

THE DUBIOUS CONSTITUTIONALITY OF THE COPYRIGHT TERM EXTENSION ACT

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I. INTRODUCTION

The Copyright Term Extension Act of 1998 (CTEA)¹ counts as one of the most controversial pieces of legislation to pass Congress in many a moon. Its chief consequence is to extend the effective term of all new and existing copyrights by twenty years.² Prior to its passage, works authored by an identifiable natural person enjoyed protection for a term of life plus fifty years.³ Works-for-hire, anonymous works, and pseudonymous works received protection either for one hundred years from creation or seventy-five years from publication, whichever was shorter.⁴ The CTEA tacks twenty years onto each of these two periods.⁵

The CTEA is the most recent, but not necessarily the last, step in a constant expansion of copyright protection.⁶ Under the first Copyright Act of 1790, copyrights followed the English model, with a fourteen-year life, subject to a single period of renewal for another fourteen years.⁷ In 1831, Congress extended the initial term another fourteen years, for a total period of forty-two years.⁸ In 1909,

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1. Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998).

2. *See id.*

3. *See* 17 U.S.C. § 302(a) (1976).

4. *See id.* § 302(c).

5. *See id.* § 302(a), (c).

6. *See* *Eldred v. Reno*, 239 F.3d 372, 374 (D.C. Cir. 2001).

7. *See* Act of May 31, 1790, ch. 15, § 1, 1 Stat. 124, 124.

8. *See* Act of Feb. 3, 1831, ch. 16 § 1-2, 4 Stat. 436, 436.

Congress extended the renewal period to twenty-eight years,⁹ for a total period of fifty-six years, and pushed back the beginning of the term from the date of recording the title to the first date of publication.¹⁰ Other incremental extensions have taken place as well.¹¹ In 1976, Congress tacked on another nineteen years to the copyright renewal and extension term.¹² All of these extensions applied both to future copyrights and to copyrights still in effect at the time of passage. However, lapsed copyrights for materials in the public domain were not revived.

These term extensions did not take place within a vacuum, for Congress has strengthened the protection afforded to copyright owners in other ways. One set of reforms deals with the mechanics for obtaining copyright protection. The early copyright law required individuals first to register and then renew their copyrights to secure protection. Today, the system provides one automatic term for all copyrightable work.¹³ In order to comply with the Berne Convention, Congress removed the requirement that the copyright holder affix a notice to the protected work.¹⁴ Finally, in 1992, Congress authorized automatic renewal for works initially published or registered before 1978.¹⁵ By degrees, the copyright law has flipped over from a system that protected only rights that were claimed to one that vests all rights, whether claimed or not.

Copyright protection has also expanded along substantive dimensions. The original 1790 Act, for example, provided the original holder no claims over derivative works, including translations,

9. See Act of Mar. 4, 1909, ch. 320, § 23, 35 Stat. 1075, 1080.

10. See *id.*

11. See Act of Dec. 31, 1974, Pub. L. No. 93-573, tit. I, § 104, 88 Stat. 1873, 1873; Act of Oct. 25, 1972, Pub. L. No. 92-566, 86 Stat. 1181; Act of Nov. 24, 1971, Pub. L. No. 92-170, 85 Stat. 490; Act of Dec. 17, 1970, Pub. L. No. 91-555, 84 Stat. 1441; Act of Dec. 16, 1969, Pub. L. No. 91-147, 83 Stat. 360; Act of July 23, 1968, Pub. L. No. 90-416, 82 Stat. 397; Act of Nov. 16, 1967, Pub. L. No. 90-141, 81 Stat. 464; Act of Aug. 28, 1965, Pub. L. No. 89-142, 79 Stat. 581; Act of Sept. 19, 1962, Pub. L. No. 87-668, 76 Stat. 555.

12. See Copyright Act, Pub. L. No. 94-553, § 304(a), 90 Stat. 2541, 2573 (1976).

13. See *id.* § 302(a), (b), (c).

14. See Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, § 7(a), (b), 102 Stat. 2853, 2857.

15. See Copyright Amendments Act of 1992, Pub. L. No. 102-307, 106 Stat. 264, 264-265 (codified as amended at 17 U.S.C. § 304(a)).

abridgments, performances, or displays.¹⁶ Over time, control over these matters has been gradually added to the bundle of rights enjoyed by the copyright holder. The copyright holder cannot, of course, appropriate the work of the translator or adapter, but by the same token the translator or adapter cannot publish his work except under license from the original copyright holder. Both the original and new authors have blocking positions over the other with respect to these derivative works, creating a holdout problem where none existed under the older law. All in all, the extension of copyright protection along multiple dimensions has clear synergistic effects. The twenty-year extension by the CTEA is worth more simply because it covers more.

II. THE CTEA IN POLITICAL AND CONSTITUTIONAL CONTEXT

To evaluate both the constitutionality and soundness of the CTEA, it is important to distinguish between two contexts: the term extension for *existing* copyrights and the creation of a longer term for all *future* copyrights. The second context, which asks about the optimal length of ownership, presents a trickier issue to evaluate on the merits. With land (or for that matter trade names and trademarks),¹⁷ the optimal period of legal ownership is infinite. Land may be used only by one person, so placing it into the public domain does not create any social benefit. The original owner can best develop the property under an infinite time horizon. If the original owner prefers to lease out the property, then the original owner and the tenant can negotiate specific provisions to deal with matters pertaining to the property, such as the ownership of improvements at the termination of the lease. The law should not place artificial limitations on the ownership of property. The same can be said for brand names and trademarks. When brand names and trademarks are placed in the public domain, they lose value. Brand-identification becomes impossible when brand names and trademarks do not belong to one owner but are plastered over products that come from thousands of different sources. In each case, individuals can acquire land, trade

16. See, e.g., *Stowe v. Thomas*, 23 F. Cas. 201, 206 (C.C.E.D. Pa. 1853) (No. 13,514) (holding that a translation is not an infringement).

17. See Richard A. Epstein, *Intellectual Property: Old Boundaries and New Frontiers*, 76 IND. L.J. 803, 821-27 (2001).

names, or trademarks of their own, so that their preclusive effects are minimal.

In contrast, however, copyrights and patents should be confined to limited periods. The choice of the optimal duration depends on the familiar trade-off embodied in the concepts of “property right” and “legal monopoly,” which are different terms with different connotations for the same legal institution. On the upside, a copyright works like a property right: the longer period of exclusivity increases the incentive to create the invention or writing in the first place. Unfortunately, on the downside, a copyright works like a legal monopoly: it restricts dissemination after creation, because the copyright or patent holder will charge some fee for the use of the writing or invention. Price, therefore, will exceed marginal cost, so that in the absence of perfect price discrimination, some potential users of the intellectual property will go elsewhere.¹⁸ Hence, the law must choose between the incentives to create on the one hand, and open public use of created material on the other. The nature of this tradeoff—more production versus more dissemination—has always been at the center of Supreme Court deliberations. Justice Stevens captured the essential nature of the social trade-off when he wrote:

The monopoly privileges that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.¹⁹

But just how limited the grant should be and why are complex questions which help demonstrate the reasons for copyright and patent statutes being subject to constant refinement and modification. The real issue in both cases concerns where and how to draw the line.

18. To see why the use is greater, assume that a copyright costs \$X per use, however defined. Any potential user whose value is greater than \$0, but less than \$X, is excluded from the system. Indeed, once transaction costs are factored in, any individual whose use value is less than \$X plus \$T (for transaction costs) will be excluded as well.

19. *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

Just about everyone agrees that literary works should receive longer protection than design patents (which currently are protected for twenty years), even if the selection of the optimal time period is highly contested. But for a new work by a thirty year-old author, the difference between life plus fifty years and life plus seventy years cashes out as the difference between exclusive rights for 100 or 120 years. Even with modest discount rates, going forward, very little turns on the choice for the proper legal regime that governs product use in remote years. But if the monopoly fails to be extended, the benefits from leaving the property in the public domain become trivial as well. Who knows whether tiny increments in the incentive to produce are more important than tiny increments of public access?

This discussion has constitutional ramifications. Because any social judgment on the optimal copyright term is so unclear, no one has figured out how to give content to the words “for limited Times,” as they appear in the Patent and Copyright Clause (hereinafter “Copyright Clause” or “Clause”).²⁰ Any fixed period counts as a limited time. Presumably, a billion-year term would run afoul of the Clause. So why not a million or a thousand years? It is hard to answer that question, especially since the economic difference between a 100-year copyright (legal) and a perpetual copyright (illegal) is trivial compared to the differences between a fourteen-year and a 100-year copyright period, both of which are unquestionably legal. The ban on a perpetual patent and copyright monopoly places, at most, a small constraint on the mischief that Congress can bring about, or the good it can do.

The stakes, however, become much larger in the context of a twenty-year extension of an existing copyright that, say, has only a couple of years to run. Now the addition, say, of new protection from year 2004 to 2024 adds back to the copyright holder over ninety percent of the current discounted value of the remainder of the copyright term, with the alluring prospect of further extensions down the road. The harsh denunciations of the CTEA all stem from a single, simple observation. The CTEA counts as a bad deal for the public on existing copyrights, many of which are close to falling into the

20. Congress shall have the power “[t]o 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.

public domain. The additional period of monopoly control does nothing to stimulate the social production of new and important works, even if it pads the wealth of the widows and children of the original copyright holders, many of whom testified on behalf of the CTEA.²¹

To its critics, of whom I count myself as one, the CTEA looks like a massive giveaway of public domain resources for private use.²² This widespread academic consensus has spurred Lawrence Lessig, now of Stanford Law School, to lead the charge against the Act in *Eldred v. Ashcroft*,²³ which is now pending before the Supreme Court. In this case, the Circuit Court for the District of Columbia upheld the CTEA against two forms of constitutional challenges.²⁴ The first insists that, in light of its structure and purpose, the Copyright Clause does not confer on Congress the power to enact the CTEA.²⁵ The second argues that in any clash between the Copyright Clause and the First Amendment, the Copyright Clause comes out second best.²⁶ The CTEA restricts speech that, in the ordinary course of events, would have been free. I have a few observations on both scores. The upshot, I should add, is not entirely to my liking, for I think that under the current law the government is likely to win, when, as a matter of principle, it ought to lose.

More concretely, the culprit lies in the standard for judicial review, which cashes out to a rational basis standard for cases under the Copyright Clause. If that test is used, then virtually any advantage that one can assign to the CTEA will allow a compliant Court to conclude that this statute will “promote the Progress of Science and useful Arts. . .” and thus, fall within Congress’s power under the

21. See generally *Copyright Term, Film Labeling, and Film Preservation Legislation: Hearing on H.R. 989, H.R. 1248, and H.R. 1734 Before the Subcomm. on Courts and Intellectual Prop. of the Comm. on the Judiciary*, 104th Cong. (1996). The argument in question is bogus. It held that the copyright term should be increased with increases in expected lives. But the two do not run in tandem. The holder of a copyright could purchase an annuity out of royalties, present or future, that can run for longer than the copyright period. The two decisions therefore are completely separate.

22. See Richard A. Epstein, *Congress’s Copyright Giveaway*, WALL ST. J., Dec. 21, 1998, at A19.

23. *Eldred v. Ashcroft*, No. 01-618 (U.S. oral argument Oct. 9, 2002).

24. See *id.* at 374.

25. See *id.*

26. See *id.* at 376.

Copyright Clause. Moreover, so long as the Copyright Clause is not used to stifle criticism of existing works—which has never happened—then it appears that the expansion of property protection will not interfere with the freedom of speech, which is implicitly defined in such a way as to accommodate all valid intellectual property rights. Neither of these justifications for the CTEA will survive, however, a higher level of judicial scrutiny.

A. Judicial Review Under the Copyright Clause: A Tale of Three Standards

The first question about any constitutional challenge goes to the standard of review that is brought to the particular case.²⁷ Identifying the right standard is of necessity an extra-textual act, which forces a court—ultimately the Supreme Court—to decide just how much it wants to probe the justifications offered for federal or state legislation. The traditional classification recognizes three broad types of review. In increasing order of severity, these are: rational basis, intermediate scrutiny, and strict scrutiny. Each of these standards has its distinctive verbal formulation and its predictable legal consequences. The rational basis test only asks whether a rational and fair person could find some (weak) reason to support the statute. If so, then the statute is constitutional no matter what the strength of the reasons that might be marshaled on the other side of the case. At the opposite pole, the strict scrutiny standard holds that the government action falls unless it uses means that are narrowly tailored in order to achieve a compelling state interest. Somewhere between these two lies intermediate scrutiny, where the decisive inquiry is whether the state action is substantially related to some important government interest.

In most cases, the outcome of litigation depends upon this initial sorting. When the rational basis test is used, it is rare for government action to be struck down. All legislation is the product of complex political forces and brokered deals. Coalitions are the order of the day. The political process may not lead to ideal compromises, but no matter how convoluted the process we can be sure that at least one political constraint will be satisfied. Politics is at least in part a game

27. For a very brief analysis of the subject, see Richard A. Epstein, *Taking the Con out of Con. Law*, NAT'L REV., June 3, 2002, at 36.

of individual self-interest,²⁸ so no statute will pass if everyone loses from the changes that it creates. Therefore, so long as we can identify a political winner, then we can identify one (lone) social benefit that enables the statute to pass muster. It is not hard to discern such an interest in this case. The basic text of the Copyright Clause speaks in terms of the purposes for which copyright (and patent) extension is granted. It is “[t]o promote the Progress of Science and useful Arts” One way to uphold the statute is to give Congress a wide berth in deciding whether the CTEA advances that laudable goal. Indeed, the District of Columbia Circuit Court has rejected, in a context somewhat removed from this one, the view “that the introductory language of the Copyright Clause constitutes a limit on congressional power.”²⁹

But even if the introductory clause has bite, the rational basis test gives Congress a lot of scope to decide what legislation serves that end. Judge Ginsburg noted that Congress thought that the extension of these works would give copyholders “an incentive to preserve older works, particularly motion pictures in need of restoration.”³⁰ That rationale is hardly ideal. These original prints have value in and of themselves as artifacts, even if the content they contain may be reproduced by other individuals or from other sources. Nor does this stated rationale apply, for example, to musical scores, or even early performances which are easily preserved and transcribed. Nor does it take into account the fact that putting the works into the public domain gives a new class of non-owners like incentives to preserve and promote works that they use or adopt.

28. For a recent explication, see ROBERT D. COOTER, *THE STRATEGIC CONSTITUTION* (2000).

29. *Schnapper v. Foley*, 667 F.2d 102, 112 (D.C. Cir. 1981) (cited in *Eldred v. Reno*, 239 F.3d 372, 378 (2001)). The issue in *Schnapper* was whether a party who created an original work under government commission could copyright that work. It is hard to see why such works should fall into the public domain any more than inventions created by government-sponsored research should lie outside the patent law. Indeed, the dominant issue was the statutory question of whether the (then new) Copyright Act prevented the copyright from issuing, owing to the rule that copyright protection was not available to government works, including works by government employees. See Copyrights Act, Pub. L. No. 94-553, §105, 90 Stat. 2541, 2546 (1976). The commissioned work was not created by such employees.

30. *Eldred*, 239 F.3d at 379 (citing S. REP. NO. 104-315, at 12 (1996)).

It is, moreover, possible to construct other rationales for the statute. Here is one. The unilateral extension of terms, for example, makes it easier for current copyright holders to decide how much time and money to invest in promoting their copyrighted works, for they no longer have to worry about mounting an advertisement campaign that will enhance the value of some presently protected work after it falls into the public domain. Note the parallel with land: the creation of perpetual interests in land is justified, in large measure, because it avoids the awkward transition that would result if the longest tenancy were for life in a world devoid of future interests. In the absence of fee interests, at the death of a tenant for life, a free-for-all would ensue until another occupant obtained exclusive rights to use the land, presumably for another life. This transitional inconvenience makes little sense for land, which is capable of supporting only a single user. Unlike copyrighted and patented material, land should never fall into the public domain property. Under a rational basis test, however, no court carefully weighs these resource-specific conclusions on any social balance. If the longer term has some tendency to improve dissemination of the copyrighted work during the remainder of the current term, and perhaps even afterwards, then, again, the story ends. It is no answer to say that the state could decide to auction off the copyright at the end of its expiration period. After all, auctions are expensive and create awkward transitional problems of their own.

Intermediate scrutiny heralds a much tougher look at legislation. It holds that a statute survives constitutional challenge if it can be shown to be substantially related to some important governmental interest.³¹ Under this standard, it no longer suffices to look solely at the benefits from legislation. The negatives have to be taken into

31. The more complete formulation, at least in connection with the First Amendment, reads: “[a] government regulation is sufficiently justified if it is within the constitutional power of the Government and furthers an important or substantial governmental interest unrelated to the suppression of free expression, and if the incidental restriction on alleged First Amendment freedom is no greater than is essential to that interest.” *United States v. O’Brien*, 391 U.S. 367, 367-68 (1968) (upholding regulation forbidding the burning of draft cards). The decision itself seems wrong by this test for it notes that the draft card was essential for proving registration for the draft, facilitating communications with the draft board, or showing availability for induction. A photocopy of the card would do as well, even if the original were burnt.

account as well. In this context, of course, the state interest is the same as above: “To promote the Progress of Science and useful Arts. . . .” Only now, the court ratchets up the level of scrutiny on both the ends to be served and the means available to do it, to see that Congress has not strayed too far from its only permissible purpose. As such, a court must inquire not only about the statutory benefits, but also the statutory losses. In theory, all statutes run the risk of providing too much protection or too little. One instructive way to (re)characterize intermediate scrutiny is to say that it weights these two errors equally, and thus, is sharply differentiated from the rational basis test that weights the danger of insufficient legislative action far more heavily than that of excessive legislation. In practice, the standard is not as uniform as this brief account would suppose, and many of the First Amendment cases adopting intermediate scrutiny read as if the intermediate standard is somewhat closer to strict scrutiny than it is to rational basis.³²

Using this standard leads to the invalidation of the CTEA in light of the relative costs and benefits. The social dislocations are indisputable given that works are kept out of the domain for another generation. What gains could offset that loss? I attach relatively little weight to any gains associated with extending copyrights for some works. These works have intrinsic value even after the copyright itself has long expired, and the protection under the new act covers not only the use of older materials but also the creation of new derivative works. The stated end at best justifies only a tiny fraction of the chosen means.

Likewise, the CTEA does little to rationalize the distribution of copyrighted material. So long as there are limited terms, sooner or later we shall have to face the discontinuity of having copyrightable works move from being exclusively private into the public domain. The holders of these copyrights have for centuries figured out how to tailor the management of their properties in ways that minimize their losses under transition. The appropriate response could be as simple as concentrating advertisement campaigns in daily newspapers and not on long-term billboard displays. Yet on the other side, non-owners cannot do anything to hasten the arrival of copyrighted works

32. See, e.g., *Turner Broad. v. Fed. Trade Comm’n*, 512 U.S. 622 (1994) (upholding “must-carry” regulations in context of cable television).

into the public domain. It is hard to see how, as an objective matter, the CTEA serves the stated congressional end of promoting progress in the sciences and useful arts, as the balance of convenience seems to lie in favor of striking down the CTEA.

The strict scrutiny standard yields even tougher questions about the alignment of means to ends. The ends must be weighty and the fit must be well-nigh perfect. If the CTEA looks wobbly under intermediate scrutiny, then it crumbles under strict scrutiny as applied to existing copyrights. The extension of the copyright monopoly cannot survive in the absence of a strong social quid pro quo. End of case.

B. Choosing the Proper Level of Scrutiny

The level of scrutiny thus tells the tale: how then should it be selected? That question requires us to return to the fundamentals of constitutionalism. Our Constitution was designed to reconcile two conflicting impulses as captured by the old expression “ordered liberty.”³³ One central intellectual strand of the Lockean tradition insists on the distinction between liberty and license.³⁴ The latter term consists of the vulgar notion that each person should be allowed to do whatever he wants whenever he wants to. But that stark position leads to destructive clashes between intransigents that mark the Hobbesian world. The creation of the war of all against all creates far more victims than victors. To escape this terrible fate, mankind “agrees” (in that hypothetical sense) to the mutual restraint on the use of force, for the betterment of us all. This emphatic declaration of a system of abstract rights may help define liberty, but words alone cannot protect any entitlement. Hence, “social contract theory” goes to the second stage by allowing the creation of a state, funded by taxes, to protect the liberties previously recognized.

The appeal of the social contract system is twofold. The language of contract suggests that the outcome from the use of coercion results in mutual gains across the board. Who, therefore, may complain about a system that leaves them better off? Only those who

33. *Palko v. Connecticut*, 302 U.S. 319, 325 (1937) (invoking the concept to decide which provisions in the original Bill of Rights were incorporated into the Fourteenth Amendment).

34. See JOHN LOCKE, *SECOND TREATISE OF GOVERNMENT* (C.B. Macpherson ed., Hackett Publ'g Co. 1980) (1690).

would like to see others bound by social conventions that they are free to violate. But if that plea is acknowledged in one case, then it must be acknowledged in all, allowing the entire system of social justice to unravel and plunging us back into the state of nature with elegant but useless rights.

Yet, what sort of government do we trust to enforce the social compact? Hobbes argues that the terrors of the state of nature were great enough to induce every individual to cast his lot with an all-powerful sovereign. But clearly we can do better than swapping anarchy for tyranny, tempered only by the “right” to overthrow government when our backs are to the wall. So the Lockean solution invests social resources in government. It adopts a conscious trade-off to limit the power of the sovereign in ways that alter, for the better, its (likely) ratio of social-regarding actions to faction-promoting actions, which (in Madison’s famous formulation) come at the expense of the permanent and aggregate interests of society as a whole.³⁵ No single strategy does the trick. To Locke, the key transition governed how individuals formed a government from the state of nature. In that context, Locke envisioned separation of powers, checks and balances, limited (proportionate) powers of taxation, elected representatives, and the like. The odd twists of history meant that our federal Constitution was forged in a different context, as a deal among states that were jealous of their prerogatives. Thus, a federal system with enumerated central powers was added to the list of techniques for restraining the sovereign.

One of those enumerated powers is of course that to create copyrights and patents. It is easy to understand why that power is delegated to the federal government and not the states. One uniform law across all states reduces the cost of having to register, interpret, and enforce copyrights and patents under the laws of multiple states. But the initial purposive language offers good reason to think that this power should be reasonably related to its stated end-promotion of the

35. Madison defined faction to cover “a number of citizens, whether amounting to a majority or minority of the whole, who are united and actuated by some common impulse of passion, or interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community.” THE FEDERALIST NO. 10, at 57 (James Madison) (Jacob E. Cooke ed., Wesleyan Univ. Press, 1961). For a modern formal extension of the core idea, see JAMES M. BUCHANAN & GORDON TULLOCK, THE CALCULUS OF CONSENT (Univ. of Mich. Press 1974) (1962).

progression of science and the useful arts—and this points to intermediate scrutiny. Anything higher looks like a demand for perfection in a setting where it is hard to insist on one true answer. Surely it raises no constitutional question to set the protected period differently for copyrights and patents, or, on a going forward, to lengthen or reduce the period of protection by ten percent.

That said, ordinary rational basis review is no more appropriate here than it is anywhere else. It *always* throws out the baby with the bathwater, by creating gaping holes in our system of limited government, in which factional politics can intrude. So long as we embrace *Marbury v. Madison*,³⁶ then Article I, Section 8, Clause 8 of the Constitution should be read to impose some intelligible connection between means and ends. As a matter of first principle then, intermediate scrutiny should invalidate the CTEA. But does it in practice?

C. *The Judicial Response*

How then does this case play out under the current law? Here, the prognostication is decidedly cloudy because of the frequent equivocation on the appropriate standard of review that is brought to the exercises of congressional power over copyrights and patents. There are instances in which intermediate scrutiny looks to be the order of the day, but then there are other cases that take the opposite tack and appear to embrace in principle (if not in so many words) the rational basis test. To see how this tangled tale develops, it is useful to take a somewhat closer look at some of the key decisions that construe the copyright and patent provision within their larger constitutional context.

The customary place to begin this analysis is with Justice Clark's opinion in *Graham v. John Deere Co.*³⁷ That case involves a judicial explication of the non-obviousness requirement added to the Patent Act in 1952.³⁸ Before examining how two disputed

36. 5 U.S. (1 Cranch) 137 (1803).

37. 383 U.S. 1 (1966).

38. The question asked is whether “the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.” 35 U.S.C. § 103 (1964) (cited in *Graham*, 383 U.S. at 3).

inventions fared under this provision, Justice Clark returned to constitutional basics in discussing both the justifications and origins of the patent system. At the outset, his opinion strikes the pose of intermediate scrutiny:

The Congress in the exercise of the patent power may not overreach the restraints imposed by the stated constitutional purpose. Nor may it enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby. Moreover, Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must “promote the Progress of . . . useful Arts.” This is the *standard* expressed in the Constitution and it may not be ignored. And it is in this light that patent validity “requires reference to a standard written into the Constitution.”³⁹

The insistence on the tight means-ends connection is the hallmark of an intermediate scrutiny test. How then is it possible to distinguish copyright cases that are covered in the same clause? Not by any standard interpretive technique. That said, however, *Graham* is not a case that tests the line between rational basis and intermediate scrutiny. Most evidently, *Graham* was written in a tranquil environment that posed no constitutional challenge to the exercise of patent power. The addition of the non-obviousness requirement (above and beyond the requirements of utility and novelty) only tightened the patent law and hardly offered the occasion to probe whether Congress had exceeded the limits of its lawful powers. In principal, there is a nice question whether the use of the term “discoveries” necessarily carries with it some version of the non-obviousness requirement,⁴⁰ but that issue was never probed in *Graham*, which only involved the technical elaboration of the law. Yet, no matter what

39. *Graham*, 383 U.S. at 5-6 (quoting *Great Atl. & Pac. Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147, 154 (1950) (Douglas, J., concurring)).

40. My thanks to Dennis Karjala for this observation. For support of this observation, see *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991) (stressing the requirement of “originality” for copyright protection).

the level of scrutiny, it is hard to see how the non-obviousness requirement represents a perversion of the objects of patent law or reads like the illicit outgrowth of some factional intrigue. The statute looks like the parole evidence rule, like recordation statutes, or the Statute of Frauds, none of which should give rise to the slightest constitutional concerns.⁴¹ The CTEA, however, is not by any stretch of the imagination a technical adjustment of the requirements for granting a copyright. It is a plain and simple giveaway of future public domain resources to the powerful institutional holders of valuable copyrights. It falls therefore in a different universe from the provision easily sustained in *Graham*.

Nonetheless, precisely because non-obviousness presents no constitutional challenge, it is easy to slide toward a more deferential rational basis frame of mind in order to simplify litigation. Justice Clark did just that in the passage that follows the one quoted above, where judicial deference, the hallmark of rational basis review, surges to the fore:

Within the limits of the constitutional grant, the Congress may, of course, implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional aim. This is but a corollary to the grant to Congress of any Article I power. Within the scope established by the Constitution, Congress may set out conditions and tests for patentability. It is the duty of the Commissioner of Patents and of the courts in the administration of the patent system to give effect to the constitutional standard by appropriate application, in each case, of the statutory scheme of the Congress.⁴²

Thus, the question arises, just how much discretion can be read into these words? In this regard, the words “conditions and tests for patentability” do not appear to offer carte blanche on all matters of patent policy.⁴³ The words surely cover the addition of the

41. See, e.g., *Jackson v. Lamphire*, 28 U.S. (Pet.) 280, 289 (1830) (sustaining a recordation statute against a Contract Clause challenge). For a more detailed account of how these arguments play out, see Richard A. Epstein, *Toward a Revitalization of the Contract Clause*, 51 U. CHI. L. REV. 703, 740-47 (1984) (discussing statutes of limitations).

42. *Graham*, 383 U.S. at 6 (citations omitted).

43. See *id.*

non-obviousness requirement, and with little effort, cover other conditions of patentability such as novelty, utility, specification, and best mode.⁴⁴ The reason seems clear enough. In the absence of a clear sense of what the optimal patent system looks like, there is no one right answer by which to test an endless set of statutory variations. But doubts over the right standard are *not* what is at stake with the CTEA, which is a gratuitous extension of the copyright term that raises none of the fine-tuning question that any ongoing patent or copyright system has to face. It is therefore easy to see that any patent or copyright system goes sadly astray when it makes *ex gratia* extensions of patents or copyrights that are due to fall into the public domain.

If, of course, the patent statute sails through intermediate scrutiny under *Graham*, then a fortiori, it sails through under the rational basis test. So why should the Court not wash its hands of the entire problem? This above-the-fray approach would make perfect sense if one could assume as an article of faith that Congress could never misbehave. If we know at the wholesale level that Congress has the knowledge and the motivation to serve the public well, then why waste the time to reprove that contention in each and every case? Rational basis becomes the standard of choice for reasons of judicial economy and error minimization: it makes no error (by upholding every statute) at virtually no cost. Looking at cases individually under an intermediate scrutiny standard holds how the now-risky prospect of invalidating some legislation that should be sustained in order to strike down some statutes that should not survive. How then do we draw this balance?

D. *The Commerce Clause Analogies*

It is most instructive that Justice Clark chose to cite *Gibbons v. Ogden*⁴⁵ as his one constitutional analogy. *Gibbons* represents Chief Justice Marshall's initial foray into the construction of that most famous of the enumerated clauses, the Commerce Clause. In all its innocence, the Clause provides: "Congress shall have the power . . . [t]o regulate commerce with foreign Nations, and among the several

44. See 35 U.S.C. § 112.

45. 22 U.S. (1 Wheat.) 1 (1824). For my fuller explication of *Gibbons*, see Richard A. Epstein, *The Proper Scope of the Commerce Clause*, 73 VA. L. REV. 1387, 1401-08 (1987).

States, and with the Indian Tribes.”⁴⁶ In dealing with that Clause, Chief Justice Marshall self-consciously rejected any principle of strict construction, preferring to allow the words to have their ordinary meaning.⁴⁷ This constructional preference must be set in historical context. The champions of the limited Commerce Clause had urged that it only allowed Congress to supervise trade or commerce as ships and stagecoaches crossed state borders.⁴⁸ Chief Justice Marshall in turn wrote at great length to insist that the term “commerce” had a broader conception, that included all “intercourse,” which in turn included navigation and travel that started in one state and went into the interior of another. This conception represented a huge increase in the Clause’s scope.⁴⁹

It is not, however, as though Chief Justice Marshall ignored the danger of overreaching. He was equally explicit that inspection and quarantine laws at either the outset or the conclusion of a journey were outside the scope of the commerce power.⁵⁰ As a Virginian and slave owner, Chief Justice Marshall was keenly aware that once the commerce power was read to extend beyond intercourse among the states, so as to cover agriculture and manufacture, then the entire (ugly) premise of the original Union, that regulation of the institution of slavery within the states was not the business of the national government, would come falling down on its own heels.⁵¹ Modern efforts to make it appear that “commerce among” the several states included manufacture and agriculture within them would, of course, shatter this uneasy sectional truce, and, as a textual matter, do

46. U.S. CONST. art. I, § 8, cl. 3.

47. See *Gibbons*, 22 U.S. (Wheat.) at 188.

48. See, e.g., *Livingston v. Van Ingen*, 9 Johns. 506 (N.Y. 1812) (asserting New York’s exclusive jurisdiction of internal commerce in the steamboat cases, even when it affects commerce with citizens of other states).

49. See *Gibbons*, 22 U.S. (1 Wheat.) at 189-91.

50. See *id.* at 203.

51. Note too that the Constitution also provided: “The Migration or Importation of such Persons as any of the States now existing shall think proper to admit, shall not be prohibited by the Congress prior to the Year one thousand eight hundred and eight . . .” U.S. CONST. art. I, § 9, cl. 1. After that year Congress could regulate the importation of slaves. This specific grant of congressional power would be redundant if Congress could regulate manufacture and agriculture as commerce among the several states.

violence to the remainder of the Clause.⁵² What sense does it make to speak of manufacture or agriculture “with” foreign nations or “with” the Indian tribes?

In light of this background, it seems therefore correct to read *Gibbons* as an intermediate scrutiny case that balances the dangers of the overextension of the commerce power against the risks of reducing it, and the Union with it, to a puny enterprise. Chief Justice Marshall did this job with an elegance that he might not have been aware of. By making sure that Congress kept the arteries of commerce open so that goods and services from one state could make their way into another, Chief Justice Marshall forged a common market of sorts. Yet by not extending the commerce power to cover internal manufacture, he respected state sovereignty and promoted competition among the states where none was in a position to blockade or strangle trade across borders. Therefore, it is no wonder that the economic growth of the United States was impressive under this legal regime. There was (and is) no particular reason to extend federal power to areas in which it is likely to do more mischief than good.

The carryover between *Gibbons* and *Graham* is instructive for another reason. The one case that is conspicuously *not* cited in *Graham* is *Wickard v. Filburn*,⁵³ which ran rough-shod over *Gibbons*' delicate balance and, at the very least, allowed that the regulation of all economic affairs fell within the province of the national government. As later cases made clear, the standard of judicial review drove the shift. No longer did the Court think that there was any serious danger in any overextension of the commerce power that allowed the federal government to regulate any area. Quite the opposite at the time, the Wagner Act, whose constitutionality was (incorrectly) sustained in *Labor Board v. Jones & Laughlin Steel Corp.*,⁵⁴ warmly embraced the extension of federal power over all labor relations.⁵⁵ So in its new incarnation, one form of error—the excessive concentration of centralized power—counted for nought.

52. See Robert J. Pushaw, Jr. & Grant S. Nelson, *A Critique of the Narrow Interpretation of the Commerce Clause*, 96 NW. U. L. REV. 695 (2002). Marshall rejected this broad reading of “among,” when he wrote: “[c]omprehensive as the word among is, it may very properly be restricted to that commerce which concerns more States than one.” *Gibbons*, 22 U.S. (Wheat.) at 195.

53. 317 U.S. 111 (1942).

54. 301 U.S. 1 (1937).

55. See *id.* at 46-47.

Likewise, it was thought that the absence of federal power would create a constitutional void of major dimensions. It therefore took little ingenuity to apply the rational basis test to all sorts of small local activities, which in their “cumulative effect” inevitably had the necessary impact on interstate commerce.⁵⁶ When the retreat on the commerce power began, in halting fashion, in *United States v. Lopez*,⁵⁷ the anguished dissents of Justices Souter and Breyer appealed to the rational basis test in order to explain why the Court had overstepped its hand in striking down this (or indeed, any) congressional enactment.⁵⁸ It therefore counts as a chip in favor of the intermediate scrutiny standard that Justice Clark, who surely knew about *Wickard*, chose to pass it by in silence. Perhaps then, *Graham* means what it says, and says what it means—a rarity for constitutional law.

The relevance of the Commerce Clause analogies did not, moreover, escape the eye of Judge Sentelle in his dissent in *Eldred*. As if by clockwork, Judge Sentelle opens with a reference to *Lopez* to insist, as did Chief Justice Rehnquist before him, that it is necessary to begin with first principles, including the cardinal principle that the enumeration of powers in Article I was intended to limit the sphere of government action in order to preserve the liberties of its citizens.⁵⁹ He then concluded that if the extension of copyright terms for existing works fell within the scope of the Copyright Clause, that nothing could fall outside its reach.⁶⁰ Question: how is its reach determined? Answer: by noting the stated purposes for which copyrights are granted, and showing that this statute does not advance on balance the progress of science and useful arts. In dealing with this issue, Judge Sentelle is more concerned with the “limited Times” provision, by noting that if this extension is permissible, then so is another, and yet another, until the copyright protection “for limited Times” becomes permanent in all but name.⁶¹ But he could have said that some extensions might make sense if there were a quid pro quo in the opposite direction, of which none was in evidence here.

56. See, e.g., *Perez v. United States*, 402 U.S. 146, 154 (1971); *Maryland v. Wirtz*, 392 U.S. 183, 193 (1968).

57. 514 U.S. 549 (1995).

58. See *id.* at 603 (Souter, J., dissenting); *id.* at 616-17 (Breyer, J., dissenting).

59. See *Eldred v. Reno*, 239 F.3d 372, 380-81 (Sentelle, J., dissenting).

60. See *id.* at 383.

61. See *id.* at 381-82.

The situation, however, looks quite different when other key cases are taken into account. As Judge Ginsburg stressed, the previous statutes all extended existing patents,⁶² but he cites no cases in which these extensions were subject to judicial challenge. Of course, silence is not dispositive of the question in his favor, but it is suggestive of the sentiments of those who knew something about the area and had every incentive to make the right judgment about the anticipated impact of the Supreme Court's behavior. It is therefore helpful to look at some of the early authorities to see if Judge Ginsburg has drawn blood.

The most powerful case for upholding the CTEA was not cited in *Eldred*. *Evans v. Jordan*⁶³ involved an extraordinary piece of legislation. After having received several state colonial patents, in 1790, Evans obtained a fourteen-year federal patent for his hopperboy, an elevator for hoisting wheat and grain inside mills. That initial patent expired in 1804. Four years later in 1808, Congress passed a special act—An Act for the relief of Oliver Evans⁶⁴—which granted him a new patent for a term of up to fourteen years for the original hopperboy and improvements thereon. The terms of that grant contained an exception that read:

Provided, That no person who may have heretofore paid the said Oliver Evans for license to use his said improvements shall be obliged to renew said license, or be subject to damages for not renewing the same: *And provided also*, That no person who shall have used the said improvements, or have erected the same for use, before the issuing of the said patent, shall be liable to damages therefor.⁶⁵

The question of statutory construction raised by this case concerned the exposure to liability of those who relied on the public domain status of the invention between 1804 and 1808. Everyone agreed that these people were protected against suit for activities that were confined within that period, be they use or construction.⁶⁶ But what about the use after 1808 of an infringing machine that had been

62. *See id.* at 379 n.*.

63. 8 F. Cas. 872 (C.C.D. Va. 1813) (No. 4,564), *aff'd* 13 U.S. (9 Cranch) 199 (1815).

64. Act of Jan. 21, 1808, ch. 13, 6 Stat. 70 (1808).

65. *Id.*

66. *See Evans*, 8 F. Cas. at 873.

properly constructed in the interim, in reliance on its public domain status? I think that the statute could be read to protect those who “have erected the same for use” during this period. But both Chief Justice Marshall, riding circuit, and the full Supreme Court, speaking through Justice Bushrod Washington, thought that the question of statutory construction was too obvious *the other way* to merit any extended analysis. Whatever the equities in favor of the interim user, they both concluded that he was required to pay Evans full freight for any use done after the passage of the statute, even if he had relied on the quasi-permanent status of the public domain.

In cases of patents, although some injustice may ensue from imposing a price to be paid to the inventor, on the future use of a machine . . . yet the great fundamental principles of right, and of property, do not appear to be so vitally wounded as to induce the court to resist and struggle against the obvious meaning of words.⁶⁷

No reverence for those eternal verities here. Chief Justice Marshall then turns to the constitutional objection, based on Congress’s power over patents and copyrights pursuant to the Copyright Clause, which he likewise dismisses with little more than a wave of the hand.

That construction of the constitution which admits the renewal of a patent, is not controverted. A renewed patent, then, has the same obligation, and confers the same rights, with an original patent. The inchoate property which vested by the discovery, is prolonged by the renewed patent, as well as by the original patent. There may be powerful reasons with the legislature for guarding a renewed patent, by restrictions and regulations, not to be imposed on original patents; but these reasons address themselves to the legislature only. If they have been overlooked or disregarded in the hall of congress, it is not for this court to set them up.⁶⁸

With only a bit less elegance, Justice Washington for a unanimous Supreme Court reiterated the same conclusion. At no point in this sorry episode did either Justice utter the fatal words “rational basis,” but surely that standard governed their every move. Any law entitled “for the relief of Oliver Evans” reads like a reverse Bill of

67. *Evans*, 8 F. Cas. at 873.

68. *Id.* at 874.

Attainder. Its ad hoc character condemns it as a blatant piece of special legislation that almost makes us pine for the principled generality of the CTEA.⁶⁹ Worse still, unlike the CTEA, this Act revived a patent on an invention that had already fallen into the public domain, as none of the copyright extension acts had done. Nor was this simply a question of reversing policy before anyone had acted in reliance on the changed situation. Rather, Evans's cozy statute applied to people who thought that the public domain could not be undone by a reverse act of Congress. That which was once public domain became private property anew without so much as the sign of a quid pro quo.

So dismal a performance shows that the modern Supreme Court does not have any intellectual monopoly on the (mis)use of the rational basis test. But it also demonstrates that if *Evans* carries over today, then the attack on the CTEA is surely a lost cause. It is not as though Chief Justice Marshall and Justice Washington thought no word of protest could be uttered against the Act. It is only that all words of protest should be directed to the Congress that enacted this sorrowful statute, which in its own power could, for all we know, have repealed this special Act without having to compensate Evans for his loss of property under the new enactment. The Takings Clause was part of the original Bill of Rights, and no one doubted then or now, that it applies at the very least to actions by Congress.⁷⁰ But here, it looks as though property that is created by Congress can, by implication, be destroyed by Congress, so that we are living within a constitutional twilight zone.

Evans is not the only case that appears to treat Congress's power over copyrights and patents as plenary. Judge Ginsburg also relies

69. Note too that the nineteenth century had, in general, a greater toleration for these special enactments than we do. The battle over general incorporation statutes, which heated up in the middle of the nineteenth century, was but another application of the same practice. So long as legislatures could dole out corporate charters to their preferred minions, then those lucky enough to receive them had a quasi-monopoly advantage over others who were forced to do business in some inferior vehicle which did not, inter alia, have the advantage of limited liability. On the early history of special charters, see Henry Butler, *Nineteenth-Century Jurisdictional Competition in the Granting of Corporate Privileges*, 14 J. LEGAL STUD. 129 (1985).

70. See *Barron v. Mayor of Baltimore*, 32 U.S. (7 Pet.) 243 (1833) (Takings Clause of Fifth Amendment only applies to the federal government).

on *McClurg v. Kingsland*⁷¹ to bolster the proposition that Congress has “plenary” power under the Copyright Clause. That phrase, of course, was previously used by Chief Justice Marshall in *Gibbons*, where it had a somewhat different meaning—namely it referred to the limited sphere in which no state could trump an act of Congress.⁷² It did not mean that there were no restrictions on the scope of Congress’s power at all. The Copyright Clause reads the same way. No external power trumps its operation, but that is hardly the same as saying that the scope of the Clause can be determined without reference to its internal preamble.

The facts of *McClurg*, moreover, do not remotely reveal any pattern of abuse. The defendant in this case had used an invention with the leave of his employer before the adoption of the Patent Act of 1837.⁷³ The patent was then obtained by the employee and assigned to the plaintiffs who claimed that he had acted in violation of a new patent subsequently issued under the new law. The gist of the Court’s opinion was only that the patent assignee stood in the shoes of his assignor, and that neither party could use the passage of the new statute to undermine the validity of the previous license to the defendant employer; nor could the plaintiff overcome the objection that no patent should have been allowed to issue in the first place given that the patent applicant had made public use of the invention and allowed others to use it prior to the time that he filed for the patent.⁷⁴ Judge Ginsburg quotes from this decision as follows:

Whether [the defendant’s] exceptions [based on his defenses against the assignees] are well taken or not, must depend on the law as it stood at the emanation of the patent, together with such changes as have been since made; for though they may be retrospective in their operation, that is not a sound objection to their validity; the powers of Congress to legislate upon the subject of patents is plenary by the terms of the Constitution, and as there are no restraints on its exercise, there can be no limitation of their right to

71. 42 U.S. (1 How.) 202 (1843).

72. See *Gibbons*, 22 U.S. (Wheat.) at 196-97. For explication of this misunderstood term, see Richard A. Epstein, *Commerce Power*, 73 VA. L. REV. 1387, 1401-04 (1987).

73. See *McClurg*, 42 U.S. (1 How.) at 204-05.

74. See *id.* (discussing *Pennock v. Dialogue*, 27 U.S. (2 Pet.) 1 (1829)).

modify them at their pleasure, so that they do not take away the rights of property in existing patents.⁷⁵

This passage does use the term “plenary” but it does so in a context that presents none of the stark issues raised by the CTEA. The difficulty the Court faced in *McClurg* was to deal with the continuity of patents, and the licenses under them in the transition between two somewhat different statutory regimes. That decision did not deal with the extension of a patent beyond its original term, but only sought to make sure that Congress could not “take away the rights of property in existing patents” with its change in the law—asserted rights which in the instant case proved unavailing.⁷⁶ More telling, perhaps, was its reliance on *Pennock v. Dialogue* in which Justice Story took a rather different view of the scope of the patent power. Public (including very limited) use or disclosure of the patent resulted, in his view, in the loss of patent protection:

It has not been, and indeed cannot be denied, that an inventor may abandon his invention, and surrender or dedicate it to the public. This inchoate right, thus once gone, cannot afterwards be resumed at his pleasure; for, where gifts are once made to the public in this way, they become absolute. Thus, if a man dedicates a way, or other easement to the public, it is supposed to carry with it a permanent right of user.⁷⁷

This passage does not refer to any magical power of Congress to override the basic principles of property law as they address the interface between public and private rights. It only speaks to the want of power in an owner to reclaim what he has given away. But if an easement over land is gone once it is dedicated to the public, then why not a future interest in a copyright? It is dedicated to the public at the time of its creation. We know that the owner cannot pull it back at pleasure. Why then allow Congress to do so on his behalf? Neither *Pennock* nor *McClurg* answer this last question of what Congress can do in this situation. But these cases, far from involving congressional giveaways in the tradition of *Evans*, are in fact much

75. *McClurg*, 42 U.S. (1 How.) at 206 (cited in *Eldred*, 239 F.3d at 380).

76. *Id.*

77. *Pennock*, 27 U.S. (2 Pet.) at 16.

more restrictive of the rights of putative patent holders. When read in light of their facts, they hardly provide support for the CTEA.

The question thus remains: is Congress's power over patents and copyrights as plenary as these decisions state? Here one hopes that the answer to this question is in the negative. The entire structure of constitutional review was in its infancy in 1813. Chief Justice Marshall did not give the slightest attention to the scope of judicial review or the scope of copyright and patent protection, directed as they were to limited objectives. It is hard to see anything but political intrigue in *Evans*. There is no reason to fear that striking down so blatant an illustration of special pleading will force the Court, under any standard of review, to act as a perpetual court of revision for all the fine-tuning that necessarily takes place under the patent law, on, for example, such doctrinal issues as raised in *Pennock*, or on the tricky transitional issues raised in *McClurg*. Judged by these standards, striking down the CTEA becomes an easy case because all the benefits move so sharply in one direction, and the burdens so sharply in the other. The passage of the CTEA, no more than the Act for the benefit of Oliver Evans, does not work to promote the progress of science and the useful arts. Overturning the CTEA does not plunge the court into an endless array of delicate judgments without rudder or compass.

There are, unfortunately, recent passages in the Supreme Court, duly cited by Judge Ginsburg, that point to a continued fascination with judicial deference to legislative action.⁷⁸ But these observations are hardly the result of serious constitutional reflection. Rather they are preludes to the discussion of difficult questions of statutory interpretation and social policy. Thus, in *Sony Corporation v. Universal City Studios*, the question before the Court was whether to uphold claims of contributory infringement against the makers of the Betamax (the home video tape recording system) on the ground that its equipment allowed users to tape copyrighted programs that they could then replay while fast-forwarding through the commercials. The questions here on liability are quite different by any standard. The new technology, among other features, *expands* the markets for television shows, by allowing people to view them, with or without

78. See, e.g., *Stewart v. Abend*, 495 U.S. 207, 230 (1990); *Sony Corp. v. Universal City Studios*, 464 U.S. 417 (1984).

commercials, at some more convenient time. The equipment also has important non-infringing uses. There is nothing about a standard of intermediate scrutiny (unlike strict scrutiny) that starts with the presumption of unconstitutionality. The case here is evidently one with profound social consequences, but it is a far cry from the straight giveaway that is involved in the CTEA.

Stewart v. Abend, for its part, is an even easier case. At issue, there was a contest between the respondent, who was an assignee of the (renewed) copyright in the original underlying work, and the petitioner, who took his assignment from the original author who died before the renewal of the original copyright. His estate sought to assign the copyright to the petitioner, but its effort was rebuffed because the Supreme Court held that the renewal created a “new estate” that wiped out the earlier licensee issued to the petitioner. That decision, which is strangely reminiscent of *McClurg*, raises the same kind of technical dispute between rival copyright claimants. It is hard to see why any statutory fix to the assignment problem should not survive intermediate scrutiny.

Looked at on their facts, both these cases are miles apart from *Eldred*. Judged by these standards, striking down the CTEA becomes an easy case because all the benefits move so sharply in one direction, and the burdens so sharply in the other. Overturning the CTEA does not plunge the court into an endless array of delicate judgments without rudder or compass. Unfortunately, a deferential pattern has been picked up in other cases dealing with takings and environmental regulation⁷⁹ and telecommunications.⁸⁰ Yet here we do not have to throw up our hands, for this unilateral extension of the copyright term sticks out like a sore thumb.

III. THE FREEDOM OF SPEECH CHALLENGES TO THE CTEA

The second line of challenge to the CTEA argues that it constitutes an impermissible restriction on the freedom of speech protected under the First Amendment. Trying to assess this claim is always treacherous, not only for copyrights, but also for privacy and trade secrets. In each case it looks as though the private law at either the

79. See *Tahoe-Sierra Pres. Council, Inc. v. Tahoe Reg'l Planning Agency*, 122 S.Ct. 1465 (2002).

80. See *Verizon Comm., Inc. v. FCC*, 122 S.Ct. 1646 (2002).

federal or state level has created some property interest that limits the powers of others to speak. Yet it would be bizarre in the extreme to say that all copyright, all rights of publicity, or all trade secrets fall before the First Amendment. The question then is how to think about the issue in order to avoid such an extreme conclusion.

In dealing with this question Judge Ginsburg took the view that, seemingly *as a matter of definition*, the constitutional guarantees of freedom of speech pick up where the law of intellectual property leaves off.⁸¹ In dealing with copyrighted material, the law of copyright only protects the expression of ideas and not the ideas themselves. The facts and ideas that inspire the creation of the copyrighted work remain in the public domain even after their expression receives protection under the copyright law.⁸² The Supreme Court drew exactly the same distinction in connection with its newly minted tort of misappropriation in *International News Service v. Associated Press*,⁸³ where Justice Pitney was quite explicit in his view that the scope of the Copyright Clause did nothing to take historical facts out of the public domain:

But the news element—the information respecting current events contained in the literary production—is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day. It is not to be supposed that the framers of the Constitution, when they empowered Congress “to promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries” (Const., Art. I, §8, par. 8), intended to confer upon one who might happen to be the first to report a historic event the exclusive right for any period to spread the knowledge of it.⁸⁴

Justice Pitney then reached the same conclusion about the short-term protection against the appropriation of its stories by direct competitors. The protection was afforded against using someone else’s

81. See *Eldred v. Reno*, 239 F.3d 372, 376 (D.C. Cir. 2001).

82. See *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1985).

83. 248 U.S. 215 (1918).

84. *Id.* at 234.

story as the sole source of one's newspaper account.⁸⁵ But clearly, any number of writers and papers could cover any historical event. Nor can ideas (including natural and mathematical laws) be patented, for courts have consistently held that the scope of a patentable invention does not authorize any individual to obtain a patent that removes ideas from the public domain.⁸⁶

On every side the creation of intellectual property is hemmed in by concerns for freedom of speech, whether or not these matters have received an explicit First Amendment analysis. The question, therefore, is how these pieces fit together. And once again this question turns on the standard of judicial review. Here, only the rational basis test could sustain Judge Ginsburg's position that freedom of speech begins where intellectual property rights leave off. But that approach carries with it the odd implication that the state law of unfair competition, or the federal law of copyrights and patents, always shoulder the First Amendment aside. Yet everywhere else the First Amendment is (rightly) governed by a complex admixture of strict and intermediate scrutiny. Judge Ginsburg's approach requires one to decide where rational basis leaves off and intermediate scrutiny begins. A more unified approach should lead to a more analysis of this case under both clauses. A definitional balance won't do it. So what will?

I think that the best technique in the area of speech is to go back to the original state of nature analysis, outlined above, that best accounts for the creation of the state. To recall, the basic gambit of all

85. *See id.* at 244-45.

86. *See, e.g.,* Funk Bros. Seed Co. v. Kalo Inoculent Co., 333 U.S. 127, 130 (1948) (noting that patents cannot issue for the discovery of nature). "The qualities of these bacteria, like the heat of the sun, electricity, or the qualities of metals, are part of the storehouse of knowledge of all men." *Id.* The case then went on to hold, wrongly in my view, that the discovery of the compatibility of certain nitrogen fixing bacteria with each other fell within that description, when it sounds much more like an empirically discovered industrial application of some genuine import. *See id.*; *see also* Gottschalk v. Benson, 409 U.S. 63, 71 (1972) ("It is conceded that one may not patent an idea."). But the use of algorithms with empirical inputs and outputs are rather different matters. *See, e.g.,* Diamond v. Diehr, 450 U.S. 175 (1981) (mathematical formula patentable when used in a process designed to be protected by patent); Arrhythmia Research Tech., Inc. v. Corazonix Corp., 958 F.2d 1053 (Fed. Cir. 1992) (patent upheld on invention to read electrocardiographic signals, as more than a simple algorithm).

social contract theories is an *empirical* judgment that all individuals are better off with the mutual renunciation of the use of force than with its unbridled use.⁸⁷ An endless array of actual bilateral contracts cannot achieve that outcome, so it is up to the state to impose a grand social contract that creates like benefits and imposes like burdens on all citizens, present and future. So long as the benefits exceed the burdens, as we are confident they do with the renunciation of force, then the social contract does, in a high-cost transaction setting, what voluntary contracts would achieve if transaction costs were lower.

The analysis starts when the use of force carries over to speech as well as conduct. The most obvious point of tangency comes from the use of *threats* of force. In a world in which all people knew that no one used force, no “threat” of force would ever be credible. Everyone would ignore the ostensible threat because by assumption, no one could act on it. It is like trying to bluff in poker when all cards are exposed. But in a world without perfect enforcement, threats of force do become both credible and dangerous because they encourage people to surrender their liberty and their property, which is theirs as a matter of (Lockean) right. The choice between your money or your life is usually easy, and the criminal law of extortion is designed to see that people are not forced to make that choice. But now suppose that all individuals are entitled to freedom of speech under the First Amendment. Does it follow that any legal restriction against threats of force must fall by the wayside? Not if we recall the distinction between liberty and license that motivated the basic social contract theory.

But how so? We could play the definitional game and argue that coercive threats are just not “speech,” when it is all too clear that they are. After all, threats to commit lawful acts are speech, so why does the lawfulness of the act change the speech content of the threat? What we want to do is abandon the art of legal definition, and put forward some consistent *justification* that explains why this limitation on speech is consistent with the basic constitutional command. With force proper, social contract theory treats the coerced limitation on freedom of action as justified so long as it generates

87. See JOHN LOCKE, SECOND TREATISE OF GOVERNMENT (C.B. Macpherson ed., Hackett Pub’g Co. 1980) (1690).

mutual gain for all citizens—which it does in the form of peace and good order. Nothing prevents the same approach from being used in miniature to deal with speech in all its manifestations. The bald threat, “your money or your life,” said by a robber with a gun to one’s head is a form of speech, and it is proscribed precisely because of its impermissible substantive content.

The question then is how far can this logic be carried. The answer is as far as the logic of mutual gain from reciprocal prohibitions will allow it. That said, the question becomes hard on a number of dimensions. Suppose, initially, that the threat is not the threat to use force, but the threat to charge lower prices in the marketplace than some rival. Here, so long as competition is legal, the threat to compete is legal as well. The threats in question must, presumptively, be of actions that are illegal in and of themselves, of which the use of force is Exhibit A. But are all threats, whenever and however made, so covered? Here it is easy to see why we punish those threats that have achieved their intended purpose, i.e., to get the victim to turn over his wallet. But the question is much more difficult when the threat is prospective and its target is unclear. Now we have to negotiate an underworld of express and implied threats. How, for example, does one treat political demonstrations that urge the overthrow of the government? Or picketing, which could be either for information or for coercion? Does it matter whether the pickets surround an industrial plant enmeshed in a labor dispute, or an abortion clinic that performs late-term (or indeed any) abortions? The blunt truth is that courts of equity have struggled with only limited success to determine when an injunction should be issued and under what terms. The constitutional laws face the same constraints of uncertainty and the like. They will not be able to outperform the old equity judges.

In our own political tradition, the pendulum has swung with time in favor of a rule that waits until there is an imminent threat of substantial harm.⁸⁸ We could quibble with that determination one way or the other. But whatever we think of the outcome, we should at least be clear on the correct intellectual approach. There are two forms of error: under and over enforcement. The dangers of under enforcement are, usually, somewhat less than they are for over

88. *See, e.g.,* *Brandenburg v. Ohio*, 395 U.S. 444 (1969) (finding that the mere abstract teaching for a resort to force is not the same as inciting or producing imminent lawless or violent action).

enforcement because tort liability and criminal punishment, with their deterrent effect, remain available once the offense is completed, even though in some cases that may be too late. Hence, we allow laws against combination, aiding and abetting, conspiracy, and the like, which normally do not run afoul of the First Amendment, because of the firm belief that those laws generate social improvements.

What is true for threats of force is also true of fraud. A rule that makes fraud an illegal form of speech will increase the security of transactions and offer massive across-the-board gains. Given these ample justifications, we recognize that the First Amendment does not prohibit its punishment. Yet by the same token it does not answer every question without a good deal more work: do we include concealment and nondisclosure within the class of fraud cases? How do we distinguish between puffery and fraud? Do we apply the same standards to commercial and political speech? What is the relationship between fraud and defamation? Between fraud and innocent misrepresentation? What is the role of injunctive relief, either by public or private parties? Here again, my only purpose is to pose questions, not to answer or review answers that others have given to them. Ideally, our job is to find rules that work Pareto improvements over some prior distribution, that is, those improvements that leave at least some better off and no one worse off than before.⁸⁹ In some contexts, it is difficult to achieve that goal and we may be forced to settle for results that are Kaldor-Hicks improvements, namely, those which produce gains on aggregate but still leave individual losers. But in this case we do not have to trouble ourselves over the difficult trade-offs that come when some individuals are left behind in overall improvements. Making fraud illegal is one step to convert license to liberty: it is hard to deny its beneficial effects across the board. But it is much harder to figure out the optimal remedial structure once this initial step is accepted.

89. Indeed, it is often desirable to go one step further, and to leave everyone better off (after side payments are made) to the same extent. See RICHARD A. EPSTEIN, *TAKINGS: PRIVATE PROPERTY AND THE POWER OF EMINENT DOMAIN* 3-5 (1985). This stronger view has some resonance in the cases that stress disproportionate impact as the touchstone of a takings violation. See, e.g., *Armstrong v. United States*, 364 U.S. 40, 49 (1960) (entitling leinholders just compensation under the Fifth Amendment).

Thus far, I have stressed the way in which guarantees of freedom of speech intersect with force and fraud because those are the two staples of the libertarian tradition. But we edge closer to cases of intellectual property, and to the matter at hand when we look to two of the other great potential heads of government regulation: taxation and the control of monopoly. It might be tempting to argue that all forms of speech count as free only if they are immune from all forms of taxation. But in some cases, taxation provides for the public services that protect newspapers and broadcasters as much as they do banks and factories. The general view, therefore, is that taxes that do not single out the media, or any segment of it, for special treatment will pass muster under the First Amendment, even if discriminatory (including progressive) taxes do not.⁹⁰ The implicit assumption is that a well-structured tax overcomes serious free-rider problems. To the extent that taxed firms are better off with the general tax than they are without it, this limitation on the freedom is again justified under the First Amendment.

A similar analysis applies to the application of the antitrust laws. Although too often forgotten, it was none other than Justice Rufus Peckham of *Lochner v. New York*⁹¹ who made it crystal clear that the general principle of freedom of contract did not confer any general immunity on contracts and combinations in restraint of trade.⁹² I put aside the hard question of whether we should stop with the common law solution—which was not to enforce these contracts—or the Sherman Antitrust Act, which creates a tort-like remedy in victims for treble damages, coupled with government enforcement of the basic prohibition. All that is needed for these purposes is the recognition that a pure competitive situation outperforms these monopoly arrangements, so that we can create social improvements off a common-law baseline that allows all action apart from force and fraud. That proposition is as true for newspaper and broadcast media cartels as anywhere else. No court has read the First Amendment to confer antitrust immunity on broadcast companies.⁹³

90. See *Minneapolis Star & Tribune Co. v. Minn. Comm’r of Revenue*, 460 U.S. 575 (1983) (invalidating the special use tax).

91. See 198 U.S. 45 (1905).

92. *Addyston Pipe & Steel Co. v. United States*, 175 U.S. 211 (1899).

93. See *Associated Press v. United States*, 326 U.S. 1 (1945).

Just this same analysis applies to the copyright law as well. The initial baseline is that any restriction on speech counts as a limitation on its freedom. The issue is whether these restrictions can be justified. With copyright law, the justification for restricting speech is that it will promote the production of copyrighted works by creating the incentive for their production. In the end, we will get more speech and better speech if we allow people to charge for their creations. Therefore, we have an overall social improvement that creates a new baseline, which allows for some copyright protection. Indeed, that baseline is so strong that the property rights thus created are themselves subject to strong protection under the Takings Clause, which covers all forms of private property, not just land.⁹⁴

But this general declaration does not settle the question of how much. If you run a business or build an ugly house, I am allowed to criticize your activities as a matter of right. The same principle of criticism is as important for copyrighted works as for anything else. So if the law of copyright first created an exclusive right to use certain modes of expression, that law would run into fatal constitutional objections if it did not permit anyone to utter a word in criticism about it. But how can one criticize a novel or a movie without quoting its lines or printing its pictures? Thus, the principle of fair use (closely related to the defamation law's view of fair comment) has grown up so that the monopoly over the sale and use of the copyrighted item does not stifle any and all criticism of it. The exact contours of the fair use doctrine⁹⁵ are, for the moment, neither here nor there. What matters for these points is that we create yet another vast social improvement by allowing free criticisms of copyrighted works. That criticism is only effective insofar as it can draw on elements of the work itself. But this privilege in turn should not be so broad as to allow for the reproduction of the protected work under the guise of exposing it to criticism. Indeed, to permit the wholesale rebroadcast of any work starts to look like an expropriation of that

94. See, e.g., *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984) (trade secret property rights protected by Takings Clause).

95. See *Harper & Row*, 471 U.S. at 560-61 (The factors Congress considered "especially relevant": "(1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the substantiality of the portion used in relation to the copyrighted work as a whole; (4) the effect on the potential market for or value of the copyrighted work.").

work that runs afoul of the Fifth Amendment's protection of private property.⁹⁶

This same analysis can be brought to bear on the CTEA. Here there is no question that, *prima facie*, the law has to place a restriction on freedom of speech because it will keep material out of the public domain on the expiration of the original copyright. Once we abandon the misleading language of "definitional balance," then the real question is whether we can *justify* this restriction on speech. If we apply any version of the intermediate scrutiny standard, we are now back to exactly the same position we were in under the Copyright Clause. What justification is there for restricting speech when the public does not receive in exchange any *quid pro quo* worthy of its name? Intermediate scrutiny produces the same result under the First Amendment that it does under the Copyright Clause. This restriction on speech fails because it produces no important advancement of any important social interest.

IV. THE PUBLIC TRUST VARIATION

The same point, ironically, can be made in yet another fashion. In the initial argument of the case before the District Court,⁹⁷ Eldred advanced an argument that the CTEA was a violation of the public trust doctrine, as articulated in *Illinois Central Railroad Co. v. Illinois*.⁹⁸ That argument, to say the least, does not have a secure textual home under the Constitution, but it articulates a vision that is as applicable in this case as it is in any other. As I have written earlier, the public trust doctrine should be understood as the converse and complement to the eminent domain power.⁹⁹ The eminent domain power requires the payment of just compensation as property moves from private into public hands. It does so in order to make sure that

96. See, e.g., *Zacchini v. Scripps-Howard Broad., Inc.*, 433 U.S. 562 (1977) (allowing state tort protection against appropriation when defendant broadcasted plaintiff's "entire act").

97. For a succinct and powerful statement of the arguments on copyright, see Memorandum in Support of Plaintiff's Motion for Judgment on the Pleadings or, in the Alternative, for Summary Judgment and in Opposition to Defendant's Motion for Judgment on the Pleadings at 52-62, *Eldred v. Reno*, 74 F. Supp. 2d 1 (D.D.C. 1999).

98. 146 U.S. 387 (1892).

99. See Richard A. Epstein, *The Public Trust Doctrine*, 7 CATO J. 411 (1987).

the actions of government are not driven by factional concerns, but are rather efforts to make uniform advances that benefit all members of society. The public trust doctrine deals with the converse situation, when public property is transferred for private use. Here the analogous concern is with the prevention of transactions that enrich a single individual or a small group of people at the expense of the public at large. That result occurs whenever public property (including public domain property) is given away or sold for less than it is worth. The applicable provision should be understood as providing: "Nor shall public property be given for private use, without just compensation."

The usual application of this provision is to the transfer of land or minerals to which the government holds standard proprietary title. In this instance, we have public domain property to which no individual holds any kind of title at all; and the transfer in question will not be of a present interest, but of a future interest that is due to fall into possession at the expiration of these copyrights. But neither of these differences in the details of the transaction deflect the operation of the basic principle. Public domain property is of enormous value to all members of the public because of the unfettered use rights that it confers. When that subject matter is made private in some individual, then these use rights are lost. It hardly matters that these are rights to pictures and stories instead of rights to walk along public ways or swim in public waters. Nor does it make any difference in principle that these interests will vest in possession only in the future. The ordinary remainder interest is fully protected, even if it falls into possession only at the expiration of all prior present interests. It hardly follows that those interests could be ignored by the tenant in possession (who is answerable under an action for waste) or taken by the government without compensation. The basic unsavory political dynamic of helping one's friends at the expense of the public at large is not altered because the interests transferred will fall into possession only in the future.

So in the end we are taken back to exactly the same place and for exactly the same reason that we were under both the Copyright Clause and the First Amendment. Giveaways are bad business. They are inconsistent with any system of constitutional governance. Once that simple point is recognized, then it hardly matters whether we start with the Copyright Clause, the First Amendment, or even

the public trust doctrine. All roads lead to Rome: the condemnation of government giveaways. Let the Supreme Court analyze this problem under intermediate scrutiny, and it will surely come up with the right answer. Let it put on the blinders of the rational basis test, and its deferential posture will lead to make weak, even fatuous, arguments in favor of a statute that should never have seen the light of day. Let us hope that the Court remembers that it is a Constitution that we are construing. If it does, then it will consign the CTEA, insofar as it extends the lives of existing copyrights, to the constitutional oblivion that it so richly deserves.