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Making Others Do the Work: Secondary Liability and the Creation of a General Obligation to the Copyright Industries

Liam O'Melinn

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MAKING OTHERS DO THE WORK: SECONDARY LIABILITY AND THE CREATION OF A GENERAL OBLIGATION TO THE COPYRIGHT INDUSTRIES

*Liam O'Melinn**

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INTRODUCTION: MAKING OTHERS DO THE WORK

I understand why the content industry pushes for these measures. They're trying to protect an analog business model in the digital environment, and that's difficult and expensive; and treating one's customers like criminals is bad for PR. *Accordingly, the content industry has every incentive to make others do the work for it.*¹

If ranchers surrounded their fields with fences that were two feet high and then demanded that the law prevent their horses from escaping, or insisted that there was a general social obligation to return any horses

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1. Rep. Zoe Lofgren, Dem. California, speaking in opposition to the Prioritizing Resources and Organization for Intellectual Property Act Cong. Rec. H10229-02, 10237, 2008 WL 4373168.

that had managed to escape, their request would be met with undying laughter. Yet that is precisely what the copyright industries are doing rather successfully, and they have managed this feat in part under the theories of contributory infringement and vicarious liability. The legal system has dealt solemnly with these secondary liability concepts of infringement without fully considering their significance, with the unhappy result that they may seem like commonplace and unobjectionable legal principles. Of course, they are the progeny of dance halls and apartments for rent--I refer here to the *Fonovisa*² test for the imposition of secondary liability--so they have a pedigree, but as they have become more prominent, they have assumed a significance that threatens to take us far from the traditional contours of copyright via the imposition of a widespread social obligation to protect the rights of copyright holders.

The emergence of secondary liability as a matter of real social and legal concern signals a battle to redefine social relations in light of the growing instability of intellectual property, and although I focus on copyright, the issue has arisen in patent and trademark law as well. The extension of secondary liability represents just one part of a much broader tendency toward the imposition of a general social duty to preserve the property of the content industries and to give them control of the means of distribution present and future, real and hypothetical.

This battle reflects the belief that there is a crisis in the law, which is hardly open to doubt, but there is obvious disagreement about what the crisis is. While the House of Representatives was gathered on September 28, 2008, in a weekend session called in order to consider an unprecedented \$700 billion "bailout package" which it rejected on September 30, it passed the Prioritizing Resources and Organization for Intellectual Property Act by a vote of 381 to 41.³ This piece of legislation is not a secondary liability law as such, but it furthers the tendency to create broad responsibility for the enforcement of intellectual property rights.⁴ That Congress thought it was suitable to pass the bill at a time of recognized financial emergency argues that it perceives a crisis, particularly given that the legislation marks \$35 million for further enforcement and educational measures.⁵

2. See *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264-65 (9th Cir. 1996)

3. HOUSE CLEARS PRO IP BILL FOR WHITE HOUSE IN WEEKEND SESSION, 76 PAT. TRADEMARK & COPYRIGHT J. (BNA) 752, 752 (Oct. 3, 2008).

4. See *id.*

5. *Id.*

Quite a different crisis comes into view when secondary liability is considered as part of this general reassignment of duties intended to protect copyright holders, a crisis defined by the extension of the rights of intellectual property and the diminution of rights that might derogate from them. At the same time, the tendency to make us all the keepers of the content industries' property is balanced, to some as-yet uncertain degree, by two opposing tendencies. One of these is the continuing trend toward the efficient and inexpensive distribution of information, the most famous example of which is achieved via the "p2p" software that has been so much in the news. Of course, the availability of such software has helped to trigger the crisis, but it has proved to be resilient enough to provide resistance as well.

Another more recent development is the appearance of legal skepticism regarding the extension of intellectual property rights. When the Supreme Court's decision in *eBay v. MercExchange*⁶ first came down many wondered whether it signaled real change; it is now apparent that the answer to that question is yes, at least in patent law. The Supreme Court has sent several important messages to the Federal Circuit, and the messages appear to have been received. In *Bilski*,⁷ the Federal Circuit has shown its willingness to reconsider its own precedents to the point of imperiling business method patents. Chief Judge Michel has twice taken the unusual step of asking lawyers to request an *en banc* rehearing in controversial cases.⁸ One reason he has called for such review is undoubtedly to allow his court to produce better law, and another is probably to immunize the Federal Circuit from Supreme Court review. The Chief Judge admits, as he must, that the Supreme Court has a superior voice that must be listened to, but he also hints that the Supreme Court is only right because it is last, and that his own court is actually better at patent law.⁹ Whatever the reason for the Federal Circuit's reexamination of its own approach to patent law in recent years, it seems to be producing real changes and a retrenchment in what has been an expansive view of the reach of patent law.

Likewise, the Supreme Court's ruling in *Quanta v. LG*¹⁰ indicates that the Court's interest in patent law did not die with the *eBay* decision,

6. *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

7. *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008).

8. *See, e.g., Eileen McDermott, Make Better use of Federal Circuit, says Chief Judge, Managing Intellectual Property* (Sept. 25, 2008) <http://www.managingip.com/Article/2017893/Make-better-use-of-Federal-Circuit-says-Chief-Judge.html>.

9. *Id.*

10. *Quanta Computer, Inc. v. LG Elecs, Inc.*, 128 S. Ct. 2109 (Fed. Cir. 2008)

and as in *eBay* the Court has expressed its disapproval of unwarranted patent exceptionalism by endorsing the belief that method patents must be made to behave like other patents, even with respect to patent exhaustion.¹¹ Thus, there is opposition to the general tendency to provide additional protection to intellectual property owners, coming in part from the enormous pressure generated by technological advances and in part from judicial skepticism regarding the nature of the crisis.

On the other hand, there has been no similar direction from the Supreme Court on the specific question of secondary liability in copyright. Presented with the opportunity to clarify the issue in *Grokster*¹², the Court decided instead to focus on the socially trivial issue of third-party inducement of infringement. We have thus been left in a peculiar position: In the most famous of a series of cases which makes a defendant of an entity who was not a party to direct infringement, the Court declined to look beyond the parties in the case, which begs the very question raised by the secondary liability issue. In copyright, there is no court comparable to the Federal Circuit in patent, or at least no court that can exert a superintendency over the law in the way that the Federal Circuit can. There are advantages to a decentralized approach, and the Federal Circuit's appellate monopoly probably contributed to the problems that are now being addressed. Nonetheless, a specialized court also provides an opportunity for responsible oversight, and for the moment it seems unlikely that copyright will receive anything like the attention that patent is currently receiving.

Therefore, the secondary liability results are likely to be more haphazard in the area of copyright and trademark than in patent law. Cases such as *Tiffany v. eBay*¹³ and *Perfect10 v. Visa*¹⁴ have resisted the easy imposition of secondary liability; as the Ninth Circuit declared in *Perfect10*, we “decline to create any of the radical new theories of liability advocated by Perfect 10 and the dissent.”¹⁵ Nonetheless, it is not clear that the law has developed a uniform means of assessing such claims, and it is significant that the dissent in *Perfect10* was written by the Hon. Alex Kozinski, no slouch when it comes to intellectual property issues. According to Judge Kozinski, the credit cards were “easily liable for indirect copyright infringement: They knowingly provide a financial

11. *Id.* at 2117.

12. *See* *MGM Studios, Inc. v. Grokster, Ltd.*, 545 U.S. 913, 941 (2005).

13. *Tiffany Inc. v. eBay, Inc.*, 576 F. Supp. 2d 463 (S.D.N.Y. 2008).

14. *Perfect 10, Inc. v. Visa Int'l Serv. Ass'n*, 494 F.3d 788 (9th Cir. 2007).

15. *Id.* at 810.

bridge between buyers and sellers of pirated works, enabling them to consummate infringing transactions, all while making a profit on every sale.”¹⁶ This view was expressed in a dissent, but it seems to have considerable influence. The danger of the imposition of secondary liability remains strong enough, even in the wake of these decisions, to create a chilling effect of the kind that other areas of the law assiduously avoid. Such a view bespeaks a general failure of the law to recognize the extent to which secondary liability signals a sweeping social reconfiguration in which all segments of society are to bear a responsibility to tend to the property of one segment. The transformation is also asymmetric, for no corresponding burden is placed on the content industries to tend to the public good. Apart from serving as an indication of an immediate lack of symmetry, this development portends the enshrinement of a legal order whose hallmark is a glaring inconsistency.

This Essay argues that the growth of secondary liability actions represents a larger attempt to impose a general obligation to protect the copyrights of the content industries, and that the full significance of secondary liability cannot be understood unless it is considered alongside other manifestations of this tendency. This Essay contends that secondary liability takes on a much greater meaning when it is seen as closely related to other efforts in extending responsibility for protecting copyrights: in the Digital Millennium Copyright Act, in various measures intended to increase the government’s responsibility for copyright enforcement, in attempts to make universities accountable to the content industries, and in the inconsistency in the operation of copyright law. This Essay continues by noting that one very serious defect that is emerging in the secondary liability jurisprudence is a tendency not to consider the role of the downstream user, who is often imagined to be the direct infringer necessary to support the secondary liability theories, in any careful way. This Essay argues that copyright law needs to recognize the character of downstream use by adopting an overbreadth doctrine similar to that found in First Amendment overbreadth jurisprudence. It concludes by observing that intellectual property is inherently unstable and is becoming more so, and that the extension of secondary liability is a predictable and dangerous outcome of a misplaced desire to protect what is increasingly difficult to protect.

I. SECONDARY LIABILITY WITHOUT DIRECT INFRINGEMENT:

16. *Id.* at 811.

THE DMCA¹⁷

In order to appreciate the significance of secondary liability it is important to recognize that it has close cousins: cognate theories intended to spread responsibility for the copyrights of the content industries, which open the possibility of incurring liability even in the absence of actual acts of infringement. The DMCA provides the functional equivalent of secondary liability by virtue of imposing liability on one who provides a device capable of circumvention.¹⁸ Yet it goes farther than garden-variety secondary liability. As some circuits have interpreted the DMCA, there can be a DMCA violation even in the absence of an allegation of infringement connected to the circumvention "device."¹⁹ Secondary liability is an interesting enough phenomenon in its own right, but it becomes far more so when it is not accompanied by actual infringement.

Standing on its own, secondary liability might not seem either unusual or dangerous, yet it is part of a growing number of inconsistencies that are creating a crisis of their own in American jurisprudence. Considered alongside a number of other developments, secondary liability takes on a rather different appearance as part of an exception to a standard principle of American law that does not impose obligations on parties who have not assented to them. This exception is part of a growing pattern of overreaching and inconsistency in the law of copyright both internally and by comparison with other areas. An invitation to both inconsistency and overreaching are found in the Copyright Act itself, which allows the copyright plaintiff to recover without proof of injury.²⁰ As I have noted previously, such a rule plainly departs from the American rule of standing, which generally requires concrete particular injury.²¹ Moreover, the measure of recovery in the absence of injury--statutory damages in copyright and enhanced damages in patent law--does not square easily with the private property rationale that is increasingly used by the content industries as justification for the extension of intellectual property laws. The inconsistency is also evident when copyright comes into collision with other areas of the law, as in the case of claims related to software which are met with First Amendment defenses. First Amendment

17. Digital Millennium Copyright Act of 1998, 17 U.S.C.S. § 1201 et seq.

18. *Id.*

19. *See Universal v. Corley*, 273 F.3d 429 (2d Cir. 2001).

20. *See* 17 USCS § 504.

21. *Allen v. Wright*, 468 U.S. 737, 751 (1984).

jurisprudence conducted under an intermediate level of scrutiny is thus far no match for copyright protection. Software is expressive enough to enjoy copyright protection, but not expressive enough to merit real First Amendment protection, i.e., adjudication under a strict scrutiny standard.²²

This inconsistency between copyright and the First Amendment may be the most instructive, for it presents an opportunity to recognize the public character of copyright and to readjust the protection of software under both copyright and patent law in favor of a more considered and judicious software jurisprudence. The failure to recognize the public character of these disputes is among the most important of the problems to be addressed, for despite the special and ever-growing protections offered to the holder of intellectual property rights, adjudication of the most important intellectual property issues are typically treated simply as disputes between private parties--even when, as noted above, plaintiffs seek to impose liability on defendants on the basis of infringement by others. Indeed, when the various components of the content industries' plan to secure protection are assembled, it becomes very obvious that the problem is a public one.

As discussed more fully below, copyright might take instruction from the First Amendment. For whatever its defects, First Amendment jurisprudence addresses concerns beyond those of the parties, and it thus offers a model capable of recognizing the public character of secondary liability claims.

II. THE INDISTINCT THEORY OF SECONDARY LIABILITY

In the copyright arena secondary liability has rather indistinct origins, both historically and philosophically. The Patent Act provides directly for secondary liability, but the Copyright Act does not, and cases such as *Sony*²³ have made clear that the concept comes on loan from the Patent Act. Although the *Sony* ruling itself may be regarded as a permissive one that makes it more difficult to establish secondary liability, it also set a precedent that has become dangerous for its tendency to allow some to become liable for infringement by others.²⁴

The danger comes from the assumptions that underlie secondary liability as plaintiffs have sought to apply it in recent years. These assumptions have not often been fully explored, but they seem to include

22. See *321 Studios v. MGM Studios, Inc.*, 307 F. Supp. 2d 1085, 1100 (N.D. Cal. 2004).

23. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 442 (1984).

24. See *id.* at 417.

several principles. First, the Copyright Act must provide an effective remedy for infringement, regardless of how easy it becomes to infringe and how difficult infringement becomes to deter.²⁵ Second, there is a closely related belief that direct infringement must be defined more expansively as more effective--and harder to police--ways to distribute come into existence, the tendency of which is to permit holders of existing copyrights to control new means of distribution developed by others. Next, whether we consider the right and ability to control under a vicarious liability theory, or the issue of material contribution under a contributory infringement theory, there is a strong tendency to impose burdens on third parties to a degree which would clearly be impermissible in other areas of law, such as the First Amendment.²⁶ The result has been to tempt the law into seeing the right and ability to control where there has previously been no such right, and where there should be none, and likewise to view the provision of infringement-neutral resources as materially contributing to infringement.

The worldview of the proponents of secondary liability divides the world of copyright into providers whose interests must be protected, and consumers, who may conveniently be thought of as "end-users" with severely limited rights.²⁷ In such a worldview the internet can be thought of only in terms of two starkly opposed alternatives: as a commercial marketplace jointly owned by private entities and governed on their behalf, or as a permanent monument and inducement to piracy.

Given the varied results in the cases, it is difficult to see how far the law has accepted the premises of secondary liability and the related characterizations of the internet. It is telling, however, that while the providers' point of view is well-represented, there is no reliable corresponding characterization drawn from the "consumer's" point of view. The closest seems to be the "substantial non-infringing use" enunciated in *Sony*²⁸, but even in *Sony* it was not articulated in a very specific way, and the *Grokster* decision suggests that the Supreme Court is not anxious to jump into *Sony*'s uncertain waters.²⁹ Nor is there a very robust characterization of the internet in more public terms, terms

25. See *Cable/Home Commc'n Corp. v. Network Prod.s, Inc.*, 902 F.2d 829, 849 (11th Cir. 1990).

26. *Polygram Int'l Publ'g v. Nevada/TIG, Inc.*, 855 F. Supp. 1314, 1320-21 (Mass. Dist. Ct. 1994).

27. See *Zenith Data Sys. v. Dep't of Treasury*, 218 Mich. App. 742, 748 (1996).

28. *Sony*, 464 U.S. at 789.

29. See *MGM Studios*, 545 U.S. at 913.

drawn from the users' points of view. In *Reno v. ACLU*,³⁰ the Supreme Court treated the internet as a public forum. Justice Stevens noted that the wide variety of information on the Internet includes "traditional print and news services," and that "any person with a phone line can become a town crier with a voice that resonates farther than it could from any soapbox."³¹

This description has not made its way into the law of intellectual property. As a consequence, the public that uses the forum and the uses that they make of it have not inserted themselves in a very serious way into intellectual property law, which tends to see the downstream user only as an instrument of copyright holders. The result is that while intellectual property law is reluctant to see the user of the internet as a town crier, it is quite prepared to see her either as a consumer or as a pirate.

Thus the law has not squarely recognized the legal personality of the downstream user. To put this somewhat differently, with reference to the famous Brandeis and Warren essay on the inadequate protection of the right of privacy,³² the theory of secondary liability does not recognize a theory of the "inviolable personality" of the internet user. Rather, this unfortunate individual is cast involuntarily into a chain of production and consumption whose behavior is governed by copyright holders.³³

In secondary liability jurisprudence the manner in which this "downstream user" appears is enlightening to the point of being dispositive. A reader could easily figure out the outcome of many cases simply by reading the view that a particular court took of downstream users, as well as of the kind of downstream use that it envisioned. To take a few well-known examples, in *Universal v. Corley*,³⁴ in deciding whether DVD-decryptive software known as "deCSS" violated the anti-circumvention and anti-trafficking provisions of the DMCA, the Second Circuit declined to consider the non-infringing use of deCSS that might be made by downstream Linux users who wished to play DVDs on their Linux machines. On the other hand, the court displayed far greater interest in illegal downstream use and freely expressed its fear of

30. 521 U.S. 844 (1997).

31. *Id.* at 870

32. Louis Brandeis & Samuel Warren, *The Right to Privacy*, 4 HARV. L. REV. 193, 205 (1890).

33. *See id.*

34. 273 F.3d 429, 442 (2d Cir. 2001).

completely hypothetical downstream acts of direct infringement.³⁵ The result: DMCA liability in the absence of actual infringement. By contrast, in *Chamberlain v. Skylink*,³⁶ a case involving garage door openers and universal remote controls that allegedly violated the DMCA, the Federal Circuit focused closely on the downstream homeowner, no more an actual party to the case than the downstream Linux user in *Corley*. The Result? No liability under the DMCA.

In *Davidson v. Jung*,³⁷ in deciding whether the defendants fell afoul of the DMCA by providing an alternative but unauthorized internet gaming environment on which popular Blizzard games could be played, the Eighth Circuit paid very close attention to hypothetical end-users who might use the alternative environment in order to play pirated games. The result went beyond *Corley* and ended in liability under the DMCA in the absence of infringement, despite the fact that the offending online environment could not be used in the creation of infringing copies of Blizzard games. The online environment only provided a “content-neutral” space in which lawful purchasers and infringers alike could play online, away from Blizzard’s watchful eyes and without performing the “secret handshake” required to play in Blizzard’s authorized online environment.³⁸

I have observed elsewhere the departure that decisions such as *Corley* and *Davidson* mark in restricting some people in the use of their own creations and others in the use of their purchases,³⁹ but the cases also have important implications for secondary liability, placing a burden on creators to control the behavior of end-users, and betraying real reluctance (or inability) to conceive of non-infringing uses in any serious way.⁴⁰ While the *Chamberlain*⁴¹ court was able to imagine such non-infringing uses, we must wonder whether that is simply because the homeowner that was locked out of her garage was so easy to see and so sympathetic as well. What of end-users who are less easy to imagine or

35. See *id.* at 452.

36. See 381 F.3d 1178 (Fed. Cir. 2004).

37. See 422 F.3d 630 (8th Cir. 2005).

38. *Id.*

39. Liam Séamus O'Melinn, *Software and Shovels: How the Intellectual Property Revolution is Undermining Traditional Concepts of Property*, 76 U. CIN. L. REV. 143, 174-75 (2007).

40. We need not explore the extent to which fair use might have constitutional protection, grounded on either the First Amendment or the Copyright Clause, because whatever validity a constitutional claim might have as to an application of the DMCA that impairs fair use of copyrighted materials, such matters are far beyond the scope of this lawsuit for several reasons. *Universal v. Corley*, 273 F.3d 429, 458-59 (2d Cir. 2001).

41. See *Chamberlain*, 381 F.3d at 1196.

less easy to sympathize with, even though their uses may be non-infringing and far from hypothetical? The law does not yet seem to have found a reliable place for them, or an opportunity to bring their non-infringing personalities to bear on problems that will undoubtedly affect them.

III. MAKING THE GOVERNMENT DO THE WORK: *U.S. v. CHALUPNIK*⁴²

It is worth mentioning a few points here whose full development lies outside the scope of this piece. The rise of secondary liability is part of a program that would assign a general duty of superintendency over the rights of intellectual property. It is but a small jump from such a general superintendency to mandatory contributions, and serious steps are being taken in that direction. They range from attempts to turn universities into guarantors of the content industries' business model to more direct law enforcement efforts. Thus universities have come under enormous pressure to curb downloading, to strike music rental deals that create a perpetual revenue stream for the music industry, and even to teach students the principles of copyright law (presumably as understood by RIAA/MPAA).

More ominously, the government is being made into an agency of the industries as the latest legislation shows rather clearly, and this is all of a piece with the spirit of secondary liability. The Prioritizing Resources and Organization for Intellectual Property Act provides that "the President shall appoint" an Intellectual Property Enforcement Coordinator.⁴³ The act also provides for the forfeiture of property used or "intended to be used" in the commission of prohibited acts.⁴⁴ Where this might lead is uncertain, but the goal is clear. As Rep. Zoe Lofgren observed in opposing the measure, the intent is to attack the internet., and if downloaders are not discouraged by the staggering statutory damages that they already face under the law, then perhaps the loss of their (or their parents') computers will stop them and deter their friends.⁴⁵ If not, perhaps the loss of their houses will suffice. Although that seems a fanciful fear, the new law specifies that forfeiture procedures are to be governed by the standards set by the Drug Abuse

42. 514 F.3d 748 (8th Cir. 2008).

43. H. R. 4279, Title III(A) §301(b), 110th Cong. (2007).

44. See generally *id.*

45. See *supra* note 1.

Prevention and Control Act, which does call to mind some draconian forfeitures.⁴⁶

The transfer of enforcement duties to the government was already underway before the bill was passed. An otherwise mysterious Eighth Circuit case decided early in 2008, *U.S. v. Chalupnik*,⁴⁷ shows this nicely, and it illustrates another link in the chain that includes secondary liability. Chalupnik worked as a janitorial supervisor for the U.S. Postal Service and over several years he collected CDs that had been marked for disposal, apparently pursuant to a contract that the Post Office had with music companies, “to gather and discard undeliverable discs, as it was less costly for BMG to produce replacement discs than to pay for the return and restocking of undeliverable discs.”⁴⁸ It is not entirely clear from the facts whether the Postal Service was simply supposed to throw the disks out, or to oversee their destruction. For some reason the Postal Service began to monitor Chalupnik, and he was discovered to have 3,580 CDs and 125 DVDs in his possession. He admitted to having sold CDs and DVDs, which would otherwise have been disposed of, to music stores for a total of \$78,818.⁴⁹

There was no evidence that BMG held copyrights in any of the disks.⁵⁰ Pursuant to a plea agreement, Chalupnik pleaded guilty to *criminal copyright infringement*, and the District Court ordered him to repay \$78,818 in restitution to BMG.⁵¹ On appeal, the Eighth Circuit held that BMG qualified as a victim under the Mandatory Victims Restitution Act (MVRA), but it vacated the restitution award on the ground that the government had not proved any actual loss suffered by BMG and remanded for proof of loss.⁵²

The split decision affirming conviction but vacating and remanding for resentencing indicates that the court was acting fairly, but the reasoning in the case is nonetheless alarming. The initial charge against Chalupnik appears to have been felony mail theft; the District Court characterized his actions as the conversion of BMG’s property held by

46. The forfeiture of property under paragraph 1, including any seizure and disposition of the property and any related judicial or administrative proceeding, shall be governed by the procedures set forth in section 413 of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (21 U.S.C. 853), other than subsection (d) of that section. 76 PATENT, COPYRIGHT, AND TRADEMARK J. 776, 779 (Oct. 3, 2008).

47. 514 F.3d 748 (8th Cir. 2008).

48. *Id.* at 750.

49. *Id.* at 751.

50. *Id.*

51. *Id.* at 750.

52. *Id.* at 755.

the Postal Service as a bailee (of property headed for the dumpster), and it was this that led the Eighth Circuit to conclude that BMG was damaged in the manner contemplated by the MVRA.⁵³ As the court noted, however, BMG could not itself have sued Chalupnik for copyright infringement.⁵⁴

Chalupnik introduced some interesting propositions, perhaps the most interesting being the *government's* argument on appeal "that BMG should receive restitution on behalf of the unidentified copyright owners who would have been paid royalties had BMG sold the purloined discs."⁵⁵ The court rejected the argument⁵⁶, but that result affects only the amount of the relief, if any, and not whether BMG was properly considered a victim under the MVRA. Functionally speaking, the government prosecuted a copyright infringement case on behalf of BMG, which BMG itself would not have had standing to bring as a civil infringement claim. At least secondary liability has a name and an intelligible basis, and although the principle underlying the *Chalupnik* case seems a bizarre extension of secondary liability, it is difficult to know what to call it or how to justify it.

Chalupnik fits into the overall picture of which secondary liability is just one part. Even in the absence of a principle by which to explain the case, the recent extension of the duties of government in the copyright arena sounds a warning. *Chalupnik* pairs with the general secondary liability issue in a way that shows that the law of copyright has become dangerously overbroad. Secondary liability provides for liability for the acts of others, the DMCA permits liability for hypothetical infringing acts of others, and *Chalupnik* allows both for liability for the unauthorized sale of copyrighted materials earmarked for disposal, as well as recovery by the government on behalf of a party who does not hold any of the copyrights.

IV. A SOLUTION: THE SPIRIT OF *SONY* AND OVERBREADTH JURISPRUDENCE

By virtue of the statement that it silently makes about social relationships and obligations, the rationale that supports the extension of vicarious liability also helps to supply the basis on which it might be reigned in. A comparison with First Amendment jurisprudence is

53. *Id.* at 753-54.

54. *Id.* at 753.

55. *Id.* at 755.

56. *Id.*

instructive because it highlights the inconsistencies mentioned earlier and it suggests a model that would help to address the problems presented by the rise of secondary liability. The point here is not to chide intellectual property law for failing to worship at the First Amendment shrine, nor to have the First Amendment reign supreme over copyright, but to recognize the public character of the secondary liability crisis via the adoption of relevant First Amendment precepts.

Although the law says that copyright and the First Amendment work in *pari materia*, that is not always so.⁵⁷ In many respects copyright is not currently the engine of First Amendment free expression, yet they can and should be made compatible. Copyright law need not be subordinated to the First Amendment, but it might borrow some useful doctrines in the way that it has borrowed from patent law. The various theories under which secondary liability are prosecuted operate on a view of society, as noted above, in which producers deliver content to consumers, who are in turn obligated to tend to the producers' property. The theories thus quietly and perhaps even unwittingly outline a desired state of social relations in a way that is not readily acknowledged by the law of intellectual property, a way that recognizes copyright as public rather than private law, and they thus invite reconsideration of the social relations that ought to underlie the law. This is something that the First Amendment is actually good at, for it often forces us to look beyond the possibly narrow interests of the parties immediately before the court and toward a broader social interest.

I have noted elsewhere that despite the importation of the First Amendment into the laws governing computer code, the results fall far short of upholding First Amendment values.⁵⁸ In *Corley* the introduction of the First Amendment led to what I call "overbreadth in reverse,"⁵⁹ according to which the court condoned the suppression of actual and legitimate speech in order to prohibit largely hypothetical infringement. Whether it is legitimate for copyright law to attempt to prevent infringement by addressing it before it occurs, the Second Circuit's reasoning was clearly inconsistent with a First Amendment overbreadth approach.

57. See, e.g., Malla Pollack, *The Democratic Public Domain: Reconnecting the Modern First Amendment and the Original Progress Clause (a.k.a. Copyright and Patent Clause)* 157 (Bepress Legal Series, Working Paper, March 1, 2004), available at <http://law.bepress.com/expresso/eps/157>.

58. See Liam Séamus O'Melinn, *The New Software Jurisprudence and the Faltering First Amendment*, 6 VAND. J. ENT. L. & PRAC. 310 (2004).

59. *Id.* at 327.

If we move beyond *Corley* and into the world of file sharing of a more conventional kind we find a similar problem. There is tremendous pressure to impose a burden on the developers of p2p programs to find effective means to guard against third-party infringement. In the world of the First Amendment, as the Supreme Court pointed out in *Reno v. ACLU*⁶⁰, such burdens are strongly disapproved. They should be resisted still more resolutely in the murky area of secondary liability.

There are two reasons to think that reasoning in the style of the First Amendment should prove persuasive here. The first is that computer code has been declared to be protected by the First Amendment, and it is therefore reasonable to think that the First Amendment should thus actually affect outcomes.⁶¹ Additionally, as suggested above, the invitation to reassess the role of intellectual property in its broader social setting by spreading liability widely has come from the industries, and the very issues that they have raised thus lead naturally toward such a reexamination. The results of the reexamination may not be precisely what they seek, but they have invited the inquiry.

The suggested inquiry proceeds along something like First Amendment overbreadth lines, which would allow a court to take account of the interests of parties beyond the case. This is a standard feature of First Amendment overbreadth jurisprudence, and the circumstances surrounding secondary liability cases present just as broad a set of social issues as do traditional First Amendment cases. Indeed, by their very nature secondary liability theories demand that we take some account of people who are not parties to the case, and it would make sense to do so in a systematic fashion. Procedural safeguards might include evidentiary hearings intended to answer questions regarding the nature of "end-user" behavior in order to come to reasoned conclusions on such issues as substantial non-infringing uses, or to consider whether the outcome of the case is likely to affect legitimate use of a kind that is either not obvious to the parties or simply unimportant to them, such as non-infringing uses of p2p software.

Moreover, the suggestion is not fanciful, because it calls simply for a more systematic application of the spirit of *Sony*, which proceeds on grounds very similar to overbreadth. Some infringement is to be allowed in order to preserve the rights of non-infringers who are not

60. 521 U.S. 844 (1997).

61. *U.S. v. Elcom Ltd.*, 203 F. Supp. 2d 1111, 1126-27 (N.D. Cal. 2002).

parties to the case.⁶² What this means in general terms is a heightened level of scrutiny for cases with broad social implications; in this regard the issue of secondary liability actually goes well beyond the First Amendment, for although it often implicates traditional First Amendment expression, it also affects various kinds of behavior that must be protected in a free society, such as playing games, listening to music, and watching movies. In cases of secondary liability it has been too easy to assume that the excluded downstream user is a direct infringer, but the assumption is becoming ever more questionable as uses and users have multiplied, and as theories of direct infringement themselves have expanded in a dubious fashion.

In particular, given that the music and movie industries wish to assert a direct moral equivalence between downloading and car theft, it is a fair question to ask how the law-abiding homeowner views the issue, and how she acts upon it as well. The image of the teenage pirate has been allowed to dominate the intellectual property debates, with predictable results. The results may be quite different if the image changes to the person who ordinarily respects property rights. Our approach to secondary liability has, as yet, no well-defined place for that person. But it should.

In *Eldred v. Ashcroft*⁶³ the Supreme Court indicated that constitutional review of copyright law might call for a heightened level of First Amendment scrutiny in the event of a departure from the traditional contours of copyright law. The current departure, in which secondary liability plays an important part, is far more than a departure from copyright principles: It has informed patent and trademark law as well. It has used the language and theory of conventional rights in a manner that is inconsistent with the departure that we have seen, and it now calls for a redistribution of rights in a way that threatens to make property rights meaningless.⁶⁴

The threats need not be realized, and the implementation of legal standards that recognize the nature of the problem that lies at the heart of secondary liability will help to ensure that they are not.

CONCLUSION: THE INSTABILITY OF INTELLECTUAL PROPERTY

If there were no other reason to resist the theories of secondary liability, the instability of intellectual property would provide sufficient

62. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 499 (1984).

63. 537 U.S. 186, 221 (2003).

64. *See generally*, O'Melinn, *supra* note 39.

cause. Intellectual property is inherently unstable, because the “products” governed by the law of intellectual property are meant to be shared. On what terms and at what price are the questions. Intellectual property is becoming even more unstable now that copying and transmission are becoming cheaper and easier than ever to accomplish.

Why be so attentive to the protection of property that is so unstable? We live under a myth made famous by John Locke that is now used to justify property as an individual entitlement, and while the myth has real virtues it also has some vices. Specifically, it tempts us to forget that property has traditionally received protection under the law in part because it is stable. Historically, real property has been regarded as most stable, and its holders have enjoyed commensurate social and legal status. Real property did not go anywhere, and it could thus be counted on by government.

To treat property that goes everywhere, and that is meant to go everywhere, in a similar fashion is to invite grave difficulties. To do so requires serious departures from traditional legal and social principles, yet departures that must be made silently lest the differences between real property and intellectual property become obvious. The rise of secondary liability is indicative of such changes, and as long as the law dedicates itself single-mindedly to the protection of unstable property, we can expect development to continue along its present course. Fortunately, there are signs that the principles that underlie secondary liability are being challenged. In order for the challenge to be effective, it will be important to recognize the premises of secondary liability more forthrightly, to understand the general picture of which secondary liability is simply one part, and to fashion a legal answer that provides a greater measure of consistency to the law.

