No. 10-545

In The
Supreme Court of the United States

LAWRENCE GOLAN, ESTATE OF RICHARD KAPP, S.A. PUBLISHING CO., INC. d/b/a ESS.A.Y. RECORDINGS, SYMPHONY OF THE CANYONS, RON HALL d/b/a FESTIVAL FILMS, and JOHN MCDONOUGH d/b/a TIMELESS VIDEO ALTERNATIVES INTERNATIONAL,

Petitioners,

v.

ERIC H. HOLDER, JR., in his Official Capacity as Attorney General of the United States, and MARIA PALLANTE, in her Official Capacity as Acting Register of Copyrights,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Tenth Circuit

REPLY TO BRIEF IN OPPOSITION

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The Government's brief underscores the need for review here. The Government does not dispute core speech rights are at stake, decades of reliance and settled business expectations have been upended, or the new uncertainty that has been created about what were once clear and settled boundaries of copyright law. Instead, the Government focuses almost entirely on merits questions. Its extensive discussion of these questions, attempts to minimize Petitioners' speech rights, and demand for broad latitude to sell off the Public Domain highlight the importance of the questions presented here and the need for this Court to address them.

The Government cannot avoid the fact Section 514 did something unprecedented in the history of American intellectual property law and constitutionally profound: In taking thousands upon thousands of works out of the Public Domain and placing them under copyright protection, Section 514 took speech and expression rights that once belonged to Petitioners and the American public and placed them under the control of private foreign owners. The question here is whether that unprecedented transfer of speech rights is constitutional. That is a question this Court has never addressed, and one it should decide now.

I. This Case Raises Issues Of Exceptional Public Importance, Which This Court Should Decide Now

The Public Domain has long marked a clear boundary. Once a work entered the Public Domain, it remained there, free for all to use, perform, adapt and distribute. *See* Pet. 11-14; *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 153 (1989) (recognizing the constitutional and statutory policy "of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain"). This boundary protects fundamental speech and expression rights because the right to perform, publish and distribute creative works are core First Amendment freedoms. *See* Pet. 16. It advances fundamental goals of the Progress Clause and the Copyright Act because it guarantees new authors will be free to create new expression by using old works as the building blocks of future creativity. *See* Pet. 17. And it protects reliance interests, because those who invest time and money in locating, preserving and distributing Public Domain works do so on the expectation their investment will not be expropriated arbitrarily. *See* Pet. 18. If the Government is free to remove material from the Public Domain at will, then all of these critical protections are in jeopardy. By erasing the clear boundary the Public Domain once marked, Section 514 interferes with Petitioners' core speech rights and these important public interests.

The Government does not dispute this. Instead, it contends Petitioners' speech interests are diminished because they assert only the right to make "other peoples' speeches." *See* Brief in Opposition ("BIO") at 18 and n.10. That is obviously not so. Petitioners, like all of us, were the owners of the common property that Section 514 removed from the Public Domain. "[T]he speech at issue here belonged to plaintiffs when it entered the public domain." Pet. App. 101. Section 514 took away Petitioners' ***vested speech rights***, not simply the right to make "other peoples' speeches." *See* Pet. App. 102. The fact Petitioners are not the original authors of the works they were once free to perform, publish and distribute does not diminish the strength of Petitioners' First Amendment interests. The right to perform Shakespeare is not diminished by the fact the words were written by somebody else, just as Disney's right to enforce its copyrights in the work of A. A. Milne is not diminished by the fact that work is not original to Disney. The right to perform, publish, and distribute creative works are core First Amendment freedoms regardless of authorship. *See* Pet. 16-17. That is why the Tenth Circuit recognized Petitioners' speech claims fall "near the core" of the First Amendment. *See* Pet. App. 99.

The Government also contends the quantity of speech affected here is "small." BIO 18. Again, not so. The Copyright Office received nearly 50,000 Notices of Intent to Enforce restored copyrights,

many of which cover works of indisputable importance. *See* Pet. 3-5.

Section 514 destroyed important rights of speech and expression held by Petitioners and the public. The Government's refusal to acknowledge the importance of these rights highlights the need for review here.

II. The Tenth Circuit's Decision Conflicts With This Court's Prior Decisions, Which Demonstrate Congress Has No Power To Remove Material From The Public Domain To Create Private Economic Windfalls

A. Limited Times

The Progress Clause authorizes Congress to provide copyright protection only for "limited Times." U.S. Const., art. I, § 8, cl. 8; *Eldred v. Ashcroft*, 537 U.S. 186, 199 (2003). The purpose of this limitation is to ensure broad dissemination of works that are no longer under copyright protection and to "induce release to the public of the products of [an author's] creative genius." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984). Accordingly, this Court has recognized the Progress Clause does not allow Congress "to restrict free access to materials already available" in the Public Domain. *Graham v. John Deere Co.*, 383 U.S. 1, 5-6 (1966). Yet that is precisely what Section 514 does.

Relying on *Eldred*, the Government contends Section 514 meets the "limited Times" restriction

because restored copyrights will eventually expire. BIO 13-14. Not so. *Eldred* held Congress has the power to ***extend*** the term of ***existing*** copyrights. It did not hold Congress has the power to remove materials from the Public Domain and place them under copyright anew. That distinction is critical. The "limited Times" restriction must be read in conjunction with its purpose, which is to guarantee free access and wide dissemination of unprotected works. *See, e.g.*, *Sony*, 464 U.S. at 429; *Graham*, 383 U.S. at 5-6. Extending the term of existing copyrights will delay this dissemination, but does not destroy vested public speech rights or reliance interests. Removing material from the Public Domain does exactly that. It destroys the incentive to release, distribute and disseminate Public Domain works because it shows the investment and effort required to do so may be expropriated at any time. Copyright restoration therefore thwarts the purpose of the "limited Times" restriction in ways copyright extension does not.

The Government highlighted this distinction and the basis for it when it explained to this Court that "the public domain likely presented a 'bright line' because once 'something . . . has already gone into the public domain [] other individuals or companies or entities may have then acquired an interest in, or rights to be involved in disseminating [the work]." Pet. 21. This is the reason that ***restoration*** is different than ***extension***, and why the reliance interest is critical. Unlike the extension at issue in *Eldred*, Section 514 crosses the "bright line" the Government

identified and interferes with the specific reliance interest the Solicitor General referred to, because each Petitioner here relied on the Public Domain status of the works they performed, adapted or distributed. *See* Pet. App. 101.

The Government tries to walk away from the "bright line" it urged by suggesting it would apply only to works whose copyright had "expired." BIO n.6. Yet Section 514 applies on its face to many works whose copyright "expired" for lack of renewal. *See* 17 U.S.C. § 104(A)(h)(6)(C)(i). Moreover, the reliance interest underlying the "bright line" applies to any material in the Public Domain, no matter how it got there, or when. By drawing distinctions based on how material reached the Public Domain and when, Section 514 creates complexity, uncertainty and ambiguity where there was none. The Government also contends that restoring copyrights is in line with traditional practice. *See* BIO 13-14. In fact, the Tenth Circuit rejected that argument explicitly and held the "history of American copyright law reveals no tradition of copyrighting works in the public domain." Pet. 23; Pet. App. 93-98.

The Government's attempt to disavow the "bright line" it drew around the Public Domain, and the basis for drawing it, further highlights the need for review here.

B. Public Purpose

The Progress Clause empowers Congress to legislate for a specific and limited purpose: to "promote the Progress of Science and useful Arts." U.S. Const., art. I, § 8, cl. 8. Accordingly, this Court has recognized that Congress must exercise its Progress Clause power to serve public, not private interests. *See Sony*, 464 U.S. at 439 and n.10; *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932); *Graham*, 383 U.S. at 5-6. By restoring copyrights in foreign works created long ago, Section 514 creates nothing more than private economic windfalls for foreign authors, and potential windfalls for American authors. Pet. 24-28.

Relying again on *Eldred*, the Government contends Section 514 satisfies the public purpose limitation because Congress enacted Section 514 to participate in the Berne Convention and obtain the public benefits that follow from Berne participation. *See* BIO 16 (citing *Eldred*, 537 U.S. at 205-06). If that were the case, Section 514 might plausibly serve the public function the Progress Clause demands in the same manner *Eldred* identified. *See Eldred*, 537 U.S. at 205-06, 213. But that is not the case.

On remand, the District Court held the plain terms of Berne showed Congress did ***not*** need to enact Section 514 in its present form in order to comply with Berne. *See* Pet. App. 62. The Tenth Circuit left that holding undisturbed in its second panel decision.

The plain text of Berne demonstrates that Congress did not need to enact Section 514 in its present form in order to obtain any public benefits that Berne participation might create, and it could have complied with Berne while providing greater protection for Petitioners' speech interests. By allowing foreign authors to enforce rights that used to belong to the American public, Congress provided foreign authors with an economic windfall Berne does not require. Proponents of Section 514 may have believed that U.S. authors would eventually receive a similar windfall if foreign nations were to reciprocate by also providing protection for U.S. authors that is greater than Berne requires. In either case, Section 514 creates economic benefits for authors of works created long ago, who had no basis to expect this expanded protection. It therefore sacrifices public speech rights to create private economic benefits with no corresponding public benefit such as Berne participation or increasing the incentive to create new works of authorship.

The Government's insistence that the Progress Clause empowers Congress to give away the Public Domain to create private economic windfalls again highlights the need for review here.

C. Other Powers

In a footnote, the Government suggests that other enumerated powers may provide Congress with authority to enact Section 514 even if the Progress Clause does not. *See* BIO 17. Not so here. A general

grant of power to regulate, for example, foreign commerce, cannot free Congress from the specific limitations the Progress Clause imposes. *See, e.g.*, *Railway Labor Executives' Assoc. v. Gibbons*, 455 U.S. 457, 468-69 (1982) (Congress cannot avoid express limitation in Bankruptcy Clause by invoking Commerce Clause).

III. The Tenth Circuit's Decision Conflicts With This Court's Prior Decisions By Creating An Unprecedented Government Interest In Sacrificing Public Speech Rights To Create Private Economic Windfalls

The parties agreed and the Tenth Circuit held that Section 514 is a content-neutral regulation subject to intermediate scrutiny. *See* BIO 17. Originally, the Government contended Section 514 was justified by its interest in complying with Berne. *See* Pet. 29. But the plain terms of Berne demonstrate the opposite. *See id.* The District Court therefore held that Section 514 burdens substantially more speech than necessary to comply with the Berne Convention, because Berne permitted Congress to provide much greater protection for the speech interests of reliance parties. *See* Pet. 8; Pet. App. 62.

The Government does not argue that issue or dispute that holding here, and the Tenth Circuit left it undisturbed. Instead, the Tenth Circuit adopted the Government's position that foreign policy deference permits it to impose speech restrictions not required

by Berne, and that Section 514 was justified by the Government's asserted interest in protecting U.S. copyright owners abroad. *See* Pet. 30; Pet. App. 13-15. Neither is correct.

The Government's demand for deference to its predictive judgments in matters of foreign policy (*see* BIO 18) is misplaced. No such deference is due where, as here, the Government chooses to implement a treaty in a way that burdens more speech than necessary. *See, e.g.*, *Boos v. Barry*, 485 U.S. 312, 325-27 (1988) (argument that Court should defer to Congressional judgment on how to implement treaty obligations had "little force" given existence of less speech-restrictive alternative); *Bullfrog Films, Inc. v. Wick*, 847 F.2d 502, 511-12 (9th Cir. 1988) (rejecting Government's demand for a "deferential level of scrutiny" simply because treaty implementation "implicate[s] 'the delicate area of foreign relations'"); *Bullfrog Films, Inc. v. Wick*, 646 F.Supp. 492, 510 (C.D. Cal. 1986) (striking down speech regulation where Government "may be capable of discharging the United States' obligation under the Beirut Agreement, while at the same time complying with the Constitution"); *cf. Gonzales v. O Centro Espirita Beneficente Uniao do Vegetal et al.*, 546 U.S. 418, 438 (2006) (generalized assertions of need to honor treaty obligations do not establish sufficiently compelling governmental interest where Government submitted no evidence "addressing the international consequences of granting [limited] exemption" to treaty requirements). Petitioners do not just contend Congress made a bad

policy choice. *See* BIO 21. Petitioners contend Congress imposed unnecessary speech burdens on Petitioners and other reliance parties by refusing to exercise the obvious discretion Berne provides.

The Government asserts the right to impose unnecessary speech burdens on the ground it has an interest in "indisputable compliance" with international agreements, and in enacting protections that a treaty "may or may not require." BIO 19. This is simply another way of demanding the blind deference that is plainly inappropriate here. An interest in "indisputable compliance" has no apparent limit, and an interest in doing things a treaty may or may not require is an interest in doing whatever Congress wishes to do.

The Government likewise stresses the need to avoid the harms of "perceived noncompliance" with Berne. *See* BIO 19. But the Government does not explain how the U.S. would be perceived to be noncompliant when, in fact, providing enhanced protection for Petitioners and other reliance parties is authorized by the plain terms of Berne. *See* Pet. App. 61-62. Nor does the Government point to any evidence in the record that shows Congress was *actually* worried that providing greater protection for reliance parties would plausibly put the U.S. out of compliance.

The concern that was expressed to Congress over and over was not one of compliance, but the need to obtain enhanced protection for U.S. authors abroad,

and the economic benefits those protections generate. *See* Pet. App. 13-15. That is the second interest on which the Government relies here. *See* Pet. 20. But the Government forgets it is the vested speech rights of Petitioners and the American public that are being sacrificed to obtain those economic benefits. (P. 3, *supra*). There is no legitimate interest in sacrificing vested public speech rights to create economic benefits for private interests, foreign or domestic.

Finally, the Government contends that Section 514 balances the competing speech rights of U.S. authors. *See* BIO 20. That is also wrong. U.S. authors were free to speak and did speak when they published their work here and abroad. Nothing in Section 514 interferes with those rights. The only question Section 514 affects is the extent to which U.S. authors might capture additional economic benefits from those works – benefits they had no reason to expect when they created their works.[1]

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[1] The Government also asserts it has an important interest in remedying inequitable treatment of foreign authors. *See* BIO at 19. In fact, Section 514 creates inequity where there was none. Historically, U.S. authors were subject to the same formalities as foreign authors and the same consequences for not complying with those formalities. Section 514 relieves foreign authors of those consequences, but not U.S. authors. The District Court rejected this interest on that basis (Pet. App. 67-68), the Tenth Circuit left that holding undisturbed, and the Government offers no explanation why it has an important interest in treating foreign authors better than U.S. authors in this respect. BIO 19.

The Government's insistence that it has an important interest in giving away vested public speech rights for the purpose of enriching authors here or abroad is another reason this Court should grant review.

IV. Section 514 Alters Traditional Contours Of Copyright Protection And Merits Full First Amendment Scrutiny

The Government finishes by contending its interference with Petitioners' core speech rights should not be subject to any First Amendment review. *See* BIO 21-26.

Relying on *Eldred*, the Government contends that so long as Congress "preserves the idea/expression dichotomy and the established 'fair use' defense," copyright legislation is immune from any further First Amendment review. *See* BIO 22-23. But *Eldred* offers no such categorical immunity. On the contrary, it rejected the D.C. Circuit's conclusion that copyright legislation is categorically immune from First Amendment review. *See Eldred*, 537 U.S. at 221. It held term extension was not subject to ordinary First Amendment scrutiny because Congress had extended existing copyright terms on many occasions, so extension was consistent with practice and tradition. *See id*. at 199-204, 221. Here the "history of American copyright law reveals no tradition of copyrighting works in the public domain." Pet. App. 93. Nor are the "built-in free speech safeguards"

of idea/expression or fair use adequate to protect Petitioners' speech interests because they do not replace the unrestricted right Petitioners once had to perform, publish, distribute and use the works that Section 514 removed from the Public Domain. *See* Pet. App. 102-03.

The suggestion that *Eldred* immunizes the Government from any First Amendment scrutiny when it takes away vested public speech rights is yet another reason this Court should grant review.

Respectfully submitted,

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