
CONSTITUTIONAL LAW — COPYRIGHT CLAUSE — SECOND CIRCUIT UPHOLDS PERPETUAL ANTI-BOOTLEGGING PROTECTION AGAINST COPYRIGHT CLAUSE CHALLENGE. — *United States v. Martignon*, 492 F.3d 140 (2d Cir. 2007).

As constitutional challenges to copyright laws struggle through adolescence,¹ courts have begun to gauge the external force of the Copyright Clause's limits² on Congress's other enumerated powers.³ Recently, in *United States v. Martignon*,⁴ the Second Circuit considered whether Congress could enact under the Commerce Clause a criminal anti-bootlegging statute that was concededly inconsistent with the Copyright Clause's limited duration requirement. The court held that the statute was not subject to Copyright Clause scrutiny because it did not allocate property rights in expression.⁵ In fact, however, the statute did provide property rights in the form of a right to authorize recordings, and so the court missed an opportunity to develop a framework for the Copyright Clause's application. Copyright Clause limits should apply to any law that allocates exclusive rights in expression in order to create market incentives to produce such expression. Because the anti-bootlegging statute was such a law, the court should have struck it down.

In September 2003, law enforcement agents arrested Jean Martignon for selling unauthorized recordings of live performances from his New York City store, through a catalog, and over the Internet.⁶ After his arrest, Martignon was indicted under 18 U.S.C. § 2319A,⁷ which prohibits the fixation of “sounds or sounds and images of a live musical performance in a copy or phonorecord,” or the distribution of such recordings, “without the consent of the performer.”⁸

¹ In the first major constitutional challenge of the twentieth century, *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991), the Supreme Court held that a telephone directory did not qualify for copyright protection, *see id.* at 363. Recent constitutional challenges have fared less well, *see, e.g.*, *Eldred v. Ashcroft*, 537 U.S. 186 (2003) (rejecting challenge to copyright term extension), with at least one notable exception, *see Golan v. Gonzales*, 501 F.3d 1179 (10th Cir. 2007) (overturning copyright legislation on First Amendment grounds).

² The Copyright Clause empowers Congress “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” U.S. CONST. art. I, § 8, cl. 8. The Supreme Court has explained that this clause imposes requirements of originality, *Feist*, 499 U.S. at 346, and limited duration, *Eldred*, 537 U.S. at 204.

³ *See, e.g.*, *United States v. Moghadam*, 175 F.3d 1269 (11th Cir. 1999) (evaluating Copyright Clause limits on civil anti-bootlegging statute).

⁴ 492 F.3d 140 (2d Cir. 2007).

⁵ *Id.* at 152.

⁶ *United States v. Martignon*, 346 F. Supp. 2d 413, 417 (S.D.N.Y. 2004).

⁷ *Id.*

⁸ 18 U.S.C. § 2319A(a) (2000).

In the U.S. District Court for the Southern District of New York, Martignon moved to dismiss the indictment, arguing that § 2319A's perpetual protection of live recordings exceeded Congress's Copyright Clause power to "secur[e] for *limited Times* to Authors . . . the exclusive Right to their . . . Writings."⁹ The government conceded that Congress could not enact perpetual copyright protection under the Copyright Clause¹⁰ but argued that the statute was within Congress's commerce power.¹¹ The court, however, interpreted *Railway Labor Executives' Ass'n v. Gibbons*¹² to preclude Congress from enacting indirectly under one constitutional provision what was directly prohibited by another.¹³ Holding that § 2319A's perpetual protection was inconsistent with the Copyright Clause's "limited Times" provision, the court dismissed the indictment.¹⁴

The Second Circuit vacated and remanded.¹⁵ Writing for a unanimous panel, Judge Pooler¹⁶ explained that under the *Trade-Mark Cases*¹⁷ and *Heart of Atlanta Motel, Inc. v. United States*,¹⁸ one constitutional provision's failure to empower Congress does not foreclose appeal to another.¹⁹ Contrary to the district court's interpretation, *Gibbons* held not that limits on one enumerated power apply externally to all others, but merely that Congress cannot escape the uniformity requirement of the Bankruptcy Clause by enacting bankruptcy laws under the Commerce Clause.²⁰ Although § 2319A was "copyright-like,"²¹ it would be subject to Copyright Clause scrutiny only if it were "a copyright law in the sense that [the law in *Gibbons*] was a bankruptcy law."²²

⁹ U.S. CONST. art. I, § 8, cl. 8 (emphasis added); see *Martignon*, 346 F. Supp. 2d at 416–17. Martignon also argued that the statute violated principles of free speech and federalism, *id.* at 417, but the court did not reach these arguments.

¹⁰ See *Martignon*, 346 F. Supp. 2d at 422–23.

¹¹ See *id.* at 425 nn.14–15, 426 n.17, 428 n.19.

¹² 455 U.S. 457 (1982).

¹³ *Martignon*, 346 F. Supp. 2d at 425–26.

¹⁴ *Id.* at 429.

¹⁵ *Martignon*, 492 F.3d at 153. The court remanded for consideration of whether the anti-bootlegging statute violates the First Amendment. *Id.*

¹⁶ Judge Sack and District Judge Garaufis joined Judge Pooler's opinion.

¹⁷ 100 U.S. 82 (1879).

¹⁸ 379 U.S. 241 (1964).

¹⁹ See *Martignon*, 492 F.3d at 146–47.

²⁰ See *id.* at 149.

²¹ *Id.* at 144 (emphasis added) (quoting *Martignon*, 346 F. Supp. 2d 413, 425 (S.D.N.Y. 2004)) (internal quotation mark omitted); see also David Patton, *The Correct-Like Decision in United States v. Martignon*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1287, 1287 (2006) (summarizing criticism of the term "copyright-like").

²² *Martignon*, 492 F.3d at 149.

The court cited text and history to explain that any copyright law must “allocate property rights in expression.”²³ The Copyright Clause “empowers Congress to ‘secur[e] . . . Right[s],’”²⁴ and all early copyright laws “allocate[d] property rights in expression.”²⁵ But, according to the court, the anti-bootlegging statute was different: “[It] does not create and bestow property rights upon authors or inventors Rather than creating a right in the performer him- or herself, it creates a power in the government to protect the interest of performers from commercial predations.”²⁶ Because § 2319A empowered the government rather than private performers, it did not allocate property rights and was therefore not subject to Copyright Clause scrutiny.²⁷

The court noted in dictum that § 2319A might be read to provide at least one exclusive right — the right to authorize recordings of performances.²⁸ To determine whether this brought § 2319A within the ambit of the Copyright Clause, the court compared § 2319A with the Copyright Act,²⁹ the quintessential source of copyright law. The court explained that the Act grants copyright holders many different rights,³⁰ whereas § 2319A creates at most a “very limited right” to authorize recordings.³¹ Because it “differs significantly from the Copyright Act,” the court concluded that § 2319A was not subject to Copyright Clause scrutiny.³²

The Second Circuit properly identified the allocation of exclusive rights in expression as a sine qua non of copyright law, but it failed to recognize that the “very limited right” to authorize recordings was nonetheless a very real exclusive entitlement. Comparing the statute to the Copyright Act was a misstep. The Act proves nothing about whether a law falls within a constitutional provision nearly two centuries its senior. Had the court appreciated the exclusive rights created by § 2319A, it would have had to address the question of the Copyright Clause’s application. An analysis of the clause’s text and history, and of exclusive rights regimes to which the clause does not apply, reveals that a law should be subject to Copyright Clause scrutiny when it allocates exclusive rights in expression for the purpose of creating market incentives to produce expression. Because § 2319A is such a

²³ *Id.* at 150 & n.6.

²⁴ *Id.* at 150 (alterations and omission in original) (quoting U.S. CONST. art. I, § 8, cl. 8).

²⁵ *Id.*

²⁶ *Id.* at 151.

²⁷ *Id.* at 151–52.

²⁸ *Id.* at 151.

²⁹ Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified as amended at 17 U.S.C. §§ 101–810 (2000 & Supp. IV 2004)).

³⁰ *Martignon*, 492 F.3d at 151.

³¹ *Id.* at 152.

³² *Id.*

law, it should have been struck down as unconstitutional for violating the Copyright Clause's limited times provision.

Section 2319A prohibits *unauthorized* recording. It thus gives performers the exclusive right to decide who may record their performances, and it thereby creates a classic property rule: those who wish to record must pay for permission at a price agreed to by the performer.³³ That the performer's right is backed by criminal sanctions rather than by civil judgments is immaterial, despite the court's contrary holding.³⁴ Under § 2319A, it is up to the performer to determine who is the criminal, and who the licensee.

The court dismissed this argument by contrasting the rights conferred by § 2319A with the rights copyright holders enjoy under the Copyright Act. But such a comparison is a deeply flawed interpretive method: Congress's enumerated powers are not circumscribed by previous exercises thereof. And even if the method were sound, the court's application was not. The court explained that the Act provides six exclusive rights, whereas § 2319A provides only one.³⁵ But *sound recordings* — the targets of § 2319A — are not protected by all six of the Act's exclusive rights. Public performance and public display rights do not apply to sound recordings,³⁶ and compulsory licensing limits a copyright holder's exclusive right to produce derivative works by allowing anyone to "cover" an existing recording.³⁷ Owners of copyrights in sound recordings fully enjoy only *three* of the six exclusive rights listed by the court: distribution, reproduction, and transmission. Despite the court's suggestion to the contrary, § 2319A provides all three of these rights.³⁸ Furthermore, because § 2319A's protection is perpetual, and because the statute provides a broader exclusive transmission right than the Copyright Act does,³⁹ § 2319A's protection of sound recordings is arguably *stronger* than the Act's. Thus, even if one were to apply the court's flawed method of Copyright Clause interpretation, § 2319A would be subject to the clause's limits.

³³ See Guido Calabresi & A. Douglas Melamed, *Property Rules, Liability Rules, and Inalienability: One View of the Cathedral*, 85 HARV. L. REV. 1089, 1092 (1972).

³⁴ See *Martignon*, 492 F.3d at 151.

³⁵ See *id.*

³⁶ Henry H. Perritt, Jr., *New Architectures for Music: Law Should Get out of the Way*, 29 HASTINGS COMM. & ENT. L.J. 259, 276 (2007).

³⁷ See Theresa M. Bevilacqua, Note, *Time to Say Good-Bye to Madonna's American Pie: Why Mechanical Compulsory Licensing Should Be Put to Rest*, 19 CARDOZO ARTS & ENT. L.J. 285, 286 (2001).

³⁸ The statute includes penalties for unauthorized distribution, 18 U.S.C. § 2319A(a)(3) (2000), reproduction, *id.* § 2319A(a)(1), and transmission, *id.* § 2319A(a)(2).

³⁹ Only *digital* transmissions are protected by the Act, see 17 U.S.C. § 106(6) (2000), whereas § 2319A protects specified materials from any unauthorized public transmission or communication, see 18 U.S.C. § 2319A(a)(2).

Had the Second Circuit recognized that § 2319A allocates exclusive rights in expression, it would have been forced to determine whether the Copyright Clause's limits foreclose appeal to the commerce power. In making this determination, an analysis of other exclusive rights in expression and of the clause's text and history is instructive.

Trademark law is one example of an exclusive rights regime to which Copyright Clause limits do not apply. In the *Trade-Mark Cases*, the Supreme Court held that then-recent trademark legislation was unconstitutional because it did not satisfy the Copyright Clause's originality requirement.⁴⁰ But the Court suggested that the originality requirement did not preclude Congress from enacting the law under its Commerce Clause power.⁴¹ Similarly, rights in private information are not typically subject to Copyright Clause limits. For example, the Video Privacy Protection Act⁴² gives those who rent videos the exclusive right to authorize access to their video rental records. The Act secures a classic property entitlement in that those who desire access must pay for permission. But the Act seems completely outside of the Copyright Clause's goal of promoting progress by granting rights to "Authors" of "Writings," whereas the anti-bootlegging statute is a closer call.⁴³

The trademark and video privacy examples suggest that Congress can create some exclusive rights regimes without running afoul of Copyright Clause limits. But what distinguishes trademark and video privacy law from copyright law is less than clear. Professor Yochai Benkler suggests that the *function* of an exclusive rights regime is determinative: laws are subject to the Copyright Clause when they are "market-creating" rather than "market-regulating."⁴⁴ Copyright law is market-creating in that it is "constitutive of the properties of the goods sold in the market."⁴⁵ In other words, by securing excludability where it did not exist before, copyright makes markets in expressive works possible. Market-regulating laws, by contrast, "constrain behavior in a market for goods whose excludability is already defined by other rules — namely, property rights."⁴⁶

⁴⁰ 100 U.S. 82, 94 (1879).

⁴¹ See *Martignon*, 492 F.3d at 146 (citing *Trade-Mark Cases*, 100 U.S. at 97–98).

⁴² 18 U.S.C. § 2710 (2000).

⁴³ That § 2319A's civil companion was also struck down as inconsistent with the Copyright Clause reveals just how close a call it is, though this decision too was later vacated, after the United States intervened. See *KISS Catalog v. Passport Int'l Prods.*, 350 F. Supp. 2d 823 (C.D. Cal. 2004) (invalidating 17 U.S.C. § 1101(a) (2000)), *vacated*, 405 F. Supp. 2d 1169 (C.D. Cal. 2005).

⁴⁴ Yochai Benkler, *Constitutional Bounds of Database Protection: The Role of Judicial Review in the Creation and Definition of Private Rights in Information*, 15 BERKELEY TECH. L.J. 535, 578 (2000).

⁴⁵ *Id.*

⁴⁶ *Id.*

Professor Benkler's market-creating/market-regulating distinction is useful but insufficient.⁴⁷ First, the distinction is hard to square with trademark law, since it is not altogether clear that excludability in trademark exists prior to trademark protection. Without trademark protection, nothing would prevent a rival sneaker designer from putting the Nike "swoosh" on its products. Under Professor Benkler's test, it is hard to see how trademark law could escape Copyright Clause scrutiny, despite the *Trade-Mark Cases*. Second, because the distinction between market regulation and market creation turns on whether excludability exists prior to the law in question, Professor Benkler's test is indistinguishable from *Martignon's* "allocation" test. Under either test, a law must allocate exclusive rights in expression — as compared to regulating preexisting rights in expression — to be subject to Copyright Clause limits. But allocation is merely a necessary condition.⁴⁸ Neither "allocation" nor "market creation" can distinguish trademark and privacy from copyright law, and thus neither can determine whether § 2319A is subject to Copyright Clause scrutiny.

A careful reading of the text and history of the Copyright Clause, however, reveals that market creation is not only the *function* of copyright laws but also their *purpose*. The Copyright Clause is unique among the enumerated powers of Article I, Section 8, in that its purpose is contained within its text: "To promote the Progress of Science and useful Arts."⁴⁹ Despite a rich theoretical tradition of moral claims to copyright,⁵⁰ scholars largely agree that the Founders intended to empower Congress to secure exclusive rights in expression in order to create a market and incentives to produce.⁵¹

While the records of the Constitutional Convention provide little guidance as to the original understanding of the Copyright Clause,⁵² there is evidence elsewhere that the Founders had incentives arguments in mind. For example, in 1788, James Madison asked Thomas

⁴⁷ Professor Benkler concedes that his categories are "provisional working definitions" whose "borders are permeable." *Id.*

⁴⁸ See *Martignon*, 492 F.3d at 150–51.

⁴⁹ Cf. Kevin A. Goldman, Comment, *Limited Times: Rethinking the Bounds of Copyright Protection*, 154 U. PA. L. REV. 705, 740 (2006) ("[T]he 'limited Times' constraint should be interpreted in a manner subservient to the Promote Progress Clause.").

⁵⁰ See, e.g., William Fisher, *Theories of Intellectual Property*, in *NEW ESSAYS IN THE LEGAL AND POLITICAL THEORY OF PROPERTY* 168 (Stephen R. Munzer ed., 2001) (describing labor- and personality-based theories of copyright); Steven J. Horowitz, *Rethinking Lockean Copyright and Fair Use*, 10 DEAKIN L. REV. 209 (2005) (providing a labor-based account).

⁵¹ See, e.g., Adam Mossoff, *Who Cares What Thomas Jefferson Thought About Patents?: Re-evaluating the Patent "Privilege" in Historical Context*, 92 CORNELL L. REV. 953, 963–64 (2007) (noting the conventional wisdom that Congress's constitutional power to create intellectual property law rests on economic grounds).

⁵² Paul M. Schwartz & William Michael Treanor, *Eldred and Lochner: Copyright Term Extension and Intellectual Property as Constitutional Property*, 112 YALE L.J. 2331, 2375 (2003).

Jefferson, “[I]s it clear that as encouragements to literary works and ingenious discoveries, [monopolies] are not too valuable to be wholly renounced?”⁵³ Some years later, Jefferson argued that “[s]ociety may give an exclusive right to the profits arising from [inventions and ideas], as an encouragement to men to pursue ideas which may produce utility.”⁵⁴ Together with the text of the Copyright Clause, these sources suggest that a law must allocate property rights in expression for the purpose of creating market incentives in order to be subject to that clause’s limits.

A purpose-based test for Copyright Clause application can help make sense of the trademark and video privacy law examples. Both, as a functional matter, create the possibility for markets, but neither can claim market-creation as its purpose. Trademark aims to encourage firms to produce goods of consistent quality and to reduce costs for consumers seeking goods of consistent quality: when a given mark can be associated with only one producer, consumers know that today’s Tide detergent is of roughly the same quality as yesterday’s.⁵⁵ Similarly, the Video Privacy Protection Act, which was passed in the wake of the release of Judge Bork’s video rental records during his Supreme Court confirmation hearings, aimed not to create a market in private information but to protect an interest in dignity.⁵⁶ Because neither trademark nor video privacy law aims to create a market in expression, neither should be subject to Copyright Clause limits.

There is ample evidence that § 2319A, unlike trademark or video privacy law, was intended to create economic incentives. The statute invites impact statements from bootlegging victims, including information about “the estimated economic impact of the offense.”⁵⁷ And despite the court’s suggestion,⁵⁸ licensees are protected, too: impact statements may be submitted by “producers and sellers of *legitimate* works,”⁵⁹ where “legitimate” must mean “authorized” recordings.

The context of the statute’s enactment provides further support for this interpretation of Congress’s intent. The criminal anti-bootlegging

⁵³ Letter from James Madison to Thomas Jefferson (Oct. 17, 1788), in JAMES MADISON: WRITINGS 418, 423 (Jack N. Rakove ed., 1999); see also THE FEDERALIST NO. 43, at 271 (James Madison) (Clinton Rossiter ed., 1961) (“[T]he utility of this [Copyright Clause] power will scarcely be questioned.”).

⁵⁴ Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), in 13 THE WRITINGS OF THOMAS JEFFERSON 326, 334 (Andrew A. Lipscomb ed., 1905).

⁵⁵ See William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 268–70 (1987).

⁵⁶ See James Q. Whitman, *The Two Western Cultures of Privacy: Dignity Versus Liberty*, 113 YALE L.J. 1151, 1202 (2004).

⁵⁷ 18 U.S.C. § 2319A(d) (2000).

⁵⁸ See *Martignon*, 492 F.3d at 151 (“[T]he Copyright Act, but not Section 2319A, gives the author of a work the right to transfer his rights in the work to another person or entity.”).

⁵⁹ 18 U.S.C. § 2319A(d)(2)(A) (emphasis added).

statute and its civil companion⁶⁰ grew out of the Uruguay Round, in which 111 nations met to negotiate intellectual property law protections.⁶¹ The Uruguay Round produced the Agreement on Trade-Related Aspects of Intellectual Property Rights⁶² (TRIPs), under which signatories agreed inter alia to protect performers against bootlegging.⁶³ Congress made TRIPs into law by enacting the Uruguay Round Agreements Act,⁶⁴ which included both § 2319A⁶⁵ and its civil companion.⁶⁶

By providing exclusive rights to record, the statute encourages performers to produce (or sell the right to produce) and sell live recordings, and it also encourages performers to perform without worrying about bootlegged recordings' displacing the preexisting markets for performers' studio recordings. Because these market-creating purposes underlie § 2319A, the statute is subject to Copyright Clause limits. And because the statute provides perpetual protection, the statute violates that clause's limited times requirement. Section 2319A should have been struck down as unconstitutional.⁶⁷

The Second Circuit avoided the thorny task of Copyright Clause interpretation by ignoring the exclusive rights granted by the anti-bootlegging statute and focusing instead on its criminal character. Had the court candidly acknowledged the exclusive right to authorize recordings, it would have had to examine the text and history of the Copyright Clause. Such an analysis compels the conclusion that laws become subject to the Copyright Clause's limits when they create property rights in expression in order to create a market for the expression. Because § 2319A aims at market creation, its perpetual protection of expression violates the Copyright Clause's limited times provision and cannot be saved by the Commerce Clause. Congress may not dodge constitutional requirements by creative citation.

⁶⁰ See 17 U.S.C. § 1101(a) (2000).

⁶¹ See *United States v. Martignon*, 346 F. Supp. 2d 413, 418 (S.D.N.Y. 2004).

⁶² Apr. 15, 1994, 33 I.L.M. 81.

⁶³ *Id.* art. 14, 33 I.L.M. at 88.

⁶⁴ Pub. L. No. 103-465, 108 Stat. 4809 (1994).

⁶⁵ *Id.* § 513(a), 108 Stat. at 4974-76.

⁶⁶ *Id.* § 512(a), 108 Stat. at 4974.

⁶⁷ *But see* Caroline T. Nguyen, Note, *Expansive Copyright Protection for All Time?: Avoiding Article I Horizontal Limitations Through the Treaty Power*, 106 COLUM. L. REV. 1079 (2006) (arguing that Congress can avoid Copyright Clause limitations by appealing to its treaty power).