

2005

## Will Lessig Succeed in Challenging the CTEA, Post-Eldred

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### Recommended Citation

Matthew Dean Stratton, *Will Lessig Succeed in Challenging the CTEA, Post-Eldred*, 15 Fordham Intell. Prop. Media & Ent. L.J. 893 (2005).

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# Will Lessig Succeed in Challenging the CTEA, Post-Eldred

## **Cover Page Footnote**

Hugh C. Hansen, Sonia Katyal, his family

# Will Lessig Succeed in Challenging the CTEA, Post-*Eldred*?

Matthew Dean Stratton\*

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## INTRODUCTION

Down but not out, Lawrence Lessig has not rested since his defeat in *Eldred v. Ashcroft*<sup>1</sup> on January 15, 2003. In *Eldred*, the Supreme Court ruled 7-2 that the Sonny Bono Copyright Term Extension Act (“CTEA”),<sup>2</sup> enacted October 27, 1998, is constitutional as applied to existing works.<sup>3</sup> Despite this setback, Lessig has continued to wage war against the provisions of the CTEA. His ongoing efforts include developing the Creative Commons, an organization that simplifies copyright relinquishment,<sup>4</sup> promoting the “Public Domain Enhancement Act,”<sup>5</sup> a new bill to re-institute copyright renewal; and litigating two new cases, *Golan v. Ashcroft*<sup>6</sup> and *Kahle v. Ashcroft*,<sup>7</sup> where he challenges the constitutionality of the effects of the CTEA.<sup>8</sup>

This Note evaluates the policies and legal arguments of the two new cases. After a brief discussion of the legal arguments, it concludes that they are rather feeble and were properly dismissed on summary judgment.<sup>9</sup> But this is not the Note’s focus, because it is not Lessig’s focus either. Instead, it concentrates on what really interests Lessig: the policy questions he raises in his complaints.

<sup>1</sup> *Eldred v. Ashcroft*, 537 U.S. 186 (2003).

<sup>2</sup> Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified as amended 17 U.S.C. §§ 105, 108, 203, 301–04). For more information on the CTEA, see *infra* Part I.A.

<sup>3</sup> *Eldred*, 537 U.S. at 198.

<sup>4</sup> See, e.g., Jason Krause, *The Education of Larry Lessig*, A.B.A. J., Jan. 2004, at 38.

<sup>5</sup> Public Domain Enhancement Act, H.R. 2601, 108th Cong. (2003); see LAWRENCE LESSIG, *FREE CULTURE* 248–49 (2004).

<sup>6</sup> See *Golan v. Ashcroft*, 310 F. Supp. 2d 1215 (D. Colo. 2004); First Amended Complaint, *Golan v. Ashcroft*, 310 F. Supp. 2d 1215 (D. Colo. 2004) (No. 01-B-1854).

<sup>7</sup> See *Kahle v. Ashcroft*, No. 04-CV-1127, 2004 WL 2663157 (N.D. Cal. Nov. 19, 2004); Amended Complaint for Declaratory Judgment, *Kahle v. Ashcroft* (C 04-1127 BZ), [http://cyberlaw.stanford.edu/about/cases/kahle\\_v\\_ashcroft.shtml](http://cyberlaw.stanford.edu/about/cases/kahle_v_ashcroft.shtml) (last visited Mar. 27, 2005).

<sup>8</sup> See Krause, *supra* note 4, at 40–41.

<sup>9</sup> See *Golan*, 310 F. Supp. 2d at 1218; *Kahle*, 2004 WL 2663157, at \*\*8, 18.

The Note inquires: Would Lessig succeed if the plaintiffs' lawsuits were based directly on their policy grievances, as opposed to constitutionality arguments divorced from them?<sup>10</sup> In particular, this Note evaluates two claims directly encompassing Lessig's policy concerns, arguments that the effect of the CTEA is unconstitutional because (i) the extended copyright terms are overly burdensome on those who publish public domain works<sup>11</sup> and (ii) the absence of renewal provisions results in works being locked-up, regardless of the preferences of the copyright holders.<sup>12</sup>

Part I first recounts Congress' stated rationale for the CTEA and the Supreme Court's explanations for upholding it in *Eldred*. Next, it delineates some of the main arguments in support of petitioners that failed to persuade the Court in *Eldred*. It will be useful to consider what arguments have already failed when evaluating the new arguments. Finally, Part I introduces the plaintiffs of *Golan* and *Kahle*, and details their legal and policy arguments. The legal arguments are quickly dismissed. Parts II and III explore factual, legal, and policy considerations in favor of, and in conflict with, each of the claims proposed above, respectively. Part IV provides a few additional considerations about the burden imposed by *Eldred* on future challenges of copyright terms. The Note concludes that neither of the new arguments will succeed.

The fairness claim that the CTEA is overly burdensome on public domain publishers and that these publishers should not suffer in order to give copyright holders a windfall will not be effective because (i) takings law does not recognize the public domain publishers' injuries, (ii) there is insufficient reason to

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<sup>10</sup> This inquiry is worth making because in the wake of *Eldred*, a straight-forward challenge to the constitutionality of the CTEA will not persuade courts. In contrast, the plaintiffs' grievances are more compelling. A legal analysis of them is also useful because it serves as a springboard for evaluating closely what would result from granting the plaintiffs a remedy. See *infra* Parts I.E.1, I.F.1, respectively, for information about the *Golan* and *Kahle* plaintiffs.

<sup>11</sup> See *infra* Part I.E.1. The *Golan* plaintiffs are not just public domain publishers, but individuals who rely on the public domain publishing for their artistic endeavors. However the analysis is essentially the same; both are harmed from reliance upon shorter terms.

<sup>12</sup> See *infra* Part I.F.2.

extend the application of takings law to compensate public domain publishers, and (iii) the Supreme Court clearly was aware of the consequences of the CTEA when it decided *Eldred*.<sup>13</sup> There is also evidence that the Court implicitly indicated its position that the extension of copyright terms did not constitute a taking of the property of public domain publishers.<sup>14</sup>

The proposed argument that works often get locked-up against the wishes of copyright holders is also not persuasive given the existence of various methods for copyright owners to renounce their copyright (including notifying the Copyright Office of their intent to abandon and participating in Lessig's own Creative Commons) and the voluntary measures by which copyright holders can improve access to potential licensees (e.g., registration, update of registration, and the recordation of transfers).<sup>15</sup>

## I. THE CTEA: WHY CONGRESS ENACTED IT; WHY THE SUPREME COURT UPHELD IT; FAILED CHALLENGES; NEW CHALLENGES

### A. *A Brief History of Pre-CTEA Copyright Term Lengths*

Under the Act of March 4, 1909 ("1909 Act"),<sup>16</sup> the maximum term of protection was fifty-six years—an initial term of twenty-eight years plus a renewal term of twenty-eight years.<sup>17</sup> For works in statutory copyright prior to 1978, the Copyright Act of 1976 ("1976 Act")<sup>18</sup> increased the renewal term to forty-seven years, for a total term of seventy-five years.<sup>19</sup> It also changed the term of protection for works created in 1978 or later, based upon how the work was classified. New works by a single author were accorded a single term of protection equal to the life of the author plus fifty

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<sup>13</sup> See *infra* Part II.

<sup>14</sup> See *infra* Part II.A.2.

<sup>15</sup> See *infra* Part III.

<sup>16</sup> Ch. 320, 35 Stat. 1075 (repealed 1976) [hereinafter 1909 Act].

<sup>17</sup> See *id.* ch. 320, §§ 23–24, 35 Stat. 1075, 1080–81; 3 NIMMER, MELVILLE B. & DAVID NIMMER, NIMMER ON COPYRIGHT § 9.08 (2003).

<sup>18</sup> Pub. L. No. 94-553, 90 Stat. 2541 [hereinafter 1976 Act].

<sup>19</sup> See *id.* § 304; NIMMER & NIMMER, *supra* note 17, § 9.08.

years.<sup>20</sup> Works made for hire and anonymous or pseudonymous works were granted a term of seventy-five years following publication, or one hundred years from creation, whichever expired first.<sup>21</sup>

### B. *The CTEA*

The main effect<sup>22</sup> of the CTEA is to extend the duration of copyright by twenty years.<sup>23</sup> Copyright extension impacts nearly all works<sup>24</sup> that have not entered the public domain before the end of 1997.<sup>25</sup> As a result, with a very limited exception,<sup>26</sup> no work will enter the public domain during the twenty-year period commencing on January 1, 1998,<sup>27</sup> unless the copyright holder of a work elects to voluntarily renounce his copyright.<sup>28</sup>

Congress asserted various rationales for the CTEA.<sup>29</sup> First, in 1993, the European Union issued a directive requiring member states to extend their copyright terms for the life of the author plus

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<sup>20</sup> See 1976 Act, Pub. L. No. 94-553, § 302(a); NIMMER & NIMMER, *supra* note 17, § 9.10[A][1].

<sup>21</sup> See 1976 Act, Pub. L. No. 94-553, § 302(c); NIMMER & NIMMER, *supra* note 17, § 9.10[B].

<sup>22</sup> For the complete provisions of the CTEA, see Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified as amended 17 U.S.C. §§ 105, 108, 203, 301–04). In brief, the CTEA alters copyright term duration, the rules governing the termination of transfers, the rights of libraries and archives to reproduce works, and the voluntary negotiation of royalties for audiovisual works.

<sup>23</sup> See 17 U.S.C. §§ 302–04 (1998). The twenty-year extension covers (1) works created after January 1, 1978 that are: (a) by a single author (§ 302(a)), (b) joint works (§ 302(b)), or (c) anonymous, pseudonymous, or works made for hire (§ 302(c)); and (2) works created before 1978 that are: (a) not published or copyrighted before 1978, but published before December 31, 2002 (§ 303(a)), (b) still in their original copyright term on January 1, 1978 (§ 304(a)), or (c) in their renewal term on January 1, 1978 (§ 304(b)).

<sup>24</sup> The exception is a narrow category of works, those that were created but not published or copyrighted by January 1, 1978, and thereafter not published by December 31, 2002. See *id.* § 303(a); Christina N. Gifford, *The Sonny Bono Copyright Term Extension Act*, 30 U. MEM. L. REV. 363, 379–80 (2000); *supra* note 23.

<sup>25</sup> See Jaime Davids, *Eldred v. Ashcroft: A Critical Analysis of the Supreme Court Decision*, 13 DEPAUL-LCA J. ART & ENT. L. & POL'Y 173, 174 (2003).

<sup>26</sup> See *supra* note 24.

<sup>27</sup> See Davids, *supra* note 25.

<sup>28</sup> See *infra* Part III.A.

<sup>29</sup> For a more thorough discussion of rationales in support of the CTEA, see Gifford, *supra* note 24, at 386–90. See also *Eldred v. Ashcroft*, 537 U.S. 186, 206–07 (2003).

seventy years, while directing them to grant non-member states only a term equal to their respective domestic copyright terms, if those are shorter than life plus seventy years.<sup>30</sup> In response, Congress expressed the importance of harmonization with the EU,<sup>31</sup> while emphasizing the significance of copyright to the American economy.<sup>32</sup> Second, Congress noted that it is necessary to increase the copyright term to ensure the protection of the creator and at least one generation of heirs, in light of increasing life spans and parents having children later in life.<sup>33</sup> Third, Congress observed that the creative incentives of authors and corporate copyright owners could be favorably enhanced by allowing them to take advantage of “technological developments [that] . . . have extended the commercial life of copyrighted works.”<sup>34</sup> Fourth, Congress realized that since copyright holders are often corporations rather than individual authors, “extended protection for existing works will provide added income with which to subsidize the creation of new works.”<sup>35</sup> Finally, Congress

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<sup>30</sup> See Council Directive 93/98/EEC, 1993 O.J. (L 290) 9.

<sup>31</sup> See S. REP. NO. 104-315, at 7–9 (1996) (With the “increasingly global nature of the market for U.S. copyrighted works, . . . [u]niformity of copyright laws is enormously important to facilitate the free flow of copyrighted works between markets and to ensure the greatest possible exploitation of the commercial value of these works in world markets for the benefit of U.S. copyright owners and their dependents.”).

<sup>32</sup> *Id.* (“America exports more copyrighted intellectual property than any country in the world, a huge percentage of it to nations of the European Union. In fact, intellectual property is our second largest export with U.S. copyright industries accounting for roughly \$40 billion in foreign sales in 1994. . . . [C]ore copyright industries contribute more to the economy and employ more workers than any single manufacturing sector, accounting for more than 5 percent of the total U.S. workforce.”).

<sup>33</sup> *Id.* at 10–11. Moreover, Congress observes that “both the Berne Convention and the EU Directive have accepted the standard that copyright should protect the author and two succeeding generations,” and concludes that “the majority of American creators anticipate that their copyrights will serve as important sources of income for their children and through them into the succeeding generation.” *Id.* at 10.

<sup>34</sup> *Id.* at 11–13. More specifically, Congress asserts that “the likelihood that a work will remain highly profitable beyond the current term of copyright protection has increased significantly as the rate of technological advancement in communications and electronic media has continued to accelerate. . . . [T]he additional income [that technological advancement will produce] will increase existing incentives to create new and derivative works.” *Id.* at 12.

<sup>35</sup> *Id.* at 12–13 (“[E]xtended protection for existing works will provide added income with which to subsidize the creation of new works. This is particularly important in the case of corporate copyright owners, such as motion picture studios and publishers, who

recognized that extended copyrights would be a powerful and necessary incentive for private economic actors to preserve existing works in digital form.<sup>36</sup>

Whether these ends are valid or constitutional, and whether the benefits outweigh the harms, are issues that have been hotly debated.<sup>37</sup> These issues reached the Supreme Court in *Eldred v. Ashcroft*.

### C. *The Eldred v. Ashcroft Decision*

Lawrence Lessig brought the *Eldred* case on behalf of publishers of works in the public domain.<sup>38</sup> After losing at the District Court level<sup>39</sup> and in the Court of Appeals for the District of Columbia,<sup>40</sup> the Court of Appeals denied him rehearing en banc.<sup>41</sup>

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rely on the income from enduring works to finance the production of marginal works and those involving greater risks (i.e., works by young or emerging authors).”).

<sup>36</sup> *Id.* at 13 (“Because digital formatting enables the creation of perfect reproductions at little or no cost, there is a tremendous disincentive to investing the huge sums of money necessary to transfer these works to a digital format, absent some assurance of an adequate return on that investment. By extending the current copyright term for works that have not yet fallen into the public domain, including the term for works-made-for-hire (e.g., motion pictures), the [CTEA] will create such an assurance by providing copyright owners at least 20 years to recoup their investment.”).

<sup>37</sup> See, e.g., Robert S. Boynton, *The Tyranny of Copyright*, N.Y. TIMES, Jan. 25, 2004, § 6 (Magazine), at 40; Davids, *supra* note 25; Gifford, *supra* note 24; *infra* Part I.D.

<sup>38</sup> *Eldred v. Ashcroft*, 537 U.S. 186, 193 (2003); see also Davids, *supra* note 25, at 183 n.48 (“Petitioners are individuals and businesses that rely on the public domain for their creative work and livelihood. Lead petitioner, Eric Eldred, is a noncommercial publisher of existing works and a creator of new derivative ones. He founded Eldritch Press, an Internet based press that creates and stores copies of public domain works for the World Wide Web. With [his] new technology[,] students and scholars are able to search the texts in ways that are not possible in the printed version.”).

<sup>39</sup> *Eldred v. Reno*, 74 F. Supp. 2d 1 (D.D.C. 1999) (granting summary judgment for defendants), *aff’d* 239 F.3d 372 (D.C. Cir. 2001), *aff’d sub nom.* *Eldred v. Ashcroft*, 537 U.S. 186 (2003). Specifically, summary judgment was granted on plaintiff’s claims that “the CTEA violates the First Amendment,” “retrospective extension of copyright protection is beyond Congress’s enumerated power under the copyright clause,” and “retroactive extension of copyright protection violates the public trust doctrine.” *Id.* at 3–4.

<sup>40</sup> *Eldred v. Reno*, 239 F.3d 372 (D.C. Cir. 2001) (Sentelle, J. dissenting in part). Judge Sentelle argued in his dissent that the extension of existing copyrights was impermissible under the Copyright Clause. *Id.* at 380–84.

<sup>41</sup> *Eldred v. Ashcroft*, 255 F.3d 849, 852 (D.C. Cir. 2001) (per curiam) (7-2 decision denying rehearing en banc).

Lessig then petitioned the Supreme Court for review. The Supreme Court granted certiorari to address two questions: “whether the CTEA’s extension of existing copyrights exceeds Congress’ power under the Copyright Clause;<sup>42</sup> and whether the CTEA’s extension of existing and future copyrights violates the First Amendment.”<sup>43</sup>

The Supreme Court affirmed.<sup>44</sup> In response to the first issue, the Court held that Congress has the authority to extend existing copyrights, even with the “limited Times” restriction.<sup>45</sup> According to the Court, extending a “limited” term for an existing copyright does not necessarily alter its status as “limited.”<sup>46</sup> Furthermore, “[h]istory reveals an unbroken congressional practice of granting to authors of works with existing copyrights the benefit of term extensions so that all under copyright protection will be governed evenhandedly under the same regime.”<sup>47</sup>

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<sup>42</sup> U.S. CONST. art. I, § 8, cl. 8 (providing that “Congress shall have Power . . . [t]o promote the Progress of Science . . . by securing [to Authors] for limited Times . . . the exclusive Right to their . . . Writings”).

<sup>43</sup> *Eldred*, 537 U.S. at 198.

<sup>44</sup> *Id.* (7-2 decision) (Stevens & Breyer, JJ., dissenting).

<sup>45</sup> *Id.* at 199–204.

<sup>46</sup> *Id.* at 199 (“Petitioners’ argument essentially reads into the text of the Copyright Clause the command that a time prescription, once set, becomes forever ‘fixed’ or ‘inalterable.’ The word ‘limited,’ however, does not convey a meaning so constricted. At the time of the Framing, that word meant what it means today: ‘confine[d] within certain bounds,’ ‘restrain[ed],’ or ‘circumscribe[d]. . . .’ Thus understood, a timespan appropriately ‘limited’ as applied to future copyrights does not automatically cease to be ‘limited’ when applied to existing copyrights.”).

<sup>47</sup> *Id.* at 200. “[T]he First Congress accorded the protections of the Nation’s first federal copyright statute to existing and future works alike. 1790 Act § 1. Since then, Congress has regularly applied duration extensions to both existing and future copyrights. 1831 Act §§ 1, 16; 1909 Act §§ 23–24; 1976 Act §§ 302–03; 17 U.S.C. §§ 302–04.” *Id.* at 200–01 (footnote omitted). Moreover, “early Congresses extended the duration of numerous individual patents as well as copyrights” and “courts saw no ‘limited Times’ impediments to such extensions.” *Id.* at 201–02 (citations omitted). “Congress’ consistent historical practice of applying newly enacted copyright terms to future and existing copyrights reflects a judgment stated concisely by Representative Huntington at the time of the 1831 Act: ‘[J]ustice, policy, and equity alike forb[id]’ that an ‘author who had sold his [work] a week ago, be placed in a worse situation than the author who should sell his work the day after the passing of [the] act.’” *Id.* at 204 (citations omitted).

Next, the Court examined whether the CTEA was a rational exercise of Congress' power under the Copyright Clause.<sup>48</sup> The Court recounted Congress' rationale for the CTEA,<sup>49</sup> and in "substantial" "defer[ence]"<sup>50</sup> to Congress, found that the CTEA was rationale,<sup>51</sup> "however debatable or arguably unwise . . . [it] may be."<sup>52</sup>

After disputing the petitioners' arguments at length,<sup>53</sup> the Court discussed the second issue and held that copyright extension under the CTEA did not violate the First Amendment.<sup>54</sup> The Court prefaced its analysis with evidence that the Framers found the copyright monopoly to be consistent with principles of free speech.<sup>55</sup> Then the Court explained how copyright law itself has "built-in First Amendment accommodations," such as the "idea/expression dichotomy"<sup>56</sup> and the "fair use"<sup>57</sup> defense.<sup>58</sup>

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<sup>48</sup> *Id.* at 204–08.

<sup>49</sup> For Congress' rationale, see *supra* text accompanying notes 29–36.

<sup>50</sup> *Eldred*, 537 U.S. at 204–05 ("[I]t is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors . . . in order to give the public appropriate access to their work product.") (quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984)).

<sup>51</sup> *Id.* at 204–08 ("The CTEA reflects judgments of a kind Congress typically makes, judgments we cannot dismiss as outside the Legislature's domain.").

<sup>52</sup> *Id.* at 208. For arguments against the CTEA, see *infra* Part I.D.

<sup>53</sup> *Id.* at 208–22. For a detailed account of petitioners' arguments and the Court's responses, see *infra* Part I.D.1.

<sup>54</sup> *Id.* at 218–21.

<sup>55</sup> *Id.* at 219 ("The Copyright Clause and First Amendment were adopted close in time. This proximity indicates that, in the Framers' view, copyright's limited monopolies are compatible with free speech principles. Indeed, [for the Framers,] copyright's purpose [was] to *promote* the creation and publication of free expression.").

<sup>56</sup> Copyright protects the creator's expression, but not the underlying ideas. See 17 U.S.C. § 102(b) (2004) ("In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.").

<sup>57</sup> The statutory provision for the "fair use" defense states that expression may be used "for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research . . ." See 17 U.S.C. § 107 (2004); see also *Harper & Row Publishers Inc. v. Nation Enter.*, 471 U.S. 539, 560–61 (1985) (explaining that the "[§ 107] listing was not intended to be exhaustive" and identifying the following four factors as particularly relevant (but not exclusive) in determining whether use was fair: "(1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the substantiality of the portion used in relation to the copyrighted

Finally, the Court pointed out that the CTEA itself has an infringement exception for certain works that are not widely available.<sup>59</sup>

#### *D. The Arguments in the Supreme Court's Eldred Opinion*

In addition to analyzing the Supreme Court's holding in *Eldred*, it will be useful also to review the numerous and varied arguments that the Supreme Court addressed in *Eldred*.<sup>60</sup> This is important because the arguments and proposed arguments of *Golan* and *Kahle* should not only be evaluated on their merits,<sup>61</sup> but also considered in reference to the arguments already made and judged.<sup>62</sup>

##### 1. Petitioners' Arguments

The Supreme Court rejected the following arguments by the petitioners:

- (1) When applied to existing copyrights, repeated extensions consisting of "limited Times" effectively result in perpetual copyrights.<sup>63</sup>

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work as a whole; (4) the effect on the potential market for or value of the copyrighted work").

<sup>58</sup> 537 U.S. at 219–20.

<sup>59</sup> *Id.* at 220 (The CTEA "allows libraries, archives, and similar institutions to 'reproduce' and 'distribute, display or perform in facsimile or digital form' copies of certain published works 'during the last 20 years of any term of copyright . . . for purposes of preservation, scholarship, or research' if the work is not already being exploited commercially and further copies are unavailable at a reasonable prices.") (quoting 17 U.S.C. § 108(h) (2004)). Congress, in enacting the provision, sought to balance (i) the ability of libraries and other nonprofit institutions to preserve and make available to patrons (for limited noncommercial uses), copyright material that is not reasonably attainable, with (ii) the concern of copyright holders that such an exemption non intrude upon their own commercial opportunities. S. REP. NO. 104-315, at 18 (1996).

<sup>60</sup> This Note does not purport to offer an exhaustive and detailed account of every argument in *Eldred*, but a brief summary of the most significant ones discussed in the Court's opinion.

<sup>61</sup> See *infra* Parts II–III.

<sup>62</sup> See *infra* Part III.

<sup>63</sup> 537 U.S. at 208 ("Petitioners contend that even if the CTEA's 20-year term extension is literally a 'limited Tim[e],' permitting Congress to extend existing copyrights allows it to evade the 'limited Times' constraint by creating effectively perpetual copyrights through repeated extensions."). In response, the Court observed that

- (2) Extension of existing copyrights violates the requirement of “originality,” because nothing “original” is secured by granting a longer term to a work already created.<sup>64</sup>
- (3) Copyright extension does not “promote the Progress of Science” when applied to works that have already been created.<sup>65</sup> Instead of stimulating new works, it merely results in a windfall to authors.<sup>66</sup>
- (4) Under the Copyright Clause, “Congress may grant to an ‘Autho[r]’ an ‘exclusive Right’ for a ‘limited Tim[e],’ but only in exchange for a ‘Writin[g].’”<sup>67</sup> An extension of

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“[n]othing before this Court warrants construction of the CTEA’s 20-year term extension as a congressional attempt to evade or override the ‘limited Times’ constraint. . . . [P]etitioners fail to show how the CTEA crosses a constitutionally significant threshold with respect to ‘limited Times’ that the 1831, 1909, and 1976 Acts did not.” *Id.* at 209–10.

<sup>64</sup> *Id.* at 210–11 (Relying on the Court’s holding in *Feist* that there is not copyright protection for “‘a narrow category of works in which the creative spark is utterly lacking or so trivial as to be virtually nonexistent,’ . . . petitioners urge that even if a work is sufficiently ‘original’ to qualify for copyright protection in the first instance, any extension of the copyright’s duration is impermissible because, once published, a work is no longer original.”) (quoting *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349 (1991)). The Court replied that *Feist* “addressed the core question of copyrightability, *i.e.*, the ‘creative spark’ a work must have to be eligible for copyright protection at all[.] . . . [but it] did not touch on the duration of copyright protection. . . . The decision did not construe the ‘limited Times’ for which a work may be protected, and the originality requirement has no bearing on that prescription.” *Id.* at 211.

<sup>65</sup> *Id.* at 211–12 (“Petitioners maintain that the preambular language [in the Copyright Clause, conferring upon Congress the ‘Power . . . [t]o promote the Progress of Science,’] identifies the sole end to which Congress may legislate; accordingly they conclude, the meaning of ‘limited Times’ must be ‘determined in light of that specified end.’”) (quoting Brief for Petitioners at 19, *Eldred v. Ashcroft*, 537 U.S. 186 (2003) (No. 01-618)). The Court acknowledges that the Copyright Clause acts as a “limitation,” but responds that “it is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause’s objectives.” *Id.* at 212. The Court also declares that “Congress’ unbroken practice [of adjusting copyright terms for both future and existing works] since the founding generation . . . overwhelms petitioners’ argument that the CTEA’s extension of existing copyrights fails *per se* to ‘promote the Progress of Science.’” *Id.* at 213–14.

<sup>66</sup> *Id.* at 211–12. The Court refutes this conclusion, explaining that various rationales have been cited for the CTEA that “provide a rational basis for the conclusion that the CTEA ‘promote[s] the Progress of Science.’” *Id.* at 213. For Congress’ rationale, see *supra* text accompanying notes 29–36.

<sup>67</sup> *Id.* at 214. “Congress’ power to confer copyright protection, petitioners argue, is thus contingent upon an exchange: The author of an original work receives an ‘exclusive Right’ for a ‘limited Tim[e]’ in exchange for a dedication to the public thereafter.” *Id.*

existing copyrights in exchange for nothing violates this *quid pro quo* requirement.<sup>68</sup>

- (5) Congressional enactments pursuant to the Copyright Clause should be subject to heightened judicial review.<sup>69</sup>
- (6) “[T]he CTEA is a content-neutral regulation of speech that fails heightened judicial review under the First Amendment.”<sup>70</sup>

## 2. Justice Stevens’s Dissenting Opinion

Additional arguments were raised in dissenting opinions. Justice Stevens argued:

- (1) Fairness dictates that the public’s bargain with authors should not be retroactively changed, unless the public is compensated for the taking.<sup>71</sup>

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<sup>68</sup> *Id.* The Court objects to petitioner’s characterization of the Copyright Clause’s *quid pro quo*. *Id.* The patent cases describing a *quid pro quo* are distinguishable because “patents and copyrights do not entail the same exchange.” *Id.* at 216. Nevertheless, “[g]iven the consistent placement of existing copyright holders in parity with future holders, the author of a work created in the last 170 years would reasonably comprehend, as the [benefit] offered her [as inducement for creation], a copyright not only for the time in place when protection is gained, but also for any renewal or extension legislated during that time.” *Id.* at 214–15.

<sup>69</sup> *Id.* at 217–18. “Specifically, petitioners ask [the Court] to apply the ‘congruence and proportionality’ standard described in cases evaluating exercises of Congress’ power under § 5 of the Fourteenth Amendment.” *Id.* The Court declines to use that standard, stating that the Court has “never applied that standard outside the § 5 context; it does not hold sway for judicial review of legislation enacted, as copyright laws are, pursuant to Article I authorization.” *Id.* at 218.

<sup>70</sup> *Id.* The Court “rejects petitioners’ plea for imposition of uncommonly strict scrutiny on a copyright scheme that incorporates its own speech-protective purposes and safeguards.” *Id.* at 218–19. For the Court’s analysis of copyright’s built-in First Amendment protections, see *supra* notes 48–52 and accompanying text.

<sup>71</sup> *Id.* at 226 (Stevens, J., dissenting) (“It would be manifestly unfair if, after issuing a patent, the Government as a representative of the public sought to modify the bargain by shortening the term of the patent in order to accelerate public access to the invention. The fairness considerations that underlie the constitutional protections against *ex post facto* laws and laws impairing the obligation of contracts would presumably disable Congress from making such a retroactive change in the public’s bargain with an inventor without providing compensation for the taking. Those same considerations should protect members of the public who make plans to exploit an invention as soon as it enters the public domain from a retroactive modification of the bargain that extends the term of

- (2) Congress can act under the Copyright/Patent Clause only to encourage new works or advance the public domain,<sup>72</sup> extending existing copyrights achieves neither of these goals.<sup>73</sup>
- (3) The history of retroactive extensions of existing patents and copyrights is “replete with actions that were unquestionably unconstitutional.”<sup>74</sup> Despite the majority’s contention that “[h]istory reveals an unbroken congressional practice of granting to authors of works with existing copyrights the benefit of term extensions,”<sup>75</sup> “history is not dispositive of the constitutionality of the Sonny Bono Act.”<sup>76</sup> Moreover, the Court is responsible

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the patent monopoly.”). *But cf. supra* note 68 (discussing the Court’s rejection of petitioners’ *quid pro quo* argument).

<sup>72</sup> *Eldred*, 537 U.S. at 226–27 (Stevens, J., dissenting) (“We have recognized that these twin purposes of encouraging new works and adding to the public domain apply to copyrights as well as patents. Thus, with regard to copyrights on motion pictures, we have clearly identified the overriding interest in the ‘release to the public of the products of [the author’s] creative genius.’”) (quoting *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948)). “And, as with patents, we have emphasized that the overriding purpose of providing a reward for authors’ creative activity is to motivate that activity and ‘to allow the public access to the products of their genius after the limited period of exclusive control has expired.’” *Id.* at 227 (Stevens, J., dissenting) (quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984)). *But cf. supra* notes 65–66 (summarizing the Court’s response to petitioners’ claim that the CTEA does not “promote the Progress of Science”).

<sup>73</sup> *Eldred*, 537 U.S. at 226–27 (Stevens, J., dissenting). Instead, “[e]x post facto extensions of copyrights result in a gratuitous transfer of wealth from the public to authors, publishers, and their successors in interest.” *Id.* at 227 (Stevens, J., dissenting).

<sup>74</sup> *Id.* at 237 (Stevens, J., dissenting). For example, “Congress passed private bills either directly extending patents or allowing otherwise untimely applicants to apply for patent extensions for approximately 75 patents between 1790 and 1875. Of these 75 patents, at least 56 had already fallen into the public domain.” *Id.* at 235 (Stevens, J., dissenting). In light of the Court’s pronouncement that “‘Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available[,]’” this “repeated practice [of extending patent terms] was patently unconstitutional [and it] completely undermines the majority’s reliance on this history as ‘significant.’” *Id.* (Stevens, J., dissenting) (quoting *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 5–6 (1966)).

<sup>75</sup> *Id.* at 200; *see also id.* at 200–04 (detailing the history of extending term lengths on existing copyrights and patents, and Congress’ policy for doing so).

<sup>76</sup> *Id.* at 237 (Stevens, J., dissenting). The 1790 Act “does not provide support for the proposition that Congress can extend pre-existing federal protections retroactively. . . . [The] Act created, rather than extended, copyright protection.” *Id.* at 231–32 (Stevens, J.,

for invalidating an unconstitutional practice, no matter how long Congress has acted invalidly.<sup>77</sup>

- (4) Though copyright extension may encourage restoration and digitalization of old films, this does not validate extension of all existing copyrights.<sup>78</sup> This justification is invalid because it does not relate to the encouragement of new works, any original expression could be copyrighted without the CTEA, the preservation rationale applies equally to works already in the public domain, and wholesale extension far overreaches the limited goal of film restoration.<sup>79</sup>

### 3. Justice Breyer's Dissenting Opinion

In his dissenting opinion, Justice Breyer argued that the CTEA lacks the required rationality because it regulates expression and it is “not pure economic regulation.”<sup>80</sup> He described the harms that the CTEA presents,<sup>81</sup> and disputed the alleged benefits.<sup>82</sup>

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dissenting). Nor should significance be attached to the 1831 Act. *Id.* at 236 (Stevens, J., dissenting). “Congress based its authority to pass the amendment on . . . [the] sweat-of-the-brow view of copyright, [which] was emphatically rejected by this Court in 1834 in *Wheaton v. Peters*, 8 Pet. [591,] 661, 8 L.Ed. 1055.” *Id.* (Stevens, J., dissenting). “In 1861, Congress amended the term of patents . . . This change was not retroactive, but rather only applied to ‘all patents hereafter granted.’” *Id.* at 237 (Stevens, J., dissenting). In sum, history reveals not only the existence of retroactive extensions, but varied practices, some of which were “unquestionably unconstitutional.” *Id.* (Stevens, J., dissenting). Therefore, “history is not dispositive of the constitutionality of the [CTEA].” *Id.* (Stevens, J., dissenting).

<sup>77</sup> *Id.* at 235 (Stevens, J., dissenting). Justice Stevens cites *INS v. Chadha*, 462 U.S. 919, 103 (1983), for the proposition that “the fact Congress has repeatedly acted on a mistaken interpretation of the Constitution does not qualify our duty to invalidate an unconstitutional practice when it is finally challenged in an appropriate case.” *Id.* (Stevens, J., dissenting).

<sup>78</sup> *Id.* at 239–40 (Stevens, J., dissenting).

<sup>79</sup> *Id.* (Stevens, J., dissenting).

<sup>80</sup> *Id.* at 244–45 (Breyer, J., dissenting) (“There is no need in this case to characterize [the] review as a search for “congruence and proportionality,” or as some other variation of what this Court has called ‘intermediate scrutiny’ . . . Rather, it is necessary only to recognize that this statute involves not pure economic regulation, but regulation of expression, and what may count as rational where economic regulation is at issue is not necessarily rational where we focus on expression—in a Nation constitutionally dedicated to the free dissemination of speech, information, learning, and culture.” The CTEA does not meet this standard because “the significant benefits that it bestows are

## a) Harms

- (1) Although “only 2% of copyrights between 55 and 75 years old retain commercial value,” the twenty-year extension will result in several billion dollars extra in royalties for the holders of these 2% of existing copyrights, at the expense of the American public.<sup>83</sup> The windfall accrues mostly to the copyright holders of works that have already earned “many billions of dollars” in royalties.<sup>84</sup> The result is that “unnecessarily high prices will unnecessarily restrict distribution of classic works.”<sup>85</sup>
- (2) For an additional twenty years, one seeking to use or reproduce a copyrighted work will have to seek permission from the copyright holder.<sup>86</sup> “[T]he permissions requirement can inhibit or prevent the use of old works (particularly those without commercial value) . . . because it may prove expensive to track down or to contract with the copyright holder. . . .”<sup>87</sup> “[H]istorians, scholars, teachers, writers, artists, database operators, and researchers of all kinds” will be prevented from using copyrighted works of little or no commercial

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private, not public; . . . it threatens seriously to undermine the expressive values that the Copyright Clause embodies; and . . . it cannot find justification in any significant Clause-related objective.” (citations omitted)). *But see id.* at 205 n.10 (The Court rejects Justice Breyer’s heightened standard: “The novelty of the ‘rational basis’ approach he presents is plain. Rather than subjecting Congress’ legislative choices in the copyright area to heightened judicial scrutiny, we have stressed that ‘it is not our role to alter the delicate balance Congress has labored to achieve.’ Congress’ exercise of its Copyright Clause authority must be rational, but Justice Breyer’s stringent version of rationality is unknown to our literary property jurisprudence.”) (citations omitted).

<sup>81</sup> *Id.* at 248–54 (Breyer, J., dissenting).

<sup>82</sup> *Id.* at 254–65 (Breyer, J., dissenting).

<sup>83</sup> *Id.* at 248–49 (Breyer, J., dissenting) (citing figures from Edward Rappaport, CRS Report for Congress, Copyright Term Extension: Estimating the Economic Values (1998) [hereinafter CRS Report]).

<sup>84</sup> *Id.* at 249 (Breyer, J., dissenting) (citing CRS Report, *supra* note 83, at 16).

<sup>85</sup> *Id.* (Breyer, J., dissenting). Justice Breyer presents evidence that works such as novels are cheaper when they come out of copyright. *Id.* (Breyer, J., dissenting) (citing CRS Report, *supra* note 83, at 3).

<sup>86</sup> *Id.* (Breyer, J., dissenting).

<sup>87</sup> *Id.* at 250 (Breyer, J., dissenting).

value.<sup>88</sup> Moreover, the infringement exception for libraries and archives<sup>89</sup> will not be sufficient to remedy these permissions-related harms because its coverage is too limited and the “reasonable investigation” requirement is too vague.<sup>90</sup>

b) Refutation of Claimed Benefits

- (1) The additional incentives to an author from an extension from life-plus-fifty years to life-plus-seventy years are meaningless because (i) a creator cannot reasonably expect to create a work that will still be earning money during those final twenty years<sup>91</sup> and (ii) royalties that far in the future, discounted to present value, are almost worthless anyways.<sup>92</sup> In fact, when discounting is taken

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<sup>88</sup> *Id.* (Breyer, J., dissenting). Justice Breyer observes that although permission costs of copyright law are inevitable, they are “dramatically increase[d]” with the CTEA. *Id.* at 251 (Breyer, J., dissenting). “The older the work, the less likely it retains commercial value, and the harder it will likely prove to find the current copyright holder. The older the work, the more likely it will prove useful to the historian, artist, or teacher.” *Id.* (Breyer, J., dissenting).

<sup>89</sup> See 17 U.S.C. § 108(h) (2004); *supra* note 59 (description of statute).

<sup>90</sup> 537 U.S. at 252 (Breyer, J., dissenting) (“[The exemption] applies only where the copy is made for the special listed purposes; it simply permits a library (not any other subsequent users) to make ‘a copy’ for those purposes; it covers only ‘published’ works not ‘subject to normal commercial exploitation’ and not obtainable, apparently not even as a used copy, at a ‘reasonable price’; and it insists that the library assure itself through ‘reasonable investigation’ that these conditions have been met. What database proprietor can rely on so limited an exemption—particularly when the phrase ‘reasonable investigation’ is so open-ended and particularly if the database has commercial, as well as noncommercial, aspects?”) (quoting 17 U.S.C. § 108(h)).

<sup>91</sup> *Id.* at 254 (Breyer, J., dissenting) (“No potential author can reasonably believe that he has more than a tiny chance of writing a classic that will survive commercially long enough for the copyright extension to matter. After all, if, after 55 to 75 years, only 2% of all copyrights retain commercial value, the percentage surviving after 75 years or more (a typical pre-extension copyright term)—must be far smaller.”) (citing CRS Report, *supra* note 83, at 7).

<sup>92</sup> *Id.* at 254–55 (Breyer, J., dissenting) (“[A] 1% likelihood of earning \$100 annually for 20 years, starting 75 years into the future, is worth less than seven cents today.”) (citing Brief of Amici Curiae George A. Akerlof et al. at 5–7, *Eldred v. Ashcroft*, 123 S.Ct. 769 (2003) (No. 01-618)). *But see id.* at 207 n.15 (“Justice Breyer urges that the economic incentives accompanying copyright term extension are too insignificant to ‘mov[e]’ any author with a ‘rational economic perspective.’ Calibrating rational economic incentives, however, . . . is a task primarily for Congress, not the courts.

into consideration, the CTEA produces a period of protection that is worth more than 99.8% of perpetual protection—a result “difficult to square with the Constitution’s insistence on ‘limited Times.’”<sup>93</sup> Most importantly, with respect to works already created, “*the statute creates no economic incentive at all.*”<sup>94</sup>

- (2) The argument that uniformity with European copyright terms justifies the CTEA is weak because the statute does not create uniformity “with respect to the lion’s share of the economically significant works that it affects—*all* works made ‘for hire’ and *all* existing works created prior to 1978.”<sup>95</sup> Moreover the benefits of partial uniformity are exceedingly thin.<sup>96</sup> Because discounting for present value minimizes the value of future royalties, few authors will decide where to publish based the additional twenty years protection.<sup>97</sup>
- (3) Although there may be circumstances where a longer term will give publishers and movie studios incentives to restore old works, this concern does not permit Congress to extend terms.<sup>98</sup> This is because the Copyright Clause

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Congress heard testimony from a number of prominent artists [including Quincy Jones, Bob Dylan, Don Henley, and Carlos Santana]; each expressed the belief that the copyright system’s assurance of fair compensation for themselves and their heirs was an incentive to create.”)

<sup>93</sup> *Id.* at 255–56 (Breyer, J., dissenting) (citing Brief for George A. Akerlof). *But see id.* at 209 n.16 (In response to Justice Breyer, the Court observes: “It is doubtful . . . [that the] architects of our Nation, in framing the ‘limited Times’ prescription, thought in terms of the calculator rather than the calendar.”)

<sup>94</sup> *Id.* at 257 (Breyer, J., dissenting).

<sup>95</sup> *Id.* at 257–58 (Breyer, J., dissenting). “With respect to those works the American statute produces an extended term of 95 years while comparable European rights in ‘for hire’ works last for periods that vary from 50 years to 70 years to life plus 70 years. . . . [Also,] the statute [does not] create uniformity with respect to anonymous or pseudonymous works.” *Id.* (Breyer, J., dissenting).

<sup>96</sup> *Id.* (Breyer, J., dissenting).

<sup>97</sup> *Id.* at 259 (Breyer, J., dissenting) (responding to the argument that “because uncorrected disuniformity would permit Europe, not the United States, to hold out the prospect of protection lasting for ‘life plus 70 years’ (instead of ‘life plus 50 years’), a potential author might decide to publish initially in Europe, delaying American publication”) (citing Brief for Respondent at 38, *Eldred v. Ashcroft*, 123 S. Ct. 769 (2003) (No. 01-618)).

<sup>98</sup> *Id.* at 260–62 (Breyer, J., dissenting).

“assumes an initial grant of monopoly, designed primarily to encourage creation, followed by termination of the monopoly grant in order to promote dissemination of already-created works.”<sup>99</sup> The Clause “assumes that it is the *disappearance* of the monopoly grant, not its *perpetuation*, that will, on balance, promote the dissemination of works already in existence.”<sup>100</sup>

- (4) Although it is urged that term extension benefits the American entertainment industry, the Copyright Clause does not sanction enhancing the copyright holder’s monopoly power for the purpose of generating higher corporate profits.<sup>101</sup>
- (5) An increase in lifespan does not support term extension because the “life” element of the 1976 Act’s life-plus-fifty term already adjusts the term in response to this phenomenon.<sup>102</sup>

#### E. *Golan v. Ashcroft*

##### 1. The Plaintiffs and Their Injuries

The *Golan* plaintiffs are individuals and businesses that rely on public domain works for commercial or artistic endeavors. Lawrence Golan is a conductor who puts on free symphonic concerts to promote classical music.<sup>103</sup> Constrained by a very limited budget and the prohibitive costs of renting sheet music for copyrighted works, Golan depends on public domain works for his orchestras.<sup>104</sup> The twenty-year term extension under the CTEA has prevented Golan from selecting various important twentieth

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<sup>99</sup> *Id.* at 260 (Breyer, J., dissenting).

<sup>100</sup> *Id.* (Breyer, J., dissenting).

<sup>101</sup> *Id.* at 262–63 (Breyer, J., dissenting) (“I can find nothing in the Copyright Clause that would authorize Congress to enhance the copyright grant’s monopoly power, likely leading to higher prices both at home and abroad, *solely* in order to produce higher foreign earnings. That objective is not a *copyright* objective.”).

<sup>102</sup> *Id.* at 263 (Breyer, J., dissenting).

<sup>103</sup> First Amended Complaint at 19, *Golan v. Ashcroft*, 310 F. Supp. 2d 1215 (D. Colo. 2004) (No. 01-B-1854).

<sup>104</sup> *Id.* at 20.

century works for performance by his orchestras.<sup>105</sup> This result unites the *Golan* plaintiffs.<sup>106</sup> In interrupting the annual flow of new works into the public domain and increasing the term lengths, the CTEA will, for twenty years, deprive the plaintiffs of using works they would otherwise have been able to use.<sup>107</sup>

Lessig argues that these deprivations are overly burdensome on public domain beneficiaries. He documents the dramatic increases in term lengths; presently, in part due to the CTEA, the “historically maximum average term of 32.2 years [has been tripled].”<sup>108</sup> Until the 1976 Act, shorter maximum terms of

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<sup>105</sup> *Id.* at 21. “In particular, CTEA has effectively prevented *Golan* from selecting for public performance works of several great American composers such as George Gershwin and Aaron Copland, as well as works of great foreign composers such as Prokofiev, Dmitri Shostakovich, Igor Stravinsky, Jean Sibelius, and Maurice Ravel.” *Id.*

<sup>106</sup> Plaintiff Richard Kapp is a conductor and plaintiff ESS.A.Y Recordings is a record label started and headed by Kapp. *Id.* at 4–5. The complaint alleges that “[b]efore CTEA was enacted, Kapp and ESS.A.Y Recordings relied on the yearly natural progression of copyrighted works into the public domain due to the expiry of the term. CTEA, however, puts an end to this vital supply of public domain works, at least for 20 years.” *Id.* at 24. Plaintiff Symphony of the Canyons is a not-for-profit community orchestra that cannot afford the costs involved with performing copyrighted works. *Id.* at 28. Similar to *Golan*, Kapp, and ESS.A.Y Recordings, Symphony of the Canyons has been injured by the CTEA’s 20-year extension, which has “greatly harmed the anticipated supply of public domain works for Symphony of the Canyons to perform.” *Id.* Plaintiff Ron Hall, d/b/a Festival Films, sells public domain films and supplies public domain stock footage that is used in television programs and films. *Id.* at 30. “Before CTEA was enacted, Festival Films relied on the natural progression of copyrighted works into the public domain each year due to the expiry of the term. Such progression into the public domain was vital for Festival Films to offer ‘new’ titles of public domain works. CTEA, however, puts an end to this vital supply of public domain works for 20 years.” *Id.* Plaintiff John McDonough, d/b/a Timeless Video Alternatives International, preserves and distributes public domain movies and television programs. *Id.* at 32. Because of the CTEA, McDonough cannot rely on the “natural progression of copyrighted works into the public domain” to increase his inventory; the CTEA “puts an end to [his] vital supply of public domain works for 20 years.” *Id.* at 33. Even worse is the possibility that because of the extra twenty years of protection, early films, which were made on material that deteriorates rapidly, will be lost forever if the copyright holder does not exist or intend to preserve the film. *Id.* at 34.

<sup>107</sup> See *id.* at 18 (“In establishing their businesses and pursuing their creative endeavors, Plaintiffs relied on the existence of [the] natural progression of works into the public domain. Each year would bring ‘new’ public domain works that Plaintiffs could perform or make available for the public. What CTEA does is to put an end to this natural progression of works into the public domain for a 20-year period. . . . [N]o copyrighted works will enter the public domain at all until January 1, 2019. . . .”).

<sup>108</sup> *Id.* at 14 (“CTEA has now thus effectively tripled the historically maximum average term of 32.2 years. After CTEA, all subsisting copyrights vesting before 1978 will

protection and renewal requirements resulted in average copyright terms that never exceeded 32.2 years.<sup>109</sup> Since 1976, however, terms have been extended and renewal requirements have been eliminated.<sup>110</sup> “These two changes together mean[] that copyrighted works automatically receive the maximum copyright term, whether or not the work continues to have any commercial value.”<sup>111</sup> Plaintiffs are unfairly burdened because they relied on “[e]ach year . . . bring[ing] ‘new’ public domain works that [they] could perform or make available to the public.”<sup>112</sup>

## 2. The Legal Argument and Its Dismissal for Failure to State a Claim

Lessig argues that the CTEA is unconstitutional because it creates a term so long that it can no longer be considered “limited.”<sup>113</sup>

The difference between the value of a perpetual copyright and the value of the CTEA term is inconsequential . . . . The present extension will produce a copyright period of protection that is worth more than 99.8% of the value of protection *in perpetuity*, leaving less than .2% of the work’s value for the public. Therefore, the Framers would have viewed the terms set by the CTEA as effectively or virtually perpetual.<sup>114</sup>

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receive a 95 year term at a minimum; work created after 1978 will receive either a 95 year term, or a term lasting 70 years after the author’s death. The result is that the average copyright term for all copyrighted works is now the maximum term—a term that is itself staggeringly long.”)

<sup>109</sup> *Id.* at 12.

<sup>110</sup> *See id.* (“In 1976, Congress eliminated the renewal requirements for works created on or after January 1, 1978. From that point on, corporate works received protection for 95 years, while works by natural authors were protected for 50 years after the author’s death. Then in 1989, Congress eliminated the renewal requirement for any subsisting copyrights vested before 1978. All subsisting works were then guaranteed a term of 75 years, whether or not the authors had any continuing interest in protection. . . . On October 27, 1998, President Clinton signed CTEA into law. CTEA generally grants an additional 20 years to the term of copyright.”).

<sup>111</sup> *Id.*

<sup>112</sup> *Id.* at 18.

<sup>113</sup> *Id.* at 3–4.

<sup>114</sup> *Id.* at 40–41.

This argument is identical to one made by Justice Breyer in his *Eldred* dissent, and specifically rejected by the Court.<sup>115</sup>

The documentation of harms caused by the CTEA<sup>116</sup> is much more interesting than the legal argument, which does not directly encompass the harms detailed. The CTEA claim is weak and correctly dismissed for failure to state a claim.<sup>117</sup> Chief Judge Lewis T. Babcock of the United States District Court for the District of Colorado held that the plaintiffs' claim was foreclosed by *Eldred*.<sup>118</sup> "The Supreme Court in *Eldred v. Ashcroft* held that the extension of the copyright term in the CTEA was constitutional, in that it was not effectively or virtually perpetual, despite the fact that the Petitioners there did not directly challenge the time-span provided for in the CTEA."<sup>119</sup> Plaintiffs' claim that

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<sup>115</sup> See *supra* notes 91–93 and accompanying text.

<sup>116</sup> See *supra* notes 108–12 and accompanying text. These harms are the basis of the claim discussed in Part II, *infra*.

<sup>117</sup> The CTEA count was dismissed under Fed.R.Civ.P. 12(b)(6). See *Golan v. Ashcroft*, 310 F. Supp. 2d 1215, 1218 (D. Colo. 2004).

<sup>118</sup> *Id.* at 1218.

<sup>119</sup> *Id.*

In *Eldred*, the Supreme Court ruled, on the Petitioners' claim that Congress exceeded its authority under the Copyright and Patent clause, that the CTEA did not violate the constitutional requirement that copyrights endure for "limited Times." Although the Petitioners in *Eldred* did "not challenge the life-plus-70-years' timespan itself," *id.* 537 U.S. at 193, 123 S.Ct. 769, the Supreme Court approved the Court of Appeals determination—when addressing the argument that Congress evaded the "limited Times" constraint by creating effectively perpetual copyrights through repeated extensions—that "a regime of perpetual copyrights 'clearly is not the situation before us.'" *Id.* at 209, 123 S.Ct. 769 (quoting *Eldred v. Reno*, 239 F.3d at 379). In support of this determination, the Supreme Court noted that Copyright Extension Acts in 1831, 1909, and 1976, "did not create perpetual copyrights, and neither does the CTEA." *Id.* at 210, 123 S.Ct. 769. Furthermore, the Supreme Court specifically rejected the argument made by Justice Breyer in his dissent, and advanced by Plaintiffs here, that the "economic effect" of the CTEA, which allegedly creates a copyright term worth 99.8% of the value of a perpetual copyright, makes the term "virtually perpetual." *Id.* at 209 n. 16, 123 S.Ct. 769. The Supreme Court indicated that "[i]t is doubtful that those architects of our Nation, in framing the 'limited Times' prescription, thought in terms of the calculator rather than the calendar." *Id.*

*Id.*

the “Supreme Court expressly did not reach the question”<sup>120</sup> is incorrect; the Supreme Court’s opinion on the matter was clear.<sup>121</sup>

#### F. *Kahle v. Ashcroft*

##### 1. The *Kahle* Plaintiffs

Plaintiff Brewster Kahle is the Chairman of the Board of plaintiff Internet Archive.<sup>122</sup> “Internet Archive’s principal activity is to build an ‘Internet library,’ with the purpose of offering permanent and free access for researchers, historians, and scholars to works—including audio, books, films, websites, and software—that exist in digital format.”<sup>123</sup> It would like to include “‘orphan’ works—i.e., books that remain under copyright, but are out of print and therefore not widely available to the public.”<sup>124</sup>

Plaintiff Richard Prelinger is the President of plaintiff Prelinger Associates, Inc.<sup>125</sup> (“Prelinger Archives”). Prelinger Archives strives “to collect, preserve, and facilitate access to films of historic significance that have not been collected elsewhere, or made commercially available elsewhere. Included are films produced by and for many hundreds of important U.S. corporations, nonprofit organizations, trade associations,

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<sup>120</sup> First Amended Complaint at 3, *Golan v. Ashcroft*, 310 F. Supp. 2d 1215 (D. Colo. 2004) (No. 01-B-1854).

<sup>121</sup> See *supra* note 119. The *Golan* plaintiffs wrongfully equate the *Eldred* petitioners not expressly raising the issue with the Supreme Court not expressly reaching it.

<sup>122</sup> Amended Complaint for Declaratory Judgment at 3, *Kahle v. Ashcroft* (C 04-1127 BZ), available at [http://cyberlaw.stanford.edu/about/cases/kahle\\_v\\_ashcroft.shtml](http://cyberlaw.stanford.edu/about/cases/kahle_v_ashcroft.shtml) (last visited Mar. 27, 2005).

<sup>123</sup> *Id.* at 3. “The archive has over 30 billion Web pages, archived from the beginning of 1996. It hosts over 33,705 audio, video, and texts-based works, available for free download from its site. The Internet Archive also hosts 3,173 moving images, ranging from graduate-level mathematics lectures to independent news and ephemeral films. The archive’s text collection contains 21,633 public domain works, including the first 10,551 books digitized pursuant to a ‘Million Book’ project. Users have contributed 7,643 live concert recordings, 1,043 studio recordings, and 213 radio programs to the audio collection.” *Id.* at 5–6.

<sup>124</sup> *Id.* at 3. Plaintiffs Kahle and Internet Archive note that while they wish to provide access to “orphaned” works, they would acquiesce to individual copyright holders’ requests that their works not be included in the archive. *Id.* at 18.

<sup>125</sup> *Id.* at 3–4.

community and interest groups, and educational institutions.”<sup>126</sup> “Prelinger Archives wishes to make . . . orphan films available to patrons on the same basis as the archive’s public domain materials, [but] the process of locating rights holders for many of these works is too costly and uncertain.”<sup>127</sup>

## 2. The Plaintiffs’ Injuries

Lessig argues that the present “unconditional copyright regime” injures the plaintiffs because it grants copyright protection regardless of the copyright holder’s preferences.<sup>128</sup> He continues: “[T]he law<sup>129</sup> has . . . produced an extraordinary ‘orphan class’ of

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<sup>126</sup> *Id.* at 3–4. “The collection, including [a] portion [that was] acquired by the Library of Congress, currently contains over 10% of the total production of ephemeral films between 1927 and 1987. . . .” *Id.* at 4.

<sup>127</sup> *Id.* at 18.

<sup>128</sup> *See id.* at 9–10 (“A *conditional copyright regime* limits copyright protection to those who take affirmative steps to claim copyright protection. For example, a regime that requires registration of a copyrighted work, or the deposit of a copyrighted work, or the marking of a copyrighted work with copyright notice, or the renewal of the term of protection, is a conditional regime. An *unconditional copyright regime* grants copyright protection whether or not the author or his assigns takes any affirmative steps to claim copyright protection. For example, a regime that grants protection whether or not the work is registered, deposited, marked, or renewed, is an unconditional copyright regime. In each instance, protection is automatic, regardless of the will of the author or his assigns. . . . The consequence of requiring . . . affirmative steps to secure copyright protection was that the overwhelming majority of published works either passed immediately into the public domain (because they were never registered or notice was not given), or passed into the public domain after a relatively short term of protection (because their terms were never renewed).”).

<sup>129</sup> *See id.* at 12 (“In 1976, Congress abolished any registration, deposit, or renewal requirement for works created on or after January 1, 1978. These changes meant that the grant of protection for copyright extended automatically to all works for the full term of copyright, without requiring any affirmative actions by the author or his assigns. Congress has retained a voluntary registration system. In 1988, Congress passed the Berne Convention Implementation Act, Pub. L. No. 100-568, 102 Stat. 2853-2861, which prospectively eliminated the notice requirement, and also removed registration as a pre-requisite for filing an infringement action for the works of foreign authors. Congress has retained a requirement that U.S.-based works be registered before an infringement suit based upon the work is brought. In 1992, Congress passed the Copyright Renewal Act, Pub. L. No. 102-307, 106 Stat. 266, which indiscriminately renewed all copyrights dating from January 1, 1964 to December 31, 1977. Though historical patterns suggest that no more than 8–15% of the copyrights during that period would have been renewed, Congress extended the protection of copyright to all subsisting copyrights even in the absence of any expressed desire by the copyright owners to secure the benefits of an

creative work—work that the author has no continuing interest to control, but which, because of the burdens of the law, no one else can effectively and efficiently archive, preserve, or build upon in the digital environment for a term now reaching almost a century.”<sup>130</sup> The CTEA exacerbated this situation because it “unconditionally extended by 20 years the term of all subsisting copyrights, . . . regardless of any expressed desire by the copyright owners to secure the benefits of an additional term.”<sup>131</sup> It was also the “first statute to extend the copyright term for works that had not been filtered by a renewal requirement [(i.e. registered works published between January 1, 1964 and December 31, 1978)].”<sup>132</sup>

The *Kahle* lawsuit focuses on these works from 1964 to 1978.<sup>133</sup> Lessig argues:

There is no continuing copyright-related interest in continuing the protection of copyright for the vast majority of this work. While [the burden of restricted access, pursuant to an unconditional copyright regime,] may be slight in the context of commercially viable works—since

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additional term. Finally, in 1998, Congress passed the Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827-2828, which unconditionally extended by 20 years the term of all subsisting copyrights, including those automatically extended by the Copyright Extension Act, regardless of any expressed desire by the copyright owners to secure the benefits of an additional term.”)

<sup>130</sup> *Id.* at 1–2. “Whereas the traditional contours of a conditional copyright regime produced, through the renewal requirement, a fresh record of copyright ownership, an unconditional copyright regime guarantees no mechanism to identify the current or even presumptive owner of copyrighted material. This makes subsequent reuse practically impossible for the vast majority of uses that Plaintiffs would enable.” *Id.* at 13.

<sup>131</sup> *Id.* at 12.

<sup>132</sup> *Id.* at 14 (“For registered works published between January 1, 1923 and December 31, 1963, CTEA extended the term of any subsisting copyright by 20 years. But because the average renewal rate for work published between 1923 and 1926 was just 15%, 85% of the work originally copyrighted during that period had already passed into the public domain. Thus, while CTEA extended the terms of subsisting copyrights, the filter of renewal had already eliminated the burden of copyright regulation from the vast majority of copyrights granted during this period. For registered works published between January 1, 1964 and December 31, 1978, CTEA extended the term of subsisting copyrights by 20 years. But because the Copyright Renewal Act had granted an automatic renewal to all subsisting copyrights not yet in their renewal term, CTEA extended the copyright term of a class of works of which, according to historical data, 85% would never have been renewed.”)

<sup>133</sup> *Id.* at 15.

the fact of commercial availability makes access possible, and makes identifying the copyright owner relatively easy—for the vast majority of works in this period that are not currently commercially available, this unconditional regime effectively orphans them. Internet based archives, libraries, film restorers, and follow-on creators have no viable or reasonable way to identify copyright owners for this creative work. And with respect to this work, there is no copyright-related benefit from abolishing registration. . . . The result is that a vast number of copyrighted yet no longer commercially valuable works sit idle rather than enriching public knowledge.<sup>134</sup>

### 3. The Legal Arguments and Their Dismissal for Failure to State a Claim

There are one First Amendment and two “limited Times” arguments. According to Lessig, First Amendment scrutiny is required because the change from a conditional copyright regime to an unconditional one alters “the traditional contours of copyright protection.”<sup>135</sup> Freedom of speech has been burdened because “even though historical data suggest that more than 85% of this work would never have had its copyright renewed, the law has automatically extended the term for all of this work by 67 years.”<sup>136</sup>

The first “limited Times” argument duplicates the argument made in *Golan*.<sup>137</sup> It alleges that the CTEA violated the Copyright Clause’s “limited Times” requirement because the lengthened term of protection granted by the CTEA is effectively perpetual.<sup>138</sup> Under the conditional copyright regime, the average term was

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<sup>134</sup> *Id.* at 15–16, 18.

<sup>135</sup> *Id.* at 19–20. Lessig backs up this statement by repeating the Supreme Court’s holding in *Eldred* that “when . . . Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.” *Id.* at 19. “By implication, [continues Lessig,] when Congress does alter ‘the traditional contours of copyright protection, further First Amendment scrutiny’ should be necessary.” *Id.* at 19.

<sup>136</sup> *Id.* at 20–21.

<sup>137</sup> See *supra* note 113 and accompanying text.

<sup>138</sup> *Id.* at 21–22.

never longer than 34.1 years. Now the average term is 95 years for corporate works.<sup>139</sup>

The second “limited Times” argument challenges the CTEA’s constitutionality:

to the extent [it] extend[s] the terms of copyrights that have not, and will not, be renewed. . . . The Court in *Eldred* did not consider that every extension before CTEA applied to works whose terms had to be renewed. CTEA was the first statute to purport to extend the term of works that would never be filtered by a requirement of renewal. This change in a fundamental contour of copyright’s free speech protections should lead the Court to reconsider its decision in *Eldred*, and hold that within an unconditional copyright regime, Congress has no power to extend the terms of existing copyrights.<sup>140</sup>

Judge Maxine M. Chesney of the United States District Court for the Northern District of California dismissed all three claims under Fed.R.Civ.P. 12(b)(6).<sup>141</sup> The First Amendment argument was unsuccessful because Judge Chesney held that transition from a conditional to an unconditional copyright regime did not alter the traditional contours of copyright law.<sup>142</sup> She first reviewed the traditional contours discussed by the Supreme Court in *Eldred*—the idea/expression dichotomy and the fair use exception<sup>143</sup>—and discussed generally the Court’s observations on the compatibility of free speech and copyright.<sup>144</sup> She then distinguished the

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<sup>139</sup> *Id.* at 22.

<sup>140</sup> *Id.* at 2, 25.

<sup>141</sup> *Kahle v. Ashcroft*, No. 04-CV-1127, 2004 WL 2663157, at \*\*8, 18 (N.D. Cal. Nov. 19, 2004).

<sup>142</sup> *Id.* at \*\*16–18.

<sup>143</sup> *Id.* at \*16; *see also supra* notes 56–57 and accompanying text (discussing the Supreme Court’s invocation of the idea/expression dichotomy and fair use in *Eldred*).

<sup>144</sup> *Kahle*, 2004 WL 2663157, at \*\*16–17; *see Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003) (“[T]he Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one’s expression, copyright supplies the economic incentive to create and disseminate ideas.”) (quoting *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 558 (1985)); *id.* at 221 (“The First Amendment securely protects the freedom to make—or to decline to make—one’s own speech; it bears less heavily when speakers assert the right to make other people’s speeches. To the extent such assertions raise First Amendment concerns, copyright’s

registration, renewal, deposit, and notice requirements of the conditional copyright regime as “formalities [that] do not alter the scope of copyright protection, but merely determine the procedures necessary to obtain or maintain such protection. Because changes to requirements of this nature do not alter the substantive rights granted by copyright, . . . [the CTEA] do[es] not alter the ‘traditional contours of copyright protection.’”<sup>145</sup>

The first “limited Times” argument failed for the same reason it failed in *Golan v. Ashcroft*, namely that the Supreme Court’s holding in *Eldred* foreclosed the claim.<sup>146</sup>

The second “limited Times” claim also was precluded by *Eldred*: “The Supreme Court held in *Eldred* that Congress does not violate the Copyright Clause or the First Amendment by extending the copyright terms of existing copyrights.”<sup>147</sup> The district court held that whether Congress’ power to extend copyright terms is affected by the change from a conditional to an unconditional copyright regime (and whether this alters a fundamental contour of copyright’s free speech protections) can only be determined by the Supreme Court, which would have to reverse *Eldred* to decide for the plaintiffs.<sup>148</sup> Lacking authority to overturn *Eldred*, the district court dismissed the claim.<sup>149</sup>

Lessig intends to appeal the *Kahle* decision to the Ninth Circuit.<sup>150</sup>

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built-in free speech safeguards are generally adequate to address them.”); *id.* (“[The CTEA] protects authors’ original expression from unrestricted exploitation. Protection of that order does not raise the free speech concerns present when the government compels or burdens the communication of particular facts or ideas.”).

<sup>145</sup> *Kahle*, 2004 WL 2663157, at \*17.

<sup>146</sup> *Id.* at \*8 (citing *Golan v. Ashcroft*, 310 F. Supp. 2d 1215, 1217–18 (D. Colo. 2004)); *see supra* notes 117–21 and accompanying text (explaining why the *Golan* court rejected the perpetual term claim).

<sup>147</sup> *Id.* (citing *Eldred v. Ashcroft*, 537 U.S. 186, 192–94 (2003)).

<sup>148</sup> *Id.*

<sup>149</sup> *Id.*

<sup>150</sup> Stan. L. Sch. Ctr. for Internet & Soc’y, *Kahle v. Ashcroft Case Page*, at [http://cyberlaw.stanford.edu/about/cases/kahle\\_v\\_ashcroft.shtml](http://cyberlaw.stanford.edu/about/cases/kahle_v_ashcroft.shtml) (last visited Jan. 15, 2005) (posting of Christopher Sprigman, co-litigator of *Kahle v. Ashcroft*, Dec. 3, 2004).

II. FIRST CLAIM: THE CTEA IS UNLAWFUL BECAUSE THE  
EXTENDED COPYRIGHT TERMS ARE OVERLY BURDENSOME ON  
THOSE WHO PUBLISH PUBLIC DOMAIN WORKS

The legal arguments did not succeed in *Golan* and *Kahle*, largely because the courts held that they were foreclosed by *Eldred*.<sup>151</sup> Although the legal arguments were dismissed on summary judgment motions, Lessig raised interesting policy concerns that were not part of the legal claims.<sup>152</sup> Parts II and III of this Note evaluate legal claims based on those policy arguments, specifically that the CTEA is unlawful because (i) the extended copyright terms are overly burdensome on those who publish public domain works and (ii) the absence of renewal provisions results in works being locked-up, regardless of the preferences of the copyright holders.<sup>153</sup> This Part will present arguments in favor of, and in contention with, the first of these claims.

Lessig documents the adverse consequences that the CTEA imposes upon businesses and nonprofit associations that rely upon public domain works.<sup>154</sup> In many cases, these groups will be ultimately restricted from using works that, absent the CTEA, they would have been able to use.<sup>155</sup> Yet changes in law inevitably cause economic harm to individuals, and not all of these harms merit restitution.<sup>156</sup> Two questions are thus raised: (1) Do the public domain publishers have a claim for the damage to their businesses? (2) Should there be a remedy for them? In resolving these questions, Part II evaluates two possible bases for a legal claim: the Fifth Amendment “Takings” clause and an economic theory for reliance damages.

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<sup>151</sup> See *supra* Parts I.E.2 (*Golan*), I.F.3 (*Kahle*).

<sup>152</sup> See *supra* Parts I.E.1 (*Golan*), I.F.2 (*Kahle*).

<sup>153</sup> See Krause, *supra* note 4, at 40–41.

<sup>154</sup> See *supra* Part I.E.1 (*Golan* plaintiffs); Brief for Petitioners at 3–7, *Eldred v. Ashcroft*, 123 S. Ct. 769 (2003) (No. 01-618) (offering specific examples of how the *Eldred* petitioners will be harmed by the CTEA’s restriction on “their ability to build upon and use content”).

<sup>155</sup> *Id.*

<sup>156</sup> See, e.g., *Penn. Coal Co. v. Mahon*, 260 U.S. 393, 413 (1922) (Holmes, J.) (“Government hardly could go on if to some extent values incident to property could not be diminished without paying for every such change in the general law.”).

### A. Fifth Amendment "Takings" Clause Claim

Public domain publishers would be entitled to compensation if, as applied to pre-existing works, the CTEA constitutes a taking.<sup>157</sup> For there to be a takings claim, private property must be taken for public use, without the payment of "just compensation."<sup>158</sup> Because there is no serious contention that such "just compensation" has been made to public domain publishers,<sup>159</sup> only the former two issues require resolution: whether the public domain publishers' right to use works in the public domain constitutes the kind of "private property" that the Fifth Amendment governs, and whether term extension is for "public use."

#### 1. Does the Right to Use Works in the Public Domain Constitute Private Property?

Professor Eben Moglen has opined that "in all justice[,] the Supreme Court would be compelled to agree that you cannot take the reversioner's interest in the public domain without payment."<sup>160</sup> Noting their common law origins, he compares copyrights to estates, and observes that copyrights are really just "a conveyance for term of years or a life interest plus a term of years, with . . . reversion to the public domain."<sup>161</sup> He then cites *Hawaii*

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<sup>157</sup> A taking is a term of art defined in various Supreme Court cases. This section will evaluate those cases relevant to the public domain publishers' interests in works with terms set to expire, then extended. For the benefit of the reader, a general definition for a taking is: "[t]he government's actual or effective acquisition of private property either by ousting the owner or by destroying the property or severely impairing its utility. There is a taking of property when government action directly interferes with or substantially disturbs the owner's use and enjoyment of that property." BLACK'S LAW DICTIONARY (8th ed. 2004).

<sup>158</sup> See U.S. CONST. amend. V (providing that "private property [shall not] be taken for public use, without just compensation").

<sup>159</sup> See *Brown v. Legal Found. of Wash.*, 123 S. Ct. 1406, 1419 (2003) (holding that "the 'just compensation' required by the Fifth Amendment is measured by the property owner's loss rather than the government's gain"). Clearly, public domain publishers experience a loss when copyright terms are extended for twenty years.

<sup>160</sup> See Symposium, *Panel II: Mickey Mice? Potential Ramifications of Eldred v. Ashcroft*, 13 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 771, 784 (2003).

<sup>161</sup> See Brief of Amici Curiae of the Free Software Foundation at 14, *Eldred v. Ashcroft*, 123 S. Ct. 769 (2003) (No. 01-618).

*Housing Authority v. Midkiff*<sup>162</sup> for the principle that “legislative alteration of such estates that destroys or limits the reversionary interest in real property in order to achieve redistribution between private parties is ‘public use’ within the meaning of the Takings Clause, and is constitutional if compensated.”<sup>163</sup>

Although Moglen’s analysis demonstrates that a reversionary interest in real property may satisfy the Taking Clause’s “private property” requirement, and private redistribution can constitute “public use,” Moglen fails to demonstrate whether the *Midkiff* holding can be extended to personal property. Moreover, he fails to establish that use of public domain works constitutes any sort of property. Because it is not property, it is outside the scope of the Takings Clause.<sup>164</sup>

The Supreme Court held in *Ruckelshaus v. Monsanto Co.*<sup>165</sup> that intellectual property rights constitute a “property right [that] is protected by the Taking Clause of the Fifth Amendment.”<sup>166</sup> In arriving at this conclusion, the Court observed that “[p]roperty interests . . . are not created by the Constitution. Rather, they are created and their dimensions are defined by existing rules or understandings that stem from an independent source such as state law.”<sup>167</sup> The Court held that “to the extent that Monsanto has an interest in its . . . data *cognizable as a trade secret property right under Missouri law*, that property right is protected by the Takings Clause . . . .”<sup>168</sup> Unlike the Missouri law referenced in *Monsanto* that treats trade secrets as property, there is no analogous law that defines the public’s interest in public domain works as a property

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<sup>162</sup> 467 U.S. 229 (1984).

<sup>163</sup> See Brief of Amici Curiae of the Free Software Foundation at 14; see also *Midkiff*, 467 U.S. at 241 (explaining that “public use” is satisfied if the taking is “rationally related to a conceivable public purpose”).

<sup>164</sup> See *supra* note 158.

<sup>165</sup> See *Ruckelshaus v. Monsanto Co.*, 469 U.S. 986, 1003–04 (1984) (trade secrets).

<sup>166</sup> In addition, the Second and Ninth Circuits have held that the Takings Clause protects an interest in a copyright. See *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir. 1983); *Practice Mgmt. Info. Corp. v. Am. Med. Ass’n*, 121 F.3d 516, 520 (9th Cir. 1997).

<sup>167</sup> *Monsanto*, 469 U.S. 986, 1001 (quoting *Webb’s Fabulous Pharmacies, Inc. v. Beckwith*, 449 U.S. 155, 161 (1980) (quoting *Board of Regents v. Roth*, 408 U.S. 564, 577 (1972))).

<sup>168</sup> *Id.* at 1003–04 (emphasis added).

right. It may be a *right*, but it is not a *property right*. Therefore, takings law is inapplicable.

Moglen's takings analysis suffers from an additional flaw. He neglects to analyze whether the public domain publishers' interests were harmed enough to invoke the Takings Clause. Even though the CTEA will be very costly for those wishing to use works that but for the extension would have been in the public domain,<sup>169</sup> in an additional twenty years the works will ultimately be exploitable by public domain publishers. Under the sliding scale<sup>170</sup> used by the Court, it would seem unlikely that enough value has been removed by the twenty-year extension for there to be a taking.<sup>171</sup> Even if the petitioners' interest was characterized alternatively as a complete loss of business opportunity for a temporary period,<sup>172</sup> the CTEA still would not result in a taking because while certain works remain protected, there would still be a large body of usable works in the public domain.<sup>173</sup>

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<sup>169</sup> See, e.g., Brief for Petitioners at 7, *Eldred v. Ashcroft*, 123 S. Ct. 769 (2003) (No. 01-618) (estimating that costs of the CTEA will be \$317,000,000 annually for royalties, in addition to the costs of denied access to the vast majority of works that are not commercially valuable).

<sup>170</sup> See, e.g., *Keystone Bituminous Coal Ass'n v. DeBenedictis*, 480 U.S. 470, 497 (1987) (explaining that "our test for regulatory taking requires us to compare the value that has been taken from the property with the value that remains in the property . . ."); *Penn. Coal Co. v. Mahon*, 260 U.S. 393, 413 (1922) (stating that "the extent of the diminution . . . [w]hen it reaches a certain magnitude" warrants compensation).

<sup>171</sup> See, e.g., *Penn Central Transp. Co. v. New York City*, 438 U.S. 104, 131 (1978) (citing *Euclid v. Ambler Realty Co.*, 272 U.S. 365 (1926), for the proposition that a "75% diminution in value caused by zoning law" did not qualify as a taking, and *Hadacheck v. Sebastian*, 239 U.S. 394 (1915), for the ruling that an 87 1/2 % diminution in value did not qualify either) (Note that these high percentages are for regulatory takings, not physical occupation. See, e.g., *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 434-35 (1982) (holding that any permanent physical occupation is a taking)). *Penn Central* was a landmark takings case, introducing the following as the test factors for takings: "[t]he economic impact of the regulation on the claimant[,] . . . the extent to which the regulation has interfered with distinct investment-backed expectations[, and] . . . the character of the governmental action." *Id.*

<sup>172</sup> See *Brown v. Legal Found. of Wash.*, 123 S. Ct. 1406, 1418-19 (2003) (stating that "compensation is mandated when a leasehold is taken . . . even though that use is temporary" and applying this reasoning to subverted interest payments).

<sup>173</sup> The argument that nearly all works that would have been in the public domain without the CTEA have been taken for 20 years ignores the vast majority of works still exploitable by public domain publishers. This argument is invalid because it is overly

## 2. Additional Considerations on the Takings Issue Provided by the *Eldred* Decision

The above analysis of takings law reveals that a court could not find that a twenty-year term extension applied to works already created constitutes a taking.<sup>174</sup> That plaintiffs' interests do not constitute private property is fatal.<sup>175</sup> Two additional considerations should also dissuade a court from concluding that a remedy is owed to public domain publishers: (1) The *Eldred* Court understood that the CTEA would injure public domain publishers and it upheld the statute nonetheless; (2) There is reason to believe that the Supreme Court implicitly decided the takings issue in *Eldred*.

First, the Supreme Court in *Eldred* was aware of the harm that the CTEA would impose on public domain publishers, and this did not prevent it from upholding the constitutionality of the CTEA. Justice Stevens was outspoken about the fairness implications of the CTEA. According to Stevens, "The fairness considerations that underlie the constitutional protections against *ex post facto* laws and laws impairing the obligation of contracts would presumably disable Congress from making such a retroactive change in the public's bargain with an inventor without providing compensation for the taking."<sup>176</sup> Nevertheless, the Court upheld the CTEA.

Second, some legal scholars postulate that the Supreme Court implicitly decided the takings issue. They suggest that *Eldred* did not circumvent takings issues, but instead elucidated the Supreme Court's opinion on the issue. According to Professor Richard A. Epstein, "[T]oday all efforts to stop government giveaways on constitutional grounds seem to have come to a dead-end after the Supreme Court used in essence a rational basis test to sustain a grand legislative giveaway under the [CTEA]."<sup>177</sup> Similarly,

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narrow—it would be similar to arguing that if a zoning law prohibits use of 5% of your land, the government is taking 100% of 5% of your property.

<sup>174</sup> See *supra* Part II.A.1.

<sup>175</sup> *Id.*

<sup>176</sup> *Eldred v. Ashcroft*, 537 U.S. 186, 226 (2003) (Stevens, J., dissenting).

<sup>177</sup> See Richard A. Epstein, *Beware of Legal Transitions: A Presumptive Vote for the Reliance Interest*, 13 J. CONTEMP. LEGAL ISSUES 69, 79–80 (2003).

Professor Eric R. Claeys observed that the Supreme Court was not dissuaded from upholding the CTEA, despite the “serious takings questions” it raised.<sup>178</sup> Such inferences with regard to the Supreme Court opinion may be persuasive to lower courts.

*B. A Claim Based upon a Theory for Reliance Damages*

1. Background: The Economics of Adjustments to the Law

Professor Richard A. Epstein has argued that when the legislature contemplates a new law, it should be guided by a “strong presumption” to “keep the legal framework constant.”<sup>179</sup> This avoids unnecessarily interfering with the expectations of private parties.<sup>180</sup> It also protects against the substantial costs due to the “time, expense, and uncertainty created by the development and implementation of new legal rules.”<sup>181</sup> Nevertheless, the high costs an alteration to the law imposes upon the expectations of private parties may be justifiable, particularly when marginal benefits exceed marginal costs.<sup>182</sup>

2. Compensation for the Residual Risks of Change

The CTEA is a boon for copyright holders at the expense of public domain publishers. Even if the CTEA is efficient, at minimum, “justice and efficiency” dictate that the “residual risks

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<sup>178</sup> Eric R. Claeys, *Takings, Regulations, and Natural Property Rights*, 88 CORNELL L. REV. 1549, 1650 (2003) (suggesting that the Supreme Court was not dissuaded from upholding the CTEA as a result of the “serious takings questions” it raised).

<sup>179</sup> Epstein, *supra* note 177, at 70.

<sup>180</sup> *Id.* (“Private parties are thought to be better able to adapt to changes in the legal order than governments are to anticipate the behavior of private parties. Therefore, the risk of legal change is placed not on the parties who initiate the change but on those whose expertise is said to allow them to anticipate any changes that might be made.”).

<sup>181</sup> *Id.* at 72.

<sup>182</sup> *Id.* at 71. In other words, it is insufficient to find merely that the benefits of a new law outweigh its costs; this could have been the case with the previous law as well. For example, consider copyright systems with terms of life plus 50 years and life plus 70 years; both are more beneficial than no copyright protection at all. Instead, it is necessary to determine whether the marginal benefits of changing the law exceed the marginal costs. If this condition is met, then the differential between total costs and benefits will be greater for the new law than the previous law, and enacting the new law will be economically sound.

of change . . . ought to be borne in the first instance by those who champion or initiate the change, and not those who are asked to respond to it.”<sup>183</sup> The winners (copyright holders) should be obligated to compensate the losers (public domain publishers) for the initial costs involved with adapting to the CTEA, and the actual losses incurred in reliance upon pre-CTEA copyright terms.<sup>184</sup>

### 3. Compensation for Lost Profits

#### a) The “Virtuous Government” vs. the Self-Interested Government

Whether public domain publishers should be compensated for lost profits depends upon how legislators are characterized. In Epstein’s “virtuous government,” legislators enact new laws only if they are either Pareto<sup>185</sup> efficient or Kaldor-Hicks<sup>186</sup> efficient,<sup>187</sup> and they are equally concerned about each individual’s welfare.<sup>188</sup> If this characterizes the government that enacted the CTEA, then there is no need to compensate public domain publishers for lost profits caused by the CTEA.<sup>189</sup>

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<sup>183</sup> *Id.* at 72.

<sup>184</sup> This stage of the argument does not yet contemplate compensation for lost profits. Rather, it advocates reimbursement of costs such as those expended on preparing to release new books or digitally improving a sound recording, neither of which can be released.

<sup>185</sup> In a Pareto efficient change, some parties are made better off, but none are made worse off. E.g. Assuming only two individuals, A and B, a change is Pareto efficient if A benefits from the change, and B’s welfare stays the same, or also improves.

<sup>186</sup> A change is Kaldor-Hicks efficient if the gains exceed the losses. E.g. Assuming only two individuals, A and B, a change is Kaldor-Hicks efficient if A’s benefit is greater than B’s loss.

<sup>187</sup> Changes that are Pareto or Kaldor-Hicks efficient meet the requirement that marginal benefits exceed marginal costs, as set forth in Part II.A.2.a, *supra*.

<sup>188</sup> See Epstein, *supra* note 177, at 73 (“[T]he virtuous government does not target insular and isolated minorities, but rather treats the welfare of all its citizens equally.”).

<sup>189</sup> See *id.* (With the Pareto and Kaldor-Hicks tests, “[t]he distributional consequences might be unpleasant in any individual case, but even that unhappiness would tend to even itself out over the long-haul; the virtuous government does not target insular and isolated minorities, but rather treats the welfare of all its citizens equally. In doing so, the constant procession of sound overall legal innovations will leave, after the dust settles, few if any losers behind.”).

However, this could not realistically represent any government. The best an optimist could hope for would be a situation that Epstein neglects to discuss—the “virtuous but fallible government.” This model acknowledges that even a “virtuous” legislature would, either through lack of facts,<sup>190</sup> negligence, or simple mistake, commonly but inadvertently enact laws that meet neither of the efficiency tests—even though it seeks to enact only efficient laws and to distribute benefits equally. If the public domain publishers could prove that the CTEA is neither Pareto nor Kaldor-Hicks efficient, then compensation would be justified under the “virtuous but fallible government” model.<sup>191</sup>

In contrast to the two “virtuous” governments is one in which self-interest<sup>192</sup> drives legislators to enact laws that are neither Pareto nor Kaldor-Hicks efficient.<sup>193</sup> When this occurs, the “losers” of a change in law have a justifiable claim for relief, just as with a “virtuous but fallible government.” However, with a

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<sup>190</sup> See, e.g., Pamela Samuelson, *Should Economics Play a Role in Copyright Law and Policy?*, 1 U. OTTAWA L. & TECH. J. 1, 14 (2003–2004) (“Economic input should . . . be sought when copyright laws are amended. Had the US Congress, for example, sought impartial advice from economists about the effects of copyright term extension before enacting the CTEA, it is conceivable that economic arguments against it would have persuaded some in Congress to oppose it.”).

<sup>191</sup> The only exception would be if mistakes were evenly distributed by amount, or so close that the administrative costs of remedying the inequalities would outweigh the benefits to be distributed. However, this is unlikely. In the realm of copyright, for example:

[m]ajor copyright firms are well-organized and well-funded. They typically have a common interest in getting stronger legal rules from the legislature. Hence, it may be a sound investment for them to lobby to achieve the concentrated benefit a legislature can grant them. . . . [In contrast,] [c]ollective action problems make it difficult for parties that will be negatively affected by higher protection rules to organize effective resistance to copyright industry lobbying. This mix of concentrated benefits and distributed costs is likely to yield the best laws money can buy. The *Copyright Term Extension Act* . . . [is a] widely recognized example[] . . .

*Id.* at 9–10.

<sup>192</sup> Epstein’s definition of self-interest is not entirely clear. He elucidates what he means by self-interest when states that “[s]elf interest is a strong driver of individual behavior outside of political institutions, and people do not check their personal passions and inclinations at the door when they assume public office.” See Epstein, *supra* note 177, at 73–74. He later refers to “unpredictable changes bought by lobbying interests groups.” *Id.* at 76.

<sup>193</sup> *Id.* at 73–74.

self-interested legislature, the “losers” also deserve relief even if the law is Kaldor-Hicks efficient, because the self-interested government will not strive to distribute benefits equally over time—instead it will reward the same benefactors over and over again. This important difference in distribution, in addition to the self-interested government’s predisposition to intentionally (as opposed to merely negligently) adopt inefficient laws, guarantees that the magnitude of the inequities will be significantly greater with the self-interested legislature than the “virtuous but fallible government.” As Epstein explains, this situation is particularly harmful because private parties are compelled:

to bear the risk of changes that are [intentionally] socially destructive, and to organize their operations and investments in ways that resist the silliness of government initiatives and programs. This anticipation is all the more difficult when individuals have to foresee not only [what in good-faith are expected to be] beneficial changes, but also unpredictable changes bought by lobbying interest groups. Compensation for losses induced by legal changes is one possible alternative, which is however, very difficult to implement with respect to general changes in the legal rule. Another alternative is a limited form of grandfathering to protect the reliance interests of those who acted under the previous regime. Still a third possibility is [judicial intervention] to strike down the changes to begin with . . . .<sup>194</sup>

If a court were to conclude that the CTEA is neither Pareto nor Kaldor-Hicks efficient, or under the self-interested model, merely Kaldor-Hicks efficient, Epstein’s reliance interest analysis would provide an economic theory for giving public domain publishers one of these remedies.

b) Is the CTEA Efficient?

Public domain publishers would merit compensation for lost profits if they could prove that the CTEA is neither Pareto nor

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<sup>194</sup> *Id.* at 76. These remedies are also applicable to the inefficient changes made by a “virtuous but fallible” government.

Kaldor-Hicks efficient. Because the CTEA harms public domain publishers, the CTEA is not Pareto efficient; therefore, it is only necessary to determine whether it is Kaldor-Hicks efficient. Do the benefits to the copyright holders, businesses that work with copyright industries, and the U.S. government outweigh the costs to the rest of society, particularly consumers, public domain publishers, and potential derivative users?

### **i. Benefits**

As noted by Congress, the copyright industries are a lucrative source of income from foreign countries and are responsible for more than 5% of the U.S. workforce.<sup>195</sup> Although copyright term extension means that U.S. consumers have to pay higher prices, a substantial benefit accrues to Americans generally because term extension is very favorable to the U.S.'s export market. In addition, the extra income earned by the copyright industries domestically and from foreigners might provide a significant source of tax revenue for the U.S. Government.<sup>196</sup>

Greater income for copyright industries also leads to the subsidization of more works.<sup>197</sup> A common criticism of the CTEA is that it provides no additional incentives to create when applied to works already created.<sup>198</sup> However, this ignores the reality that often the copyright is not held by the creator, but by a large business in the copyright industry that can use the additional profits to subsidize more works.<sup>199</sup>

The film industry provides a useful example. The existence of the specialty divisions of major studios, such as Sony Pictures Classics, Paramount Classics, Warner Independent, Focus Features, and Fox Searchlight, depend upon the financing of the

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<sup>195</sup> See *supra* note 32; see also Marvin Ammori, Note, *The Uneasy Case for Copyright Extension*, 16 HARV. J.L. & TECH. 287, 294 (2002) ("At the time of the CTEA's passage, the copyright industries accounted for almost six percent of the U.S. gross domestic product. All together, the industries represented the nation's largest or second largest group of exporters. The CTEA's retrospective portion is worth a great deal of money to the copyright holders.").

<sup>196</sup> Conversation with Professor Hugh C. Hansen, Fordham Univ. Sch. of Law (Jan. 2005).

<sup>197</sup> See, e.g., S. REP. NO. 104-315, at 12-13 (1996).

<sup>198</sup> See *supra* text accompanying notes 65-66.

<sup>199</sup> See, e.g., S. REP. NO. 104-315, at 12-13 (1996); *supra* note 35.

major studios.<sup>200</sup> Films in these divisions “chase after relatively small returns,” despite, in recent years, receiving much critical acclaim.<sup>201</sup> As opposed to profitability, they exist, in part, to satisfy “the desire of actors and directors to pursue challenging and artistically satisfying work.”<sup>202</sup> As stated by Tom Bernard, co-president of Sony Pictures Classics, ““We’ve found pockets within these large companies where there is an interest in this kind of freedom and creativity.””<sup>203</sup> Greater profits for the major studios should ensure that these valuable artistic ventures continue to be funded.

There are some more subtle benefits to copyright term extension as well. William Landes and Richard Posner have observed that “the need to invest in intellectual property to maximize its value is not exhausted in the initial creation of the property. Investment is necessary to maintain the value of the property as well, and also to resurrect abandoned or otherwise unexploited intellectual property.”<sup>204</sup> This investment will often not occur in the absence of copyright protection.<sup>205</sup> Two examples involve the “tragedy of the commons” and incentive to undertake risks.

Term extension avoids the “tragedy of the commons.”<sup>206</sup> “[I]n the absence of property rights, [a] pasture would be overgrazed because none of the users would take account of the cost that his use imposed on the other users by making their cattle graze more to obtain the same amount of food.”<sup>207</sup> In other words, the value of a public good such as intellectual property could be reduced by consumption beyond the efficient level.<sup>208</sup> If, hypothetically, advertisers could freely use the image of Humphrey Bogart, it is

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<sup>200</sup> A.O. Scott, *The Invasion of the Midsize Movie*, N.Y. TIMES, Jan. 21, 2005, at E1.

<sup>201</sup> *Id.*

<sup>202</sup> *Id.*

<sup>203</sup> *Id.*

<sup>204</sup> William M. Landes & Richard A. Posner, *Indefinitely Renewable Copyright*, 70 U. CHI. L. REV. 471, 491 (2003).

<sup>205</sup> *Id.*

<sup>206</sup> *Id.* at 484–89.

<sup>207</sup> *Id.* at 484.

<sup>208</sup> “Overgrazing” problems are recognized in trademark law and increasingly in the law of publicity rights. *See id.* at 485.

possible that the image could become worthless through over-exposure, confusion, or tarnishment.<sup>209</sup> An example in copyright involves the Walt Disney Company, which exerts care to protect the appeal and marketability of its copyrighted characters by not over-exposing them.<sup>210</sup> Copyright term extension may increase the social value<sup>211</sup> of these characters.

Property rights—through term extension—can also increase the amount of works on the market in another way. In the absence of property rights, even public domain publishers will hesitate to publish all but the most popular public domain books.<sup>212</sup> If a publisher expects that one out of five obscure public domain books it releases will be commercially successful, and other publishers can free ride on the risk-taking by just releasing the one successful book, then the risk-taking publisher will not be able to recoup the expenses of releasing all five books.<sup>213</sup> The absence of property rights may actually inhibit the publication of books.

Other benefits to the CTEA, as evidenced by the legislative history, include harmonization with Europe, protection covering the author and two succeeding generations, and incentive to restore or digitize works.<sup>214</sup>

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<sup>209</sup> *Id.* at 486.

<sup>210</sup> *Id.* Landes and Posner also name the works of Shakespeare as a counterexample. *See id.* at 488. Epstein would likely view this counterexample as the rule, not the exception:

There are countless, often perverse, versions of Shakespeare that are produced everywhere today. The Shakespeare trust would probably not license some of these performances at all. Further, the trust would charge a hefty fee for the standard performances that they did license, and could easily place tight restrictions on the choice of sets, designs, actors and the like. Anyone is hard pressed to believe that Shakespeare's star has been dimmed by the calamities committed in his name, or that the world would be a better place if the obvious restrictions on use could be achieved with the blessing of the state.

Richard A. Epstein, *Liberty versus Property? Cracks in the Foundations of Copyright Law* 35 (Apr. 2004) (Working Paper No. 204), available at <http://www.law.uchicago.edu/Lawecon/index.html>.

<sup>211</sup> The social value equals the sum of the value to producers and the value to consumers.

<sup>212</sup> Landes & Posner, *supra* note 204, at 488–89.

<sup>213</sup> *Id.* at 489.

<sup>214</sup> *See supra* notes 29–36 and accompanying text.

## ii. Costs

The costs to consumers of public domain materials do not always vary significantly from the prices of copyright protected material. “The legal monopoly conferred by a copyright . . . need not translate itself into an economic monopoly so long as there are close substitutes, as there are for every new popular song that is released.”<sup>215</sup> Moreover, for works other than those posted in digital form on the Internet, many will entail similar costs in bringing them to the market, regardless of copyright protection. Books will still have to be printed, delivered, and sold through retail chains, at a profit to the publisher.<sup>216</sup> Theatrical productions will still require the costs of actors, venue, advertising, technical crew, set design, costumes, make-up, etc.

There is also “deadweight loss” involved—the loss resulting from the consumers who would consume at the public domain publisher’s price, but not at the copyright-protected price<sup>217</sup>—but “because the scope of copyright protection is . . . very narrow, the size of the deadweight loss is likely to be relatively small. The narrower the scope of a property right, the more good substitutes there are, the less the owner’s monopoly power is, therefore, and so the smaller is the deadweight loss that the monopoly creates.”<sup>218</sup>

The distinction between whether the creation is in the public domain or not is more critical for creators who want to make derivative works. Copyright protection increases the costs for the derivative creator because he or she must undertake the expenditures of tracking down the copyright holder and negotiating a license.<sup>219</sup> However, the plight of the derivative user should not be too distressing. Even with the CTEA, the idea/expression dichotomy, scenes à faire, and fair use doctrine provide much for a creator to draw from, apart from the works that are already in the public domain. “The lost use involved is of little consequence for any dynamic development of the arts, which need not be the case

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<sup>215</sup> Epstein, *supra* note 210, at 30–31.

<sup>216</sup> The sale of books would be analogous to the sale of sound recordings or films.

<sup>217</sup> Landes & Posner, *supra* note 204, at 480–81.

<sup>218</sup> *Id.* at 481.

<sup>219</sup> See *supra* notes 86–88 and accompanying text.

in patents.”<sup>220</sup> As for the tracking costs, though they are increased by the CTEA,<sup>221</sup> the CTEA is not the real culprit. Registration is the remedy; term lengths do not need to be reduced.<sup>222</sup>

### iii. Result

Although Lessig has concluded that “[a]ny wealth [the CTEA] creates for copyright holders is swamped by the wealth the public loses in lower costs and wider access,”<sup>223</sup> this statement masks the complexity of interests at stake. Lessig considers neither the benefits that the CTEA provides the public as consumer,<sup>224</sup> nor the benefits for other beneficiaries, such as the U.S. Government and the American worker.<sup>225</sup> To determine whether the CTEA is Kaldor-Hicks efficient, further economic analyses on the magnitude of the above-mentioned costs and benefits would be required. Nevertheless, this Note opines that the CTEA is Kaldor-Hicks efficient, particularly because the net harm to the public is likely to be small given that the losses are circumscribed by copyright’s incomplete monopoly power and the availability of substitutes, and the benefits are not inconsequential: increased exports, taxes, jobs, and subsidization of new works.

#### c) Should There Be a Different Outcome if the Legislature Is Self-Interested?

Under the self-interested government model, a remedy for public domain publishers is justifiable even if the CTEA meets the

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<sup>220</sup> Epstein, *supra* note 210, at 31. “No one has to use any particular song or story for a particular project, but can draw on a rich culture, including items that have fallen out of copyright protection. In contrast, it is quite difficult to conduct research on breast cancer unless one has access to the BRAC-I gene.” *Id.*

<sup>221</sup> See *supra* note 88.

<sup>222</sup> Advocating indefinitely renewable copyright, Landes and Posner observe: “It is not perpetual property rights but the absence of registration that creates prohibitive tracing costs.” Landes & Posner, *supra* note 204, at 477.

<sup>223</sup> Lawrence Lessig, *They’re Not Worthy: Why Extend the Copyright on Works that No Longer Have Commercial Value?*, <http://www.wired.com/wired/archive/13.01/view.-html?pg=5> (Jan. 2005).

<sup>224</sup> See *supra* notes 197–203 (subsidization of new works), 206–11 (avoiding the “tragedy of the commons”), and 212–13 (increasing the release of works already created), and accompanying text.

<sup>225</sup> See *supra* notes 195–96 and accompanying text (discussing jobs, taxes, and trade balance).

Kaldor-Hicks efficiency test, because the government there does not seek to distribute benefits equally in the long run.<sup>226</sup> Lessig, citing political contributions, argues that legislative self-interest influenced the passage of the CTEA,<sup>227</sup> but his concept of self-interest is too expansive, encompassing activities fully consistent with the First Amendment right to petition.<sup>228</sup> Whether Epstein's definition of self-interest includes Lessig's "self-interest" is unclear,<sup>229</sup> but irrelevant—no court would be persuaded that there should be a remedy for the "losers" in a change in law just because lobbying exists. Were a court to decide otherwise, every legislator would be deemed self-interested, and the ability to create new laws would be crippled by the need to provide remedies for all the "losers."<sup>230</sup> This is unworkable. As a result, the self-interested

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<sup>226</sup> See *supra* Part II.A.1.c.i.

<sup>227</sup> See LESSIG, *supra* note 5, at 216–18 (“[Extending copyright terms] is lucrative for Congress. Congress knows that copyright owners will be willing to pay a great deal of money to see their copyright terms extended. . . . [T]his is the core of the corruption in our present system of government. ‘Corruption’ not in the sense that representatives are bribed. Rather, ‘corruption’ in the sense that the system induces the beneficiaries of Congress’s acts to raise and give money to Congress to induct it to act. . . . In the lobbying that led to the passage of the [CTEA], this ‘theory’ about incentives was proved real. Ten of the thirteen original sponsors of the [CTEA] in the House received the maximum contribution from Disney’s political action committee; in the Senate, eight of the twelve sponsors received contributions. The RIAA and MPAA are estimated to have spent over \$1.5 million lobbying in the 1998 election cycle. They paid out more than \$200,000 in campaign contributions. Disney is estimated to have contributed more than \$800,000 to reelection campaigns in the 1998 cycle.”).

<sup>228</sup> Notably Lessig does not allege that any illegal activity took place. See *id.*

<sup>229</sup> See *supra* note 192.

<sup>230</sup> See Paul M. Schwartz & William Michael Treanor, *Eldred and Lochner: Copyright Term Extension and Intellectual Property as Constitutional Property*, 112 YALE L.J. 2331, 2407 (2003) (“[The Lessig] view would be that, because of the economic power of certain corporations and because of the importance they attached to the CTEA, a congressional majority adopted a statute not in the majority’s interest and that the Court should therefore closely scrutinize the resulting legislation. This is a formula that, if generally applied would give courts a roving commission to overturn legislation that they deem not in the public interest. One does not have to be a cynic (or a public choice theorist) to recognize that powerful economic interest account for a great deal of legislation. The amount of congressional legislation and the amount of legislation adopted by states that could be analogized to [Lessig’s] approach to the CTEA is astonishing. If courts aggressively review economic legislation that seems to favor powerful special interest, they must aggressively review much—and perhaps most—economic legislation.”).

government model should not create any remedies not available under the “virtuous but fallible government” model.

d) Does Any Law Support these Results? Would Such Laws Be Advisable?

Even if it could be proven that the CTEA is not Kaldor-Hicks efficient, there is presently no law supporting remedies for inefficient changes in laws. This is not surprising: exacting scrutiny would severely inhibit lawmaking and create substantial uncertainty over passed laws.<sup>231</sup> In addition, providing remedies, such as compensation, grandfathering, or striking down the changes, may be prohibitively complicated.<sup>232</sup>

With economic legislation in particular, there are important reasons to defer to Congress. The first is that courts are not well-equipped to evaluate this type of legislation.<sup>233</sup> “Courts are poorly positioned to gather and assess the data needed to evaluate economic decisions, and . . . if the Court guesses wrong about the consequences, the very nature of constitutional adjudication makes it difficult to shift course.”<sup>234</sup> The second is that our government relies upon majority decision-making for its legitimacy.<sup>235</sup> This process should only be interrupted if there is a flaw, the most common example being when discrete and insular minorities are targeted.<sup>236</sup> Stricter scrutiny is justified here because these individuals do not have adequate representation.<sup>237</sup> In contrast, “economic legislation is the paradigmatic example of the type of legislation that courts should not scrutinize closely. Economic legislation is the product of trade-offs made by interest groups. Except in exceptional circumstances, courts should not upset the resulting bargained-for deals.”<sup>238</sup>

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<sup>231</sup> *Id.*

<sup>232</sup> See Epstein, *supra* note 177, at 76; *supra* text accompanying note 194.

<sup>233</sup> See Schwartz & Treanor, *supra* note 230, at 2407.

<sup>234</sup> *Id.*

<sup>235</sup> See *id.* at 2401 (crediting John Hart Ely for the political process rationale for judicial deference discussed here).

<sup>236</sup> *Id.*

<sup>237</sup> *Id.*

<sup>238</sup> *Id.*

As a result, even if economic theory justifies a remedy for the plaintiffs (which it likely does not), such a finding should not advance the plaintiff's case—not only does there not exist any cause of action embracing such a theory, but the importance of deferring to Congress on economic legislation recommends that a finding of economic inefficiency should not be persuasive even as a policy argument.

### III. SECOND CLAIM: THE CTEA IS UNCONSTITUTIONAL AS APPLIED BECAUSE THE ABSENCE OF RENEWAL PROVISIONS RESULTS IN WORKS BEING LOCKED-UP, REGARDLESS OF THE PREFERENCES OF THE COPYRIGHT HOLDER

#### A. *Does the CTEA Tie the Hands of the Copyright Holder?*

Forget Mickey Mouse. Forget Robert Frost. Forget all the works from the 1920s and 1930s that have continuing commercial value. The real harm of term extension comes not from these famous works. The real harm is to the works that are not famous, not commercially exploited, and no longer available as a result.<sup>239</sup>

This harm that Lessig speaks of could be ameliorated if the copyright holder was able to release his work into the public domain at his own will, or broadly advertise that certain uses will be permitted for free. However, contrary to Lessig's claim, the absence of renewal provisions does not entirely foreclose these options from the copyright holder. Specifically, a copyright holder can choose to abandon his work if he wants it to enter the public domain, or license certain (or all) uses of his work, for free. Lessig's own Creative Commons substantially facilitates both of these processes.

Should a copyright holder decide to abandon his copyright, he must engage in "an overt act evidencing such an intent."<sup>240</sup>

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<sup>239</sup> See LESSIG, *supra* note 5, at 221–27.

<sup>240</sup> See 4 NIMMER & NIMMER, *supra* note 17, § 13.06 (2003) (stating that there is "strong authority holding that an overt act evidencing such an intent is necessary to establish abandonment").

Although the caselaw in this area is not particularly well-developed, authors have been held to establish an intent to abandon by implying that their work was in the public domain when others requested to use it,<sup>241</sup> and by widely distributing their work without a copyright notice and not policing infringement.<sup>242</sup> In addition, the Copyright Office will aid a copyright owner in effecting abandonment by recording an affidavit expressing the copyright holder's desire to abandon the copyright, and requesting return of the Certification of Registration.<sup>243</sup>

Of course, even without abandonment, a copyright holder could retain his copyright and decide to license his work for free to individuals and organizations of his choice, for certain uses of his choice. This process is made even simpler with the Creative Commons<sup>244</sup> because the Creative Commons provides a variety of simple licenses for the creator to choose from,<sup>245</sup> and it also provides a central location for content users to see what works and uses are available.<sup>246</sup> This cuts down significantly on the transaction costs of the content provider and the content seeker. The process of choosing a license is fairly easy; the copyright owner merely answers a few questions, such as what uses are permitted, whether attribution is required, and whether modifications are permitted.<sup>247</sup> The process is intentionally simple, so that the copyright owner can do it himself, without the assistance of a lawyer.<sup>248</sup> And if the copyright holder wants to go

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<sup>241</sup> *Id.* § 13.06 & n.12.1 (citing *Sanga Music, Inc. v. EMI Blackwood Music, Inc.*, 55 F.3d 756 (2d Cir. 1995)).

<sup>242</sup> *Id.* § 13.06 & n.15 (citing *Stuff v. E.C. Publ'ns, Inc.*, 342 F.2d 143 (2d Cir. 1965)).

<sup>243</sup> See U.S. Copyright Office, *Compendium II: Copyright Office Practices* ch. 1603.02 (1998) ("Any other document, including . . . an abandonment of copyright . . . will be recorded in the Copyright Office . . ."), at <http://www.copyright.gov/compendium-1600.htm>; BERNARD C. DIETZ, COPYRIGHT REGISTRATION PRAC. § 24:27 (2003) (describing the assistance of the Copyright Office in effecting abandonment).

<sup>244</sup> For a discussion of the Creative Commons, see LESSIG, *supra* note 5, at 282–86.

<sup>245</sup> See *Choose License*, at <http://creativecommons.org/license> (last visited Mar. 27, 2005) (offering a choice of licenses for authors).

<sup>246</sup> See *Get Content*, at <http://creativecommons.org/getcontent> (last visited Mar. 27, 2005) (providing a search engine and directories of works protected by Creative Commons licenses).

<sup>247</sup> See *Choose License*, at <http://creativecommons.org/license> (last visited Mar. 27, 2005).

<sup>248</sup> See generally LESSIG, *supra* note 5, at 282–86.

so far as to relinquish all rights, and dedicate it to the public domain, he may accomplish that as well with the Creative Commons, by selecting “Public Domain Dedication.”<sup>249</sup>

As for works that authors do not want to license for free, i.e. those with enduring commercial value, there could still be the problem of these works being locked-up if the copyright holder cannot be located. This is a problem that exists under any copyright regime and is probably exacerbated by extended terms.<sup>250</sup> Nevertheless, it is not true that such works are locked-up *regardless of the preferences of copyright holders*, because a proactive copyright holder who wishes to remain accessible can take actions such as registering his copyright,<sup>251</sup> updating such registration,<sup>252</sup> placing notice of copyright on copies of his work,<sup>253</sup> and recording transfers.<sup>254</sup>

### *B. Other Reasons Why the Claim Should Fail*

As demonstrated in the section above, the facts do not support Lessig’s claim that works are locked-up regardless of the preferences of copyright holders. Although the various methods available for relinquishing full copyright protection and increasing accessibility to potential licensees should be sufficient to defeat Lessig’s claim, there are other reasons why it is likely to fail: the existence of the CTEA infringement exception, the pending

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<sup>249</sup> See *Public Domain Dedication*, at <http://creativecommons.org/licenses/publicdomain> (last visited Mar. 27, 2005).

<sup>250</sup> See *Eldred*, 537 U.S. 186, 251 (Breyer, J., dissenting) (“[T]o some extent [permission costs] accompany any copyright law, regardless of the length of the copyright term. But to extend that term . . . will dramatically increase the size of the costs . . .”).

<sup>251</sup> See 17 U.S.C. § 408 (2004) (copyright registration generally); 17 U.S.C. § 409 (2004) (application procedures).

<sup>252</sup> See 17 U.S.C. § 408(d) (2004) (enabling the Register to permit a copyright holder to “correct an error in a copyright registration or to amplify the information given in a registration”).

<sup>253</sup> See 17 U.S.C. § 401(a) (2004) (permitting “a notice of copyright as provided by this section [to] be placed on publicly distributed copies”).

<sup>254</sup> See 17 U.S.C. § 205(a) (2004) (“Any transfer of copyright ownership or other document pertaining to a copyright may be recorded in the Copyright Office if the document filed for recordation bears the actual signature of the person who executed it, or if it is accompanied by a sworn or official certification that it is a true copy of the original, signed document.”).

“Public Domain Enhancement Act,” and the minimal amount of harm at stake.

### 1. The CTEA’s Infringement Exception

The CTEA itself has an infringement exception that permits libraries and archives to “reproduce, distribute, display, or perform” certain works during the last twenty years of copyright protection, “for purposes of preservation, scholarship, or research” if after “reasonable investigation” it is found that they are neither “subject to normal commercial exploitation” nor attainable at a reasonable price.<sup>255</sup> This provision directly addresses Lessig’s concern over the orphan works problem, i.e. that unprofitable works will become unavailable during the copyright period.<sup>256</sup> Notably, Lessig was silent about the “library exception” in the *Kahle* complaint, even though it goes to the heart of the policy problems he is concerned about.<sup>257</sup> He certainly could have at least argued that it would be inconsequential, as Justice Breyer did in his *Eldred* dissent, claiming that the uncertain bounds of the “library exception” would render it useless.<sup>258</sup> Perhaps Lessig would have been wiser to put his efforts into litigating cases that would clarify the exception (and possibly generate favorable judge-made law) instead of litigating the flaccid *Golan* and *Kahle*.

### 2. The Public Domain Enhancement Act

The pending “Public Domain Enhancement Act”<sup>259</sup> could strike the balance Lessig desires without invalidating the CTEA.<sup>260</sup>

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<sup>255</sup> See 17 U.S.C. § 108(h) (2004); *supra* note 59 (explaining the statute and Congress’s rationale).

<sup>256</sup> See *supra* note 239 and accompanying text (quote by Lessig that he is primarily concerned about unprofitable works). *But see supra* note 90 (argument by Justice Breyer that the coverage of the infringement exception is too limited and its “reasonable investigation” requirement is too vague).

<sup>257</sup> See generally Amended Complaint for Declaratory Judgment, *Kahle v. Ashcroft* (C 04-1127 BZ), available at [http://cyberlaw.stanford.edu/about/cases/kahle\\_v\\_ashcroft.shtml](http://cyberlaw.stanford.edu/about/cases/kahle_v_ashcroft.shtml).

<sup>258</sup> See *supra* note 90.

<sup>259</sup> Public Domain Enhancement Act, H.R. 2601, 108th Cong. (2003).

<sup>260</sup> On the website for the Stanford Law School Center for Internet and Society (of which Lessig is the founder), it is noted that if the PDEA were passed, *Kahle* might not be necessary. Yet it is also observed that the PDEA has not received much favor in

The act, if passed, would reinstate copyright renewal.<sup>261</sup> Copyright holders would lose their copyright after fifty years of protection unless they pay \$1.<sup>262</sup> Thereafter, the copyright holder would have to renew every ten years.<sup>263</sup> Copyright owners of valuable copyrights (in addition to any other diligent and determined copyright holder) would be able to enjoy the entire period of copyright protection under the CTEA. Those who have only a minimal economic interest in their copyright, and are unmotivated to either renew or affirmatively abandon,<sup>264</sup> will have their works enter the public domain.

The “Public Domain Enhancement Act” would allow Congress to remedy some of the CTEA’s undesirable effects without jeopardizing the entire CTEA. Given the level of deference paid to Congress in *Eldred*<sup>265</sup> and the Supreme Court’s holding in favor of the CTEA, a court would probably be disinclined to overturn the entire CTEA for a limited adverse effect<sup>266</sup> (which arguably does not exist).<sup>267</sup> Instead, it would likely be persuaded to allow Congress to address the issue, if it wishes to.

### 3. The Amount of Harm at Stake Is Minimal

The ultimate harm to the public is likely to be minor if “locked-up” works do not reach the public domain until the end of the copyright term. One reason is that the works, if not profitable to

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Congress thus far. See Stanford Law School Center for Internet and Society, *Kahle v. Ashcroft Case Page*, at [http://cyberlaw.stanford.edu/about/cases/kahle\\_v\\_ashcroft.shtml](http://cyberlaw.stanford.edu/about/cases/kahle_v_ashcroft.shtml) (last visited Mar. 27, 2005).

<sup>261</sup> *Id.*

<sup>262</sup> *Id.* On top of the fifty years, there would be a six month grace period in which the copyright holder could pay the \$1 fee without incurring copyright expiration. *Id.*

<sup>263</sup> *Id.* A six month grace period exists if payment is not made by the end of ten years.

*Id.*

<sup>264</sup> See Edward Samuels, *The Public Domain in Copyright Law*, 41 J. COPYRIGHT SOC’Y U.S.A. 137, 161 n.107 (1993) (suggesting that a copyright holder would lack the motivation to record an abandonment of copyright).

<sup>265</sup> *Eldred*, 537 U.S. 186, 208 (“[W]e find that the CTEA is a rational enactment; we are not at liberty to second-guess congressional determinations and policy judgments of this order, however debatable or arguably unwise they may be.”).

<sup>266</sup> This is specifically referring to the argument that works are locked-up regardless of the preferences of copyright holders.

<sup>267</sup> See *supra* Part III.A.

publish (especially with the declining costs and the increasing possibilities made available by computers and the internet), are likely to be quite esoteric.<sup>268</sup> Another reason is that if *anyone* has an interest in the work, it will probably not be lost.<sup>269</sup> Fans will publish copyrighted works on the internet regardless of legality.<sup>270</sup> The third reason addresses concerns over derivative uses, and suggests that cultural advancement will not be unduly slowed down if users cannot appropriate works before the full copyright period runs out. The “critics [of control, e.g. Lessig] understate—perhaps dramatically—the contribution that even ‘perfect’ control of intellectual creations makes to the public domain.”<sup>271</sup> To construe the public domain merely as unprotected works unnecessarily trivializes the manifestly important effects of protected works on culture.<sup>272</sup> Consider, for instance, a novel by Hemingway or Faulkner. Aside from the cultural enrichment and pleasure that the general reader can get from such a novel, a writer learns priceless lessons about writing style. These contributions to the public domain are immensely more valuable than what one can accomplish by copying verbatim large sections of the original work. Likewise, any fan of music knows how much musicians love to talk about their influences. Musicians learn a lot merely from listening to protected recordings of other musicians and legally can apply elements of style to their own music. In general, there is a lot to “borrow” that is non-infringing.

In sum, not only does Lessig’s argument fail on the facts—because copyright holders *can* choose to release their works into the public domain, and take measures to increase accessibility to

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<sup>268</sup> For a list of orphan works submitted by the public to help the *Kahle* plaintiffs, see *Kahle v. Ashcroft Submission Site*, at <http://notabug.com/kahle> (last visited Mar. 27, 2005). Note however that some of the works are clearly not orphaned, but rather unreleased due to the copyright holder’s preferences.

<sup>269</sup> See Kevin Kelly, *Making My Own Music*, N.Y. TIMES, Oct. 12, 2002, at A21 (explaining how fans have played an enormous role in digitizing music, books, and films).

<sup>270</sup> *Id.* They can also cheaply store them on their hard drives.

<sup>271</sup> R. Polk Wagner, *Information Wants to be Free: Intellectual Property and the Mythologies of Control*, 103 COLUM. L. REV. 995, 997 (2003).

<sup>272</sup> *Cf. id.* at 1010 (“[E]ven fully ‘propertized’ intellectual goods will nonetheless contribute, perhaps significantly, to the growth of open information.”).

potential licensees—but there are also no other substantial justifications to incline a court to find otherwise.

#### IV. THE SHADOW OF *ELDRED*

This Note predicts that both claims—that the effect of the CTEA is unconstitutional because (i) the extended copyright terms are overly burdensome on those who publish public domain works and (ii) the absence of renewal provisions results in works being locked-up, regardless of the preferences of the copyright holders—will fail. Neither argument is persuasive, especially when analyzed against the backdrop of *Eldred*. In *Eldred*, numerous arguments against the constitutionality of the CTEA were made<sup>273</sup>—but to no avail. As one of Lessig’s opponents said, “In *Eldred*, they didn’t just focus on the limited times argument; they threw in everything and the kitchen sink.”<sup>274</sup> With these arguments, the petitioners did not just lose. They lost decisively. They lost at the District Court level,<sup>275</sup> they lost in the D.C. Circuit Court of Appeals,<sup>276</sup> and finally, they lost in the U.S. Supreme Court.<sup>277</sup> Moreover, seven of nine Supreme Court Justices voted against the petitioners.<sup>278</sup> With rational basis scrutiny, as long as the low standard of rationality is met, it is immaterial whether petitioners’ arguments and policy considerations outweigh those of Congress.<sup>279</sup> Given Lessig’s utter failure *previously* to persuade the Supreme Court that the CTEA is unconstitutional, any court subsequently looking at the effects of the CTEA likely will not be prone to side with Lessig. His lack of success in *Golan* and *Kahle* confirm this.<sup>280</sup>

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<sup>273</sup> See *supra* Part I.C–D.

<sup>274</sup> Krause, *supra* note 4, at 41 (quoting Fritz Attaway, Executive Vice President and Washington General Counsel of the Motion Picture Association of America).

<sup>275</sup> *Eldred v. Reno*, 74 F. Supp. 2d 1 (D.D.C. 1999) (granting summary judgment for defendants); see *supra* note 39.

<sup>276</sup> *Eldred v. Reno*, 239 F.3d 372 (D.C. Cir. 2001); see *supra* notes 40–41.

<sup>277</sup> *Eldred v. Ashcroft*, 537 U.S. 186, 198 (2003).

<sup>278</sup> See *id.*

<sup>279</sup> See *id.* at 208 (“[W]e find that the CTEA is a rational enactment; we are not at liberty to second-guess congressional determinations and policy judgments of this order, however debatable or arguably unwise they may be.”).

<sup>280</sup> See *supra* Parts I.E.2, I.F.3.

In what may be a mix of strategy and delusion,<sup>281</sup> Lessig blames himself for losing *Eldred* and dissects his performance to see where he went wrong.<sup>282</sup> Ultimately, however, his assertion that the case could and should have been won does not undermine the authority of *Eldred*.<sup>283</sup> In trying to pinpoint errors that he made,<sup>284</sup> he fails to see the bigger picture. The Supreme Court addressed many arguments on the constitutionality of the CTEA and was presented with numerous briefs that addressed the policy ramifications of the CTEA. Lessig did not lose because he made a few missteps during oral arguments.

The *Eldred* decision casts a shadow; this Note posits that there will be a presumption against Lessig in arguments invoking the CTEA. So far, this has been borne out in *Golan* and *Kahle*.

#### CONCLUSION

Even with the uncertainty of litigation, Lessig likely would lose on both of the claims analyzed in this Note. The claim over the hardship faced by public domain publishers will not prevail because this loss was completely anticipated in *Eldred* and takings law requires an injury to property, which was absent here. Moreover, their losses are not compelling enough to justify a radical upgrade of takings law, especially upon a theory equating lobbying with self-interest and encouraging the Court to scrutinize economic legislation. The claim that works will be locked-up, regardless of the preferences of copyright holders, also fails because it is factually incorrect with the existence of the Creative Commons, abandonment, registration, and the ability to record transfers.

The foregoing does not mean that Lessig's efforts in *Eldred* have not been valuable. His battle against copyright term

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<sup>281</sup> It is strategic in the sense that if he wants to reargue the case, he has to claim that the case could have been won. But he is also delusional if he ignores all of the arguments that he and his amici made and instead blames defeat on what he believes were a few sub-optimal answers that he made in oral argument. See LESSIG, *supra* note 5, at 238–41.

<sup>282</sup> See *id.* at 236–41.

<sup>283</sup> *Id.* at 229.

<sup>284</sup> *Id.* at 236–41.

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extension has raised public awareness of important copyright issues. As a result, it is now highly unlikely that Congress would attempt further increase copyright terms. In addition, the Creative Commons and the Public Domain Enhancement Act (if passed) will help to replenish the public domain, therefore accomplishing, to an extent, Lessig's goals.