

UNIVERSAL CITY STUDIOS, INC. V. CORLEY: THE CONSTITUTIONAL UNDERPINNINGS OF FAIR USE REMAIN AN OPEN QUESTION

At first blush, the Copyright Clause and the First Amendment of the United States Constitution appear to serve conflicting interests and to exist in irrevocable tension.¹ On one hand, the Copyright Clause grants authors “the exclusive Right to their respective Writings and Discoveries,” thereby prohibiting others from utilizing certain forms of expression.² On the other hand, the First Amendment prohibits Congress from “abridging the freedom of speech” and expression.³ Thus, by simultaneously prohibiting the use of another’s expression and safeguarding expression, the two provisions appear to be on a constitutional collision course.

INTRODUCTION

The Uncertain Role of Fair Use as Mediator Between Copyright and the First Amendment

To ease this tension, Congress and the courts have imposed limitations on copyrights, such as the fair use doctrine⁴ and the idea-expression distinction, which mediate between the competing interests and allow the two conflicting provisions to co-exist. The U.S. Supreme Court has noted that fair use of a protected work affords “latitude for scholarship and comment,” thus preserving First Amendment freedoms by shielding critical commentary and preventing private

¹ See generally, Melville B. Nimmer, “Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?”, 17 U.C.L.A. L. Rev. 1180 (1970); Paul Goldstein, “Copyright and the First Amendment,” 70 Colum. L. Rev. 983 (1970).

² US Constitution, Article I, § 8 Cl. 8.

³ US Constitution, Amdt. I. See also, *Harper and Row Publishers Inc. v. Nation Enterprises*, 471 U.S. 539, 559 (1985) (“The essential thrust of the First Amendment is to prohibit improper restraints on the voluntary public expression of ideas.”) quoting *Estate of Hemingway v. Random House, Inc.*, 23 N.Y. 2d 341, 348 (1968).

⁴ Fair use is codified and defined in § 107 of the Copyright Act:
“Limitations on exclusive rights: Fair use

Notwithstanding the provisions of sections 106 and 106A, 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.”
17 U.S.C. § 107 (2001).

ensorship.⁵ The Supreme Court has never explicitly held, however, “that fair use is constitutionally *required*, although some isolated statements in its opinions [and those of the Circuit Courts of Appeals] might arguably be enlisted for such a requirement.”⁶

As a result, there has been a robust debate among scholars on whether fair use is compelled by the Constitution, or whether it exists solely at the discretion of Congress.⁷ Recently, in a case involving a new law enactment entitled the Digital Millennium Copyright Act (“DMCA”),⁸ the Second Circuit was squarely presented an opportunity to settle the matter and declined.⁹

After a brief overview of the DMCA provisions and its treatment of fair use, this brief analyzes the debate over the constitutional underpinnings of fair use in light of the Second Circuit’s decision in *Universal City Studios, Inc. v. Eric Corley*.¹⁰

ANALYSIS

The Digital Millennium Copyright Act: Prohibitions

Congress enacted the DMCA in 1998, to implement the World Intellectual Property Organization Copyright Treaty (“WIPO Treaty”), signed by the United States on April 12, 1997.¹¹ The Treaty requires signatories to,

... provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law.¹²

To fulfill its WIPO Treaty obligations, Congress enacted the DMCA, regarded by prominent scholars as “its most sweeping revisions ever to the Copyright Act of 1976,” which

⁵ *Harper and Row*, 471 U.S. 539, at 560, quoting *Harper and Row Publishers Inc. v. Nation Enterprises*, 723 F.2d 195, 203 (1983).

⁶ *Universal City Studios, Inc. v. Eric Corley*, 2001 U.S. App. LEXIS 25330, at 73 (2nd Cir. 2001) (emphasis added).

⁷ See generally, Nimmer, *supra* note 1; Goldstein, *supra* note 1; See also Yochai Benkler, “Free as the Air to Common Use: First Amendment Constraints on Enclosures of the Public Domain,” 74 N.Y.U. L. Rev. 354 (1999).

⁸ 17 U.S.C. § 1201 et seq. (2001).

⁹ See *Corley*, *supra* note 6.

¹⁰ *Universal City Studios, Inc. v. Eric Corley*, 2001 U.S. App. LEXIS 25330.

¹¹ WIPO Treaty, Apr. 12, 1997, art. 11, S. Treaty Doc. No. 105-17 (1997), available at 1997 WL 447232.

¹² *Id.*

brought U.S. copyright law “squarely into the digital age.”¹³ The Act contains three main provisions: one anti-circumvention provision prohibiting the *use* of a circumvention technology,¹⁴ and two anti-trafficking provisions, one of which prohibits trafficking in devices which circumvent technologies designed to *prevent* access to a work,¹⁵ and the other prohibits trafficking in devices which circumvent technologies designed to *permit* access to a work but prevent copying of the work or some other infringement of the owner’s copyrights.¹⁶ The prohibitions are backed by criminal sanctions¹⁷ as well as civil remedies, such as temporary or permanent injunctive relief.¹⁸

The Digital Millennium Copyright Act: Treatment of Fair Use

While targeting circumvention of protective technologies, however, Congress was very “sensitiv[e] that the First Amendment not be trampled when authorizing courts to enjoin

¹³ Nimmer, D., “A Riff on Fair Use In the Digital Millennium Copyright Act,” 148 U. Penn. L. Rev. 673, 674, 680 (1999) quoting *Report of the Senate Comm. on the Judiciary*, S. Rep. No. 105-190, at 2 (1998).

¹⁴ 17 U.S.C. § 1201(a)(1)(A), the anti-circumvention provision, provides that “No person shall circumvent a technological measure that effectively controls access to a work protected under [the Copyright Act].”

¹⁵ 17 U.S.C. § 1201(a)(2), an anti-trafficking provision, provides that:

“No person shall manufacture, import offer to the public, provide or otherwise traffic in any technology, product, service, device, component, or part thereof, that – A) is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under [the Copyright Act]; B) has only limited commercially significant purpose or use other than to circumvent a technological measure that effectively controls access to a work protected under [the Copyright Act]; or C) is marketed by that person or another acting in concert with that person’s knowledge for use in circumventing a technological measure that effectively controls access to a work protected under [the Copyright Act].”

¹⁶ 17 U.S.C. § 1201(b)(1), the other anti-trafficking provision, provides that:

“No person shall manufacture, import offer to the public, provide or otherwise traffic in any technology, product, service, device, component, or part thereof, that – A) is primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under [the Copyright Act] in a work or a portion thereof; B) has only limited commercially significant purpose or use other than to circumvent protection afforded by a technological measure that effectively protects a right of a copyright owner under [the Copyright Act] in a work or a portion thereof; or C) is marketed by that person or another acting in concert with that person’s knowledge for use in circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under [the Copyright Act] in a work or a portion thereof.”

¹⁷ 17 U.S.C. § 1204.

¹⁸ 17 U.S.C. § 1203(b)(1).

violations of [the DMCA].”¹⁹ Consequently, “fair use ... received extended discussion in the legislative history for section 1201.”²⁰ During such discussion lawmakers made it clear that they intended “to ensure that the concept of fair use remains firmly established in the law,” by enacting a law that “fully respects and extends into the digital environment the bedrock principle of ‘balance’ in American intellectual property law for the benefit of both copyright owners and users.”²¹ This ‘balance,’ was purportedly achieved by adopting provisions designed to limit the impact of the new law’s restrictions on traditional constructions of fair use, such as: 1) delaying application of the Act²² and instructing the Librarian of Congress to promulgate rules in the interim that exempt certain users from the anti-circumvention provision, if it finds that the Act is adversely affecting certain kinds of fair use;²³ 2) preserving the “rights, remedies, limitations, or defenses to copyright infringement, including fair use, under [the Copyright Act];”²⁴ 3) preserving the traditional “rights of free speech or the press for activities using consumer electronics, telecommunications, or computing products;”²⁵ and 4) granting carefully defined fair use exemptions for individual circumstances, such as non-profit libraries acquisition programs,²⁶ encryption research,²⁷ certain types of reverse engineering,²⁸ and security testing.²⁹

The delicate balance between combating piracy while preserving fair use rights in a recognizable form, set off an intense debate over the extent to which the Constitution requires fair use limitations on copyright law. The debate became concrete when, shortly after the Act became effective; a decrypting technology called DeCSS emerged.

¹⁹ Nimmer, D., *supra* note 13, at 703, citing *Report of the House Comm. on Commerce*, H.R. Rep. No. 105-551, pt. 2, at 22 (1998).

²⁰ *Id.*

²¹ *Report of the House Comm. on Commerce*, H.R. Rep. No. 105-551, pt. 2, at 26.

²² 17 U.S.C. § 1201(a)(1)(A) provides that “[t]he prohibition contained in the [anti-circumvention provision] shall take effect at the end of the 2-year period beginning on [Oct. 28, 1998].

²³ 17 U.S.C. § 1201(a)(1)(B) exempts “persons who are users of a copyrighted work which is in a particular class of works, if such persons are, or are likely to be in the succeeding 3-year period, adversely affected by virtue of such prohibition in their ability to make noninfringing uses of that particular class of works under [the Copyright Act].” §§ 1201(a)(1)(C)-(D) set guidelines which the Librarian of Congress must use in making a determination every three years of the types of works to be exempted under § 1201(a)(1)(B). Finally, § 1201(a)(1)(E) explicitly restricts these exemptions only to violations of the anti-circumvention provision (§1201(a)(1)(A)), meaning that those who *traffic* in circumvention devices, as opposed to mere usage, will have no fair use defense.

²⁴ 17 U.S.C. § 1201(c)(1).

²⁵ 17 U.S.C. § 1201(c)(4).

²⁶ 17 U.S.C. § 1201(d).

²⁷ 17 U.S.C. § 1201(g).

²⁸ 17 U.S.C. § 1201(f).

²⁹ 17 U.S.C. § 1201(j).

Strike One: Fair Use Rejected by the District Court (*Universal City Studios, Inc. v. Reimerdes*)

In *Universal City Studios, Inc. v. Reimerdes*,³⁰ the U.S. District Court for the Southern District of New York was presented with the first opportunity to clearly demarcate the extent to which fair use presents a defense to violations of the DMCA. The case arose when a Norwegian teenager reversed engineered the “Content Control System” (“CSS”) – used by all major movie studios to encrypt DVD movies so they could not be copied to computer hard drives or other discs – and created a computer program called “DeCSS.” DeCSS is a simple program that allows users to circumvent CSS technology and freely copy and manipulate DVD movies.³¹ DeCSS quickly became immensely popular, with many websites, including some of the defendants’ in the Reimerdes case, posting the actual program or hyperlinks to other websites where the program could be found.³² The movie studios promptly filed suit under the DMCA, seeking temporary and permanent injunctions against the defendants, whom they alleged were trafficking in circumvention devices in contravention of the DMCA by posting or linking to copies of DeCSS.³³

The defendants responded with two primary arguments. First, they contended that their posting and linking to DeCSS was protected by the First Amendment’s prohibition on content-based restrictions on speech. This position has become known as the “code is speech” argument. Second the defendants claimed that DeCSS allowed users to make fair use of copyrighted works under the traditional meaning of the term, and could not be banned by the DMCA.³⁴ These arguments were, however, summarily rejected by the trial court, which concluded that the First Amendment did not protect defendants’ posting of and linking to DeCSS.³⁵ More importantly, the trial court concluded that fair use is not a defense to violations of the DMCA. The court applied a plain meaning construction to §1201(c)(1) and determined it preserved fair use as a defense to “copyright infringement” only, while the defendants in this case were guilty of circumventing technologies that protect copyrights, not of infringing copyrights themselves.³⁶ Finding this

³⁰ *Univeral City Studios, Inc. v. Reimerdes*, 111 F.Supp. 2d 294 (SDNY 2000).

³¹ *Id.* at 303-15. The opinion contains a very detailed discussion and definition of all technical terms.

³² *Id.*

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.* at 327-30. Judge Kaplan concluded that DeCSS is protected speech under the First Amendment, but because the DMCA targets only the “functional aspect” of that speech, it survives the intermediate level scrutiny for content-neutral regulations under *United States v. O’Brien*, 391 U.S. 367.

³⁶ *Id.* at 322.

distinction controlling, the court reasoned that Congress could have explicitly allowed a fair use defense to anti-trafficking actions under the DMCA, but failed to do so, which meant that no such defense could be had outside of the limited exception crafted solely for §2101(a)(1)(A).³⁷ Thus the District Court, without discussing anything more than the statute's terms, implicitly rejected a constitutional underpinning to fair use, instead finding its presence or absence in the statute, solely a matter of Congressional discretion.³⁸ The Court issued the injunctions sought by plaintiffs.

Strike Two: Fair Use Ignored by the Court of Appeals (*Universal City Studios, Inc. v. Corley*)

Eric Corley, who operated a website for the “hacker community” – on which he posted both the program and links to DeCSS – appealed the decision to the Second Circuit Court of Appeals.³⁹ Many critics and commentators, including law professors and public interest organizations, came to his aid, filing amicus briefs in support of a fair use defense to DMCA violations.

Central to their argument was the contention that fair use is a constitutionally *required* “safety valve” that reconciles the conflict between copyright laws and the First Amendment. As such, Judge Kaplan’s distinction that allows fair use as a defense to copyright infringement but not as a defense to DMCA violations was considered unduly narrow. Without a fair use defense operating as a safety valve, the DMCA impermissibly grinds against the immutable protections of speech and expression granted by the First Amendment. The appellants and amici did not have the benefit of a Supreme Court decision directly on point, but their contention was not without merit. Although the Supreme Court had never decided the issue, it had intimated through dicta that it could someday recognize a constitutional requirement of fair use.⁴⁰ Indeed, the Second

³⁷ *Id.*

³⁸ *Id.* at 346.

³⁹ *Universal City Studios, Inc. v. Corley*, 2001 U.S. App. LEXIS 25330 (2nd Cir. 2001).

⁴⁰ *See e.g. Harper and Row Publishers Inc. v. Nation Enterprises*, 471 U.S. 539, at 560 (1985) (noting “the First Amendment protections already embodied in the Copyright Act’s distinction between copyrightable expression and uncopyrightable facts and ideas, and the latitude for scholarship and comment traditionally afforded by fair use.”); *Stewart v. Abend*, 495 U.S. 207, at 236 (1990) (“[t]he fair use doctrine ... requires courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which the law is designed to foster.”); *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, at 575 (1994) (“from the infancy of copyright protection, *some opportunity for fair use of copyrighted material has been thought necessary to fulfill copyright’s very purpose*, ‘to promote the Progress of Science and useful Arts.’”)(emphasis added).

Circuit itself had also on several occasions indicated a similar acceptance of appellants' proposition.⁴¹

Unfortunately for the appellants, the panel reviewing the *Corley* decision viewed their contention, that the DMCA is unconstitutional without a fair use defense, as an "extravagant claim".⁴² In a unanimous decision, the three-judge panel affirmed the trial court's holding in all material regards.⁴³

First, the Court agreed with the parties that posting and linking to DeCSS has a constitutionally protected speech component. However, the Court found that its functional component (i.e. its circumvention ability) might be regulated by Congress without violating the First Amendment. Applying garden variety constitutional case law, the Court determined the challenged provision of the DMCA "serves a substantial governmental interest, [which] is unrelated to the suppression of free expression, and ... does not 'burden substantially more speech than is necessary'".⁴⁴

Turning to the issue of fair use, the Court essentially adopted the lower court's distinction with respect to § 1201(c)(1), concluding that fair use is not a defense to the use of, or trafficking in, circumvention devices, but only to infringing uses of copyrighted works after such works are obtained.⁴⁵ In other words, the DMCA targets circumvention only, and "does not concern itself with the use of ... materials after circumventions has occurred."⁴⁶ Rejecting the appellants' expansive construction, the Court held that § 1201(c)(1) merely "ensures that the DMCA is not

⁴¹ See e.g. *Rosemont Enterprises v. Random House, Inc.*, 366 F. 2d 303, at 307 (2d Cir. 1966) ("The fundamental justification for the privilege [of fair use] lies in the constitutional purpose in granting copyright protection in the first instance, to wit, "To Promote the Progress of Science and the Useful Arts."); *Wainwright Securities Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91, at 95 (2d Cir. 1977) ("Conflicts between interests protected by the first amendment and the copyright laws thus far have been resolved by application of the fair use doctrine."); *Twin Peaks Productions, Inc. v. Publications Int'l, Ltd.*, 996 F. 2d 1366, at 1378 (2d Cir. 1993) ("The fair use doctrine encompasses all claims of first amendment in the copyright field.") quoting *New Era Publications Int'l, ApS v. Henry Holt and Co.*, 873 F. 2d 576, at 584 (2d Cir. 1989); *Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F. 3d 65, at 74-5 (2d Cir. 1999) ("We have repeatedly rejected First Amendment challenges to injunctions from copyright infringement on the ground that First Amendment concerns are protected by and coextensive with the fair use doctrine.").

⁴² *Corley*, 2001 U.S. App. LEXIS 25330, at 73.

⁴³ *Id.* at 79.

⁴⁴ *Id.* at 49, quoting *Ward v. Rock Against Racism*, 491 U.S. 781, 799 (1989). The Court agreed with Judge Kaplan's holding that the regulation need not pass strict constitutional scrutiny since it is a content-neutral regulation of only the functional aspect of speech. The Court applied the more relaxed scrutiny of *Ward* instead.

⁴⁵ *Id.* at 30-31.

⁴⁶ *Id.* at 31.

read to prohibit the ‘fair use’ of information just because that information was obtained in a manner made illegal by the DMCA.”⁴⁷ Appellants’ *trafficking* in circumvention devices, the Court concluded, amounted neither to *circumvention* of a pre-determined class of works protected by § 1201(a)(1), nor to *infringement* of a copyrighted work, the fair use of which is protected by § 1201(c)(1).⁴⁸ Accordingly, the fair use defense was inapplicable to appellants’ violation of the DMCA.⁴⁹

To support this interpretation of the statutory framework, the Second Circuit pointed to the legislative history of the DMCA, and concluded that “it would be strange for Congress to open small, carefully limited windows for circumvention to permit fair use,” (referring to the fair use exemptions discussed in Section B(1)(b) *supra*), “if it then meant to exempt in subsection 1201(c)(1) any circumvention necessary for fair use.”⁵⁰ Thus the Court turned the appellants’ argument on its head: the well-documented Congressional concern for fair use did *not* indicate its intent to allow the defense for all violations of the Act. On the contrary, in light of this concern, Congressional silence on fair use with respect to trafficking in, or use of circumvention devices outside the explicit exemptions, was held to mean Congress had considered but rejected it.⁵¹

In concluding that the DMCA does not afford a fair use defense to many uses of, and all trafficking in, circumvention devices, the Second Circuit set the stage to consider whether such a proscription ran afoul of any purported constitutional requirement that fair use must always be privileged. Here, appellants’ arguments were found wanting again, as the Court expressed serious skepticism of their “extravagant claim” that such a requirement would be firm enough to completely invalidate the DMCA.⁵² The Court did note the “isolated statements in [the Supreme Court’s] opinions⁵³ [which] might arguably be enlisted for such a requirement,” but concluded that it did not have to resolve the issue in this case.⁵⁴

The Court’s justification for dodging the issue was threefold: First, “the Appellants do not claim to be making fair use of any copyrighted materials, and nothing in the injunction prohibits them from making such fair use.”⁵⁵ Thus the mere fact that DeCSS could be employed to make fair use of copyrighted works was of no consequences to these appellants, because they

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.* at 73.

⁵³ *See* notes 40-41, *supra*.

⁵⁴ *Corley*, 2001 U.S. App. LEXIS 25330, at 75.

⁵⁵ *Id.* at 75-6.

themselves were not using it as such, but were only involved in its trafficking to facilitate unauthorized access to copyrighted materials.⁵⁶ Second, “the evidence as to the impact of the anti-trafficking provision of the DMCA on prospective fair users is scanty and fails to adequately address the issues.”⁵⁷ Finally, the Court found “no authority for the proposition that fair use, as protected by the Copyright Act, much less the Constitution, guarantees copying by the optimum method or in the identical format of the original.”⁵⁸ As such, even if the Constitution were to require some level of fair use, such level is afforded by the DMCA with respect to DVD movies, because nothing in the statute would prevent someone from commenting on content, quoting excerpts, or even recording portions of the content by pointing a camcorder to a monitor displaying the DVD movie.⁵⁹ Nothing in the Constitution, the Court concluded, required fair use as “a guarantee of access to copyrighted material in order to copy it by the fair user’s preferred technique or in the format of the original.”⁶⁰ As such, the constitutional element of appellants’ claim was deemed irrelevant and ignored.

CONCLUSION

Implications for Fair Use in Future Cases

While showing a disinclination to recognize a firm constitutional requirement of fair use, the Second Circuit decision to leave the constitutional underpinnings of fair use open presents a glimmer of hope for the proponents of DeCSS in particular, and fair use in general. *Corley* thus presents several implications for the future litigant of fair use rights under the DMCA.

First, the *Corley* case has framed the need for a better evidentiary record to support an argument of a constitutional requirement of fair use. As the Court itself noted, prior to the decision all that appellants could muster in support of their “extravagant claim” were a few “isolated statements ... that might arguably be enlisted for such a requirement.”⁶¹ Notwithstanding the Court’s refusal to invalidate the DMCA on such scant support, in recognizing the debate and discussing the issue at length, the *Corley* decision marks the

⁵⁶ *Id.*

⁵⁷ *Id.* at 76.

⁵⁸ *Id.* at 77.

⁵⁹ *Id.* The Appellants had anticipated this argument and claimed that a prohibition on DeCSS could not be upheld on grounds that other, less perfect, alternatives for fair use exist, anymore than a prohibition on using copying machines on grounds that the same could be accomplished by employing “monks to scribe the relevant pages.” *Id.*, at note 36. The Court simply noted the hyperbolic nature of this assertion and left its reasoning undisturbed.

⁶⁰ *Id.* at 78.

⁶¹ *Id.* at 73.

movement of these isolated statements from a few court cases, briefs, and journals, into one appellate decision available for future citation.

Second, the Court's lengthy discussion of fair use alternatives seems to indicate that it would be willing to recognize at least *some* constitutional restriction on the ability of Congress to impede fair use. Thus a proper reading of *Corley* would suggest not that fair use lacks any constitutional grounding whatsoever, but rather that whatever its constitutional underpinning may be, it is insufficient to invalidate an Act which protects at least some, albeit inferior, levels of fair use.

This leads us to a third and final implication, concerning the direction of the debate on fair use. The *Reimerdes-Corley* decisions indicate that it is no longer sufficient to convince the courts of the *existence* of a constitutional requirement of fair use, since the DMCA preserves many conventional forms of such fair use (i.e. pointing a camcorder at a monitor displaying DVD movies encrypted with CSS). Rather, future litigants must convince the courts that a constitutional requirement of fair use exists, *and* that its contour is such that it invalidates any measure which prohibits the most prevalent, efficient, or superior form of fair use (i.e. one that displaces copy machines in favor of scribing monks). The *Corley* decision indicates, however, that unless and until the Supreme Court "ratifies" its previous "isolated statements" to recognize a sweeping constitutional right of fair use approaching the absolute, this battle is going to be uphill.

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