the Studios had shown, or even alleged, harmful effects on the potential market for their copyrights. Justice O'Connor proposed that on remand the district court be permitted to apply the new standard to its findings, without in any manner disapproving those findings.

4. Justice O'Connor wanted to stress that "contributory infringement may result from either inducement or material contribution."¹⁰¹ She proposed to "accept the district court's finding that Sony did not induce any infringement."¹⁰² Moreover, she differed with Justice Blackmun over the import of the "dance hall" cases "because they involved instances of *control* by the party found to be the contributory infringer. Whatever else the VTR manufacturers may do, they certainly do not have any control over VTR users."¹⁰³ For Justice O'Connor the proper standard was: "is the VTR *capable* of substantial noninfringing uses."¹⁰⁴ Justice O'Connor proposed that Justice Blackmun alter his opinion to read as follows:

We therefore conclude that there can be no contributory infringement if the VTR is capable of significant noninfringing uses. If a significant portion of what is available to copy on the VTR is either not copyrightable or is copyrighted but the owners have authorized copying, then the VTR must be deemed capable of substantial noninfringing uses irrespective of the actual uses to which VTR's are put.¹⁰⁵

Justice O'Connor indicated that she would join Justice Blackmun's opinion if he made her changes. This letter clearly reflects the evolution of Justice O'Connor's thinking since her first memorandum to Justice Blackmun five days earlier. Then, she wrote that "the 'fair use' exemption is not applicable in this case."¹⁰⁶ Now, she believed that

98. *Id.*

99. *Id.* at 2.

100. *Id.*

101. *Id.* at 3.

102. *Id.*

103. *Id.* (emphasis in original).

104. *Id.* at 3-4.

105. *Id.* at 4.

106. Letter from Associate Justice Sandra Day O'Connor to Associate Justice Harry A. Blackmun at 1 (June 16, 1983).

timeshifting could be fair use, and accordingly, that Sony was not a contributory infringer.

G. JUSTICE STEVENS IMPLEMENTS JUSTICE WHITE'S COMPROMISE

Two days later, on June 23, 1983, Justice Stevens circulated a draft opinion implementing the approach suggested by Justice White. The draft resembled the final majority opinion in structure and in reasoning, but differed in language and substantive detail. After reviewing the facts and the decisions below, Justice Stevens turned to a discussion of contributory infringement. Noting that "[t]he Constitutional predicates for the copyright statute and the patent statute are one and the same," Justice Stevens examined contributory infringement under the patent law.¹⁰⁷ He concluded his discussion as follows:

Although there are substantial differences between the patent and copyright laws, there is no reason to believe that the copyright holder should be more entitled to bar noninfringing activities than the patent holder. Indeed, if anything the copyright holder should be less entitled, for by precluding noninfringing uses he could not only block the wheels of commerce, but also impose a tax on the free marketplace of ideas. There should be no finding of contributory infringement for the seller of a staple article of commerce that is used to infringe, unless the seller participates directly in or directly induces an act of infringement. And an article should be deemed a staple article of commerce if it is capable of significant noninfringing uses.¹⁰⁸

The notable difference between this standard and that of the final majority opinion is that the majority opinion does not refer to contributory infringement liability arising from the seller's participation in or inducement of infringement.¹⁰⁹

In this draft, as in the ultimate majority opinion, Justice Stevens then asked whether the Betamax is capable of commercially significant non-infringing uses. His discussion of authorized copying was shorter in the June 23 draft than in the final opinion; the final opinion's extensive references to the record were added in subsequent drafts. Justice Stevens next analysed time shifting as a fair use. This discussion contained several significant differences from the final opinion. First, Stevens referred to the private copying issue:

A simple reading of [Section 106] might suggest that the plain language of subparagraph (1) does not even apply to such conduct -- the paragraph

107. Draft Opinion of Associate Justice John Paul Stevens at 18 (June 23, 1983).

108. *Id.* at 22-23.

109. *See* 464 U.S. at 441.

speaks of "copies," not a single copy. The legislative history demonstrates, however, that the act of making a single copy is not wholly outside the scope of the Act's analysis¹¹⁰

Second, Stevens clearly allocated to the plaintiff the burden of proving that a use is unfair.¹¹¹ Absent is the final opinion's entire comparison of commercial and noncommercial uses, and the presumptions that attach to commercial use. Third, Stevens listed four factors leading to the conclusion that the studios have not met their burden of proof:

(A) their complete failure to show that home time shifting would harm the potential market for, or the value of, any identifiable copyrighted materials, (B) the legislative history tending to show that Congress understood such activity to be fair use, (C) the historical relationship between the judiciary and the Congress in developing the copyright law in response to new technological developments, and (D) the profoundly disturbing policy implications of a finding that home time shifting is not fair use.¹¹²

Stevens' discussion of the list's first factor -- the fourth fair use factor in Section 107 -- was an abbreviated version of his discussion of this issue in the majority opinion, but without any suggestion that the analysis is limited to cases involving non-commercial uses.¹¹³ The June 23 draft ended at this point, indicating that the discussion of the other three factors would be completed at a future date.

Four days later, on June 27, Justice Stevens circulated his next draft. The June 27 draft included additional facts from the record concerning authorized time shifting¹¹⁴ and a lengthy history of copyright's responses "to significant changes in technology."¹¹⁵ Justice Stevens made his most significant changes in the fair use section. First, he eliminated one of the factors leading to the conclusion that time shifting constituted fair use: "the historical relationship between the judiciary and the Congress in developing the copyright law in response to new technological developments."¹¹⁶

Second, the discussion of the market effect of the use included for the first time the presumption that a commercial use will inflict future harm. Indeed, the paragraph of the June 27 draft which refers to the presumed harm of a commercial use is virtually identical to the corresponding paragraph in the final opinion.¹¹⁷ Unfortunately, the Marshall papers

110. *Id.* at 26 (citations omitted).

111. *Id.* at 29.

112. *Id.*

113. *See* 464 U.S. at 450-451.

114. Draft Opinion of Associate Justice John Paul Stevens at 6 and 25 (June 27, 1983).

115. *Id.* at 14-18.

116. *Compare* June 23 draft at 29 *with* June 27 draft at 31.

117. *Compare* June 27 draft at 32 *with* 464 U.S. at 451.

contain no indication of the origin of this presumption.

Third, in the June 27 draft Justice Stevens completed the discussion of the other factors compelling a conclusion of fair use. He conceded that the legislative history of the 1976 Act does not expressly focus on the question of time-shifting, but proceeds to devote nearly six pages to "two clues that strongly support the conclusion that Congress assumed that such private use was entirely legitimate."¹¹⁸ Justice Stevens then examined policy reasons supporting a fair use finding, notably "[s]pecial constitutional values . . . implicated whenever the Government seeks to regulate or prohibit conduct that take [sic] place entirely within the privacy of the home."¹¹⁹ This policy discussion derives from Justice Stevens' earlier draft favoring a private copying exemption. The next day, June 28, Justice Stevens circulated yet another draft of his opinion. Substantively the same as the June 27 draft, the new draft included lengthy references to the record in the sections treating authorized time shifting and market impact.¹²⁰ The June 28 draft omitted several passages in the June 27 draft, including the suggestion that Section 106 could be read to exempt private copying.¹²¹ Thus, in the June 28 draft Justice Stevens' private copying argument disappeared for good.

H. JUSTICE BLACKMUN'S LINE IN THE SAND

Also on June 28, while Justice Stevens was circulating his latest draft, Justice Blackmun responded to Justice O'Connor, refusing to make the changes recommended in her June 21 letter. Justice Blackmun declared that "[f]ive votes are not that important to me when I feel that proper legal principles are involved. It therefore looks as though you and I are in substantial disagreement. The case will have to go its own way by a different route from the one I have proposed."¹²²

Rejected by Justice Blackmun, Justice O'Connor turned to the Stevens opinion, which had already been endorsed by Justice Brennan.¹²³ Justice O'Connor wrote to Chief Justice Burger that after "many late nights, and much redrafting. . . [t]he result has been a decided shift to a 'middle' position on the merits and a movement toward a more

118. June 27 draft at 33.

119. *Id.* at 39.

120. Draft Opinion of Associate Justice John Paul Stevens at 23-26 and 31-34 (June 28, 1983).

121. Compare June 28 draft at 27 with June 27 draft at 28-29.

122. Letter from Associate Justice Harry A. Blackmun to Associate Justice Sandra Day O'Connor at 1 (June 28, 1983).

123. Memorandum from Associate Justice William J. Brennan, Jr. to the Conference at 1 (June 27, 1983).

restrictive stance on contributory infringement."¹²⁴ Since Justice Blackmun refused to make any further changes to his approach, Justice O'Connor stated that she was closer to Justice Stevens' opinion than to any other "on the table."¹²⁵ Finally, she wrote that she would agree to reargument if it were the consensus at the next day's Conference.

Justice Stevens also wrote to Chief Justice Burger on June 28, 1983, saying that his draft memorandum reflected "a consensus of views that are shared" by Justices Burger, Brennan, White, Powell, O'Connor, and himself. Justice Stevens suggested that if there were five votes to support it, the memorandum "is in a form that could be converted into an opinion . . ."¹²⁶ He stated his "hope that it would not be necessary to reargue the case."¹²⁷

Justice Marshall wrote to Justice Blackmun on June 28, saying simply "I am still with you."¹²⁸ Justice White stated that while he preferred Justice Stevens' opinion to any others, the case ought to be held over to be reargued the next term: "I would feel more comfortable if we could give the case more attention than time will now allow."¹²⁹ Justice Rehnquist wrote a memorandum to the conference endorsing White's suggestion. The next day, the Conference decided without further written communication to hold the case over for reargument in the fall.

I. REARGUMENT IN THE 1983 TERM

Reargument occurred on October 3, 1983. The next day, Justice Marshall circulated a letter addressing "the economic impact of time-shifting on copyright holders."¹³⁰ Justice Marshall argued that the criterion of impact on potential markets stated in § 107 of the 1976 Copyright Act has two implications. First,

an infringer cannot prevail merely by demonstrating that the copyright holder suffered no net harm from the infringer's actions . . . Rather, the infringer must demonstrate that he has not impaired the copyright holder's

124. Letter from Associate Justice Sandra Day O'Connor to Chief Justice Warren Burger at 1 (June 28, 1983).

125. *Id.*

126. Letter from Associate Justice John Paul Stevens to Chief Justice Warren Burger at 1 (June 28, 1983). The inclusion of Powell is surprising; Powell started out with Blackmun, and ultimately joined Blackmun's dissent.

127. *Id.* at 1.

128. Letter from Associate Justice Thurgood Marshall to Associate Justice Harry A. Blackmun at 1 (June 28, 1983).

129. Letter from Associate Justice Byron White to Chief Justice Warren Burger (June 28, 1983).

130. Letter from Associate Justice Thurgood Marshall to the Conference at 1 (Oct. 4, 1983). This letter was based in part on a bench memorandum dated October 3 which sharply criticized the Stevens draft opinion.

ability to demand compensation from (or to deny access to) any group of people who would otherwise be willing to pay to see or hear the copyrighted work.¹³¹

Second, "the fact that a given market for a copyrighted work would not be available to the copyright holder were it not for the infringer's activities does not permit the infringer to exploit that market without compensating the copyright holder."¹³²

Justice Marshall argued that though VTR manufacturers may have created a new market for movie studios' copyrighted works (people unable to watch the programs when broadcast), the studios have nevertheless "been deprived of the ability to exploit this sizeable market."¹³³ He also suggested that most of these viewers "would also be willing to pay some kind of royalty to the copyright holders."¹³⁴ To Sony's argument that time-shifters compensate the Studios in exactly the same manner as "live" viewers by watching the advertisements, Justice Marshall responded that there was no evidence that rating services measured or would measure time-shifters to estimate the audience size for which the Studios were compensated. He also pointed out that sizeable numbers of time-shifters edit out the advertisements.

Thus, Justice Marshall concluded, "time-shifting cannot be deemed a fair use," because "time-shifting does have a substantial adverse effect upon 'the potential market for' [the Studios'] copyrighted works."¹³⁵ While recognizing that his argument was not dispositive of the case, "the decision below can be reversed only if a sufficient amount of home VTR taping is 'unchallenged' by the owners of the copyrights on the programs being copied to enable Sony to satisfy whatever test for contributory infringement the Court settles upon."¹³⁶

Justice Marshall's memorandum was warmly acknowledged by Justice Blackmun in an October 6, 1983 letter. Justice Blackmun indicated that he would endeavor to incorporate Justice Marshall's points into what had become, after the second Conference vote, his dissent.¹³⁷

J. JUSTICE STEVENS' FINAL REVISIONS: THE PRESUMPTIVE UNFAIRNESS OF COMMERCIAL USE

On November 23, 1983, Justice Stevens circulated a revised draft opinion which changed extensively the language of the June 28 draft

131. *Id.* at 2.

132. *Id.*

133. *Id.* at 4.

134. *Id.*

135. *Id.* at 6.

136. *Id.* at 6-7.

137. Justice Blackmun ultimately incorporated these points at 464 U.S. 484-86.

without disturbing its holding or reasoning. The November 23 draft is almost identical to the final majority opinion. In section II, Justice Stevens replaced his earlier discussion of changes in copyright resulting from changes in technology with an analysis of the underlying policy of the copyright law. In the fair use section, he completely omitted the lengthy discussion of "clues" in the legislative history and policy rationales supporting a fair use finding. The discussion of market effect is almost the same as that in the June 28 draft, with a significant addition: the paragraph that briefly discusses the first three fair use factors.¹³⁸ The passage concerning the first factor, the purpose and character of the use, picks up the theme of the presumption of harm in cases involving commercial uses, and flatly states that "[i]f the Betamax were used to make copies for a commercial or profit-making purpose, such use would presumptively be unfair."¹³⁹ As with the presumption of harm, the Marshall papers contain no indication of what prompted Justice Stevens to include this presumption of unfairness.

The November 23 draft also included a lengthy footnote on "productive" uses, responding to Justice Blackmun's focus on that issue.¹⁴⁰ Justice Stevens circulated two additional drafts on November 30, 1983 and January 9, 1984. The November 30 draft incorporated a new concluding paragraph to the contributory infringement section,¹⁴¹ while the January 9 draft added a footnote in the fair use section responding to Justice Blackmun's dissent.¹⁴²

The remaining documents in Justice Marshall's Betamax files consist of "join" letters, two drafts of Justice Blackmun's dissent with minor alterations, and Justice Blackmun's correspondence regarding minor changes to footnotes.¹⁴³ On January 17, 1984, Justice Stevens delivered the opinion of the Court with Justices Marshall, Rehnquist and Powell joining Blackmun's dissent.

CONCLUSION

The Marshall papers reflect the significant contributions made by Justices Brennan, White and O'Connor to the Stevens opinion. Although Stevens was initially prepared to reverse the Ninth Circuit on the grounds that private copying did not infringe any of the exclusive rights

138. Draft Opinion of Associate Justice John Paul Stevens at 29-30 (November 23, 1983). See 464 U.S. at 448-50.

139. *Id.* at 30; 464 U.S. at 449.

140. *Id.* at 35; 464 U.S. at 455 n.40

141. Draft Opinion of Associate Justice John Paul Stevens at 22 (November 30, 1983); 464 U.S. at 442.

142. Draft Opinion of Associate Justice John Paul Stevens at 31 n. 33 (January 9, 1984); 464 U.S. at 450 n.33.

143. Blackmun made these changes after the issuance of the decision.

granted by copyright, Justices Brennan and White convinced him to base the reversal on fair use and contributory infringement. The standard for contributory infringement — that liability would not attach if the equipment was capable of substantial noninfringing uses — derives from Justices Brennan and O'Connor. The fair use analysis — such as it is — also derives from Justices Brennan and O'Connor.

The Marshall papers, however, do not explain the origin of the presumption that commercial uses are unfair and that they harm the market for the copyrighted work. One possible explanation for the absence of any correspondence among the Justices concerning the presumptions is that the Justices simply may not have considered this issue very carefully. This, in turn, may explain the Court's willingness to back away from the presumptions in *Campbell v. Acuff Rose*,¹⁴⁴ to correct the Sixth Circuit's elevation of the presumptions into a *per se* rule against commercial uses. The mystery of the origin of the presumptions probably will not be solved until Justice Stevens' papers are opened to the public.

The Marshall papers reveal the evolution of Justice Blackmun's dissent from his draft majority opinion. The dissent includes a discussion, taken from Justice Marshall's Memorandum of October 4, on the effect of VTR recording on the potential market for the studio's works.¹⁴⁵ The dissent also reflects Justice O'Connor's suggestions, including: diluting the "most conspicuous purpose" standard for contributory infringement; removing from the defendant the burden of proving the absence of harm; and eliminating the outright reversal of the District Court's findings on harm. Justice Blackmun's dissent also contains a new Section VI criticizing the majority's fair use analysis. Interestingly, the Court's decision in *Campbell v. Acuff Rose* somewhat rehabilitated Blackmun's dissent by stressing that transformative or productive uses should receive preferential fair use treatment.

The Marshall papers provide copyright lawyers with the opportunity to play the favorite game of historians: "What If?" What if Blackmun had voted against the petition for certiorari, or if a majority had joined Justice Blackmun in finding the home taping of television broadcasts to be a fair use? On remand, the District Court may have eliminated the VTR from the U.S. market. This may have precluded the development of the video rental industry, the source both of significant revenues to the studios and of empowerment to consumers who can now choose their own television programming. If the District Court had pursued this remedy, Congress may have responded with a compulsory license scheme similar to the 1992 digital audio recording legislation. Alternatively, the District Court might have imposed its own compulsory licensing regime on VTRs.

144. 114 S.Ct. 1164 (1994).

145. See 464 U.S. at 484-85.

And what if Stevens' private copying rationale had prevailed? Congress may have amended the Copyright Act to expressly prohibit private copying, or it may have enacted compulsory licensing regimes for technologies which facilitate copying. Then again, Congress may have done nothing, implicitly agreeing with the Court that the 1976 Copyright Act did not prohibit private copying.

In the end, however, none of these things happened. The Court rejected both the Blackmun and Stevens extremes, and found a middle ground from which our current fair use jurisprudence has blossomed.