

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE SANDRA DAY O'CONNOR

June 21, 1983

Re: 81-1687: Sony Corp. v. Universal City Studios

Dear Harry,

I appreciate your changes as reflected in the third draft. Although they partially meet the concerns expressed in my prior letters, the opinion is still inconsistent with portions of my views as previously set forth.

First, my purpose in wanting the notion of fair use to encompass both productive and unproductive use is to open up the possibility that certain VTR use, e.g., timeshifting with all advertisements preserved, may be fair use because it generates de minimis harm. I understand this to be Bill Brennan's concern as well. Although you now say that an unproductive use may be a fair use, you use language that would ostensibly preclude a finding that any VTR copying (other than that which could be characterized as "productive use") could be fair use. On p. 24, you state that "[a] VTR recording creates no public benefits sufficient to justify limiting this right [to cut off access]. On page 35, in n. 45, you state that "[c]opying an unregistered work is still infringement." Perhaps you could delete these two statements.

In addition, I would like to see a reference to VTR use included in your discussion of examples of unproductive fair use. This would make it clear to the lower courts that certain VTR copying may qualify as permissible unproductive use. Perhaps you could add the following sentences to the end of the carryover paragraph on pp. 25-26: "Indeed, it may even be the case that certain VTR use may cause no significant harm to the copyright holder. For instance, timeshifting of programs including the advertisements, may not have any significant economic impact on the potential market for, or value of, a copyrighted work."

Second, is my continuing concern about the burden of proof. Although that burden is now where I believe it belongs, I still have misgivings about the content of the burden. As you point out, the statute talks in terms of "potential market for or value of the copyrighted work." Rather than requiring the copyright owner/plaintiff to show

harm to the value of the copyright or to a potential market, you state that the burden is satisfied by showing "a reasonable possibility of harm." In my view, the content of burden of proof should follow the statute. Would you change the first sentence of the second paragraph on p. 26 to read: "In adhering to the statutory language, we conclude that the copyright owner must show harm to the potential market for, or value of, the copyrighted work." I suggest omitting "or even probable harm" from the next sentence, and changing the end of that paragraph to read: "Infringement thus will be found if the copyright owner demonstrates, at a minimum, that the use will harm the potential market for, or the value of, the particular copyrighted work. In attempting to show that there is harm to a potential market, the plaintiff must offer more than mere speculation to carry its burden. The plaintiff must prove harm to a potential market for, or the value of, the copyrighted work." I suggest omitting the last sentence from that paragraph as it now reads.

Third, I am troubled by pp. 27-28, where you seem to suggest that the Studios have already demonstrated sufficient harm. I am not sure that the Studios ever made these arguments to the District Court, and if they did not, I see no reason to require the District Court to reopen the record in this case in order to give the Studios a "second chance." If the Studios did allege these harms before, then the District Court may evaluate them in an attempt to determine whether potential markets have been affected. In place of the language on pp. 27-28, would you substitute something along the following lines?:

"It is not clear from the District Court opinion whether that court considered the effect on the potential market that the studios may have alleged. The District Court determined that "in five weeks of trial, there was no concrete evidence to suggest that the Betamax will change the studios' financial picture." 480 F.Supp., at 469 (1979). Further, the respondents "admitted that no actual harm to their copyrights has occurred to date. [Respondents'] experts also admitted that they knew neither the year in which the predicted harm would occur nor the number of Betamax purchases which would cause the harm." Id., at 451. Although the District Court was "hesitant to identify 'probable

effect' of home-use copying," id., at 52, we are unable to determine whether the court meant that there was no harm to potential markets, or whether it declined to apply the "potential harm" standard in expressing its hesitancy in finding "probable effects." We are also uncertain whether the court considered the ways in which VTR recording could affect the value of copyrights. Therefore, we remand to the District Court for reconsideration of the issue of the effect on potential markets. Our remand is intended only to permit the District Court to apply the standard that we have approved, and we in no way disapprove of the findings that the District Court did make.

You might add a footnote explaining that if the Studios did present evidence below that VTR recording injured them in the ways that you suggest, then the District Court might consider that evidence as it affects potential markets. However, I would not want to create the impression that we believe that the Studios have already satisfied their burden.

Fourth, I see a certain tension between your discussion of contributory infringement in Part V(A) of inducement and your discussion in V(B) of substantial noninfringing use. Gershwin seems to indicate that there are two ways to engage in contributory infringement. First, one may induce the infringement. Second, one may materially contribute to infringement. In the context of this case, one would materially contribute to infringement for purposes of being a contributory infringer if one provided a device that is not capable of substantial noninfringing use. In any event, it seems that contributory infringement may result from either inducement or material contribution.

It seems to me that we should accept the District Court's finding that Sony did not induce any infringement, and just remove Part V(A) from the opinion. I should add that I am uncomfortable with the reliance on the "dance hall" cases because they involved instances of control by the party found to be the contributory infringer. Whatever else the VTR manufacturers may do, they certainly do not have any control over VTR users. Further, I remain convinced that the standard for contributory infringement should be the one that I articulated in my letter of June

18: is the VTR capable of substantial noninfringing uses. Accordingly I suggest replacing the second paragraph on p. 33 with the following: "We therefore conclude that there can be no contributory infringement if the VTR is capable of significant noninfringing uses. If a significant portion of what is available to copy on the VTR is either not copyrightable or is copyrighted but the owners have authorized copying, then the VTR must be deemed capable of substantial noninfringing uses irrespective of the actual uses to which the VTR's are put. If virtually all of the material available for copying is such that it may not be copied without infringement, then the VTR must be deemed to be incapable of substantial noninfringing use at present." To make the remainder of the opinion consistent with this, perhaps the third sentence in the first full paragraph on p. 34 should be changed to read: "The key question is not the amount of television programming that is copyrighted, but the amount of programming the copying of which would amount to infringement." The fifth sentence in that paragraph should perhaps be changed to read: "The proportion of programming whose copying would be infringement is primarily a question of fact, ..."

If you will make these changes, I will join your opinion.

Sincerely

Justice Blackmun

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