

## NOTE

# Every Home Should Have One: The Betamax as a Staple Article of Commerce in *Universal City Studios, Inc. v. Sony Corp. of America*\*

*In Universal City Studios, Inc. v. Sony Corp. of America, the Ninth Circuit Court of Appeals ruled that home video recording, off-the-air taping of copyrighted television programs, was copyright infringement. Public attention has focused on the issue of whether home video recording is a "fair use" of a copyrighted work, but the question of the manufacturer's liability of contributory infringement is equally important. This note considers whether the Betamax videotape recorder is a "staple article of commerce" within the meaning of patent law, and how the "staple article" concept can be used to resolve copyright issues that the Betamax creates.*

### INTRODUCTION

Over the past decade, video<sup>1</sup> has revolutionized the American home entertainment industry.<sup>2</sup> Video has made it possible for consumers to

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\*An earlier version of this article won first prize in the ASCAP Nathan Burkan Competition at U.C. Davis.

<sup>1</sup> Video was originally defined as "television pictures, as distinct from sound." M. GROSSWIRTH, HOME VIDEO 10 (1981). Today, video encompasses a new vista in home entertainment, of which television is only one aspect. The advent of projection television, cable television, videotape recorders (VTRs), videodiscs, video games, video cameras, and home computers illustrates video's many facets. *Id.*

<sup>2</sup> The National Association of Broadcasters estimates that 160 million television sets are used in nearly 82 million homes. Crook, *What's Television Doing To The American Family? Living With Video*, L.A. Times, Nov. 14, 1982, Calendar, at 4, col. 1.

One projection indicates that in less than 10 years, more than half of all television-owning households will own home video recorders. M. GROSSWIRTH, HOME VIDEO 10 (1981). According to another survey, by 1988 one-third of the American households

enjoy popular movies and other prerecorded performances at home.<sup>3</sup> Home video recording, the use of videotape recorders (VTRs) to copy telecast programs off-the-air for later in-home viewing,<sup>4</sup> has been a particularly important and lucrative development. However, writers and producers who hold copyrights in movies and television programs have protested the advent of home video recording. These copyright holders object to home video recording's expansion of public access to their protected works.<sup>5</sup>

The Supreme Court will soon review the Ninth Circuit ruling in *Universal City Studios, Inc. v. Sony Corp. of America*<sup>6</sup> that home video recording violates copyright law by infringing the rights of copyright holders.<sup>7</sup> In *Sony* the circuit court rejected the argument that home

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with at least one television set will own home video systems. *Id.* For more statistical projections on video use, see *The Next Thirty Years*, 31 HIGH FIDELITY 51-54 (Apr. 1981) (experts commenting on future of home video).

<sup>3</sup> Prerecorded video cassettes or discs of recent movies, classic television shows, Broadway musicals, and other hit programs can be purchased for approximately \$80, or rented for approximately \$5 per night. Harris, *Hollywood Wages Battle Over Videocassette Rentals*, L.A. Times, Oct. 17, 1982, § V, at 1, col. 1. Video's dramatic impact on the home entertainment industry has transformed viewers into individual programmers. The audience can now decide what to view and when to view it. M. GROSSWIRTH, HOME VIDEO 10-11 (1981).

<sup>4</sup> *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 442 (C.D. Cal. 1979). Sony, the acknowledged pioneer in the field of home video recorders, introduced the Betamax VTR in America in 1975. The Betamax was the first single unit to combine the three components (a videotape recorder, a tuner and a radio frequency adapter) necessary for home video recording. The original model could record an hour of programming at one time. M. GROSSWIRTH, HOME VIDEO 49 (1981). Today, Sony maintains dominance in the field by granting licenses to many of the major VTR manufacturers for its "Beta" format. The Betamax can now record up to five hours per cassette. *Id.* at 49-50 (1981); *Budget Home Video Recorders*, 32 HIGH FIDELITY 40 (Apr. 1982).

<sup>5</sup> The copyright holders complain that they are not compensated for the additional viewing that home video recording makes possible. They also believe that home video recording may reduce revenues from the sale of re-run and syndication rights. *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 466 (C.D. Cal. 1979).

<sup>6</sup> 480 F. Supp. 429 (C.D. Cal. 1979), *rev'd*, 659 F.2d 963 (9th Cir. 1981), *cert. granted*, June 14, 1982 (No. 81-1687).

<sup>7</sup> The Ninth Circuit ruling specifically includes private, non-commercial use. *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 969 (9th Cir. 1981). Only commercial off-the-air recording was previously deemed copyright infringement. See *Walt Disney Prod. v. Alaska Television Network, Inc.*, 310 F. Supp. 1073 (W.D. Wash. 1973); see also *Encyclopaedia Britannica Educ. Corp. v. Crooks*, 542 F. Supp. 1156, 1168-69 (W.D.N.Y. 1982) (private home video recording distinguished from videotaping for educational classroom use).

video recording is a "fair use"<sup>8</sup> of copyrighted television programs, and held the defendants liable for manufacturing and marketing VTRs.<sup>9</sup>

The Ninth Circuit and district court opinions, as well as most of the scholarly<sup>10</sup> and legislative<sup>11</sup> attention, have focused on whether the practice of home video recording violates the copyright holder's exclusive right to reproduce a protected work.<sup>12</sup> However, the question of the manufacturer's liability for a customer's infringing use of the VTR also presents complex and important legal issues. No previous copyright decision has found the entire chain of commercial distribution strictly liable for the consumer's infringing use of a product.<sup>13</sup> Unlike many pre-

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<sup>8</sup> Fair use is "a privilege in others than the owner of a copyright to use the copyrighted material in a reasonable manner without his consent, notwithstanding the monopoly granted to the owner." *Rosemont Enterprises, Inc. v. Random House, Inc.*, 366 F.2d 303, 306 (2d Cir. 1966), *cert. denied*, 385 U.S. 1009 (1967). This judicially created doctrine was codified in 17 U.S.C. § 107 (1976 & Supp. IV 1980).

<sup>9</sup> The Ninth Circuit approved the district court's definition of contributory copyright infringement: "[O]ne who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a 'contributory' infringer." See *Gershwin Publishing Corp. v. Columbia Artist Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971). However, unlike the district court, the Ninth Circuit found that Sony's conduct did indeed meet this definition. *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 974-76 (9th Cir. 1981).

<sup>10</sup> See, e.g., Note, *Home Videorecording: Fair Use or Infringement*, 52 S. CAL. L. REV. 573 (1979); Note, *The Betamax Case: Accommodating Public Access and Economic Incentive in Copyright Law*, 31 STAN. L. REV. 243 (1979); Note, *Universal v. Sony: "Fair Use" Looks Different on Videotape*, 66 VA. L. REV. 1005 (1979); Note, *Copyright, The Home Video Recording Controversy*, 81 W. VA. L. REV. 231 (1979). For citations to additional articles, see also Petitioner's Brief for Certiorari, *Universal City Studios, Inc. v. Sony Corp. of America*, 572 PAT. TRADEMARK & COPYRIGHT J. (BNA) D-1 n.9 (Mar. 25, 1982).

<sup>11</sup> The initial version of the home video recording bill introduced in the House of Representatives stated that home video recording did not infringe the copyright holder's exclusive right of reproduction under 17 U.S.C. § 106 (1976 & Supp. IV 1980). H.R. 4794, 97th Cong., 1st Sess. (1981), *reprinted in* 551 PAT. TRADEMARK & COPYRIGHT J. (BNA) AA-1 (Oct. 19, 1981). Subsequent versions in both the House of Representatives and the Senate have proposed compulsory licensing schemes. H.R. 4808/S. 1758, 97th Cong., 1st Sess. (1981), *reprinted in* 552 PAT. TRADEMARK & COPYRIGHT J. (BNA) A-1 (Oct. 29, 1981); H.R. 5488 ("The Home Video Recording Act of 1982"), 97th Cong., 2d Sess. (1982), *reprinted in* 568 PAT. TRADEMARK & COPYRIGHT J. (BNA) AA-1 (Feb. 25, 1982); H.R. 5705 ("The Edwards Bill"), 97th Cong., 2d Sess. (1982). See note 128 *supra*, for a definition of compulsory licensing.

<sup>12</sup> See 17 U.S.C. § 106 (1976 & Supp. IV 1980). "[T]he owner of [a] copyright . . . has the exclusive rights to . . . reproduce the copyrighted work . . ."

<sup>13</sup> Petitioner's Brief for Certiorari, *Universal City Studios, Inc. v. Sony Corp. of America*, 572 PAT. TRADEMARK & COPYRIGHT J. (BNA) D-1 n.2 (Mar. 25, 1982).

vious copyright defendants, who made use of existing technology,<sup>14</sup> Sony developed the original VTR, the Betamax, and in the process generated a billion dollar industry.<sup>15</sup> Eleven manufacturers sell VTRs in the United States,<sup>16</sup> and approximately five million American households have VTRs.<sup>17</sup> The widespread public acceptance of home video recording demonstrates the need for a careful response to its copyright implications.

This note analyzes the *Sony* courts' discussions of contributory copyright infringement. Sony relied heavily on an analogy to contributory patent infringement<sup>18</sup> in arguing that it should not be liable for the Betamax user's direct copyright infringement.<sup>19</sup> Both *Sony* opinions seized upon this analogy as well, but they nevertheless reached opposite results.

This note first explores the interrelationship between copyright and patent law. It examines Sony's claims that the VTR is a "staple article or commodity of commerce suitable for substantial noninfringing use" within the meaning of Section 271(c) of the Patent Act of 1952.<sup>20</sup>

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<sup>14</sup> See, e.g., *Kalem Co. v. Harper Bros.*, 222 U.S. 55 (1911) (authors and producers of infringing photoplay); *Gershwin Publishing Co. v. Columbia Artists Mgmt. Inc.*, 443 F.2d 1159 (2d Cir. 1971) (artist management organization and promoter of infringing performances); *Universal Pictures Co. v. Harold Lloyd Corp.*, 162 F.2d 354 (9th Cir. 1947) (authors and producers of infringing screenplay); *Elektra Records Co. v. Gem Elec. Distrib.*, 360 F. Supp. 821 (E.D.N.Y. 1973) (operators of store which provided tape duplicating equipment and copyrighted works for infringement on premises); *Screen Gems-Columbia Music, Inc. v. Mark-Fi Records, Inc.* 256 F. Supp. 399 (S.D.N.Y. 1966) (employee of advertising agency that accepted and filled orders for infringing works).

<sup>15</sup> Petitioner's Brief for Certiorari, *Universal City Studios, Inc. v. Sony Corp. of America*, 572 PAT. TRADEMARK & COPYRIGHT J. (BNA) D-4 (Mar. 25, 1982).

<sup>16</sup> M. GROSSWIRTH, HOME VIDEO 49-50 (1981).

<sup>17</sup> Crook, *What's Television Doing To The American Family? Living With Video*, L.A. Times, Nov. 14, 1982, Calendar, at 3, col. 2; Harris, *Hollywood Wages Battle Over Videocassette Rentals*, L.A. Times, Oct. 17, 1982, § V, at 1, col. 1.

<sup>18</sup> See text accompanying notes 62-67 *infra*.

<sup>19</sup> See *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 461 (C.D. Cal. 1979); *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 975 n.15 (9th Cir. 1981); Petitioner's Brief, at 41-42, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687.

<sup>20</sup> Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

Under patent law, "staple article" status exempts the product's manufacturer from automatic liability for subsequent infringing use of the product.<sup>21</sup> This note demonstrates the application of the "staple article" analogy to the Betamax, and concludes that, if adapted to serve the objectives of copyright, the "staple article" theory should be applied to the copyright problems that VTRs create. The note concludes by enumerating various considerations for proposed future legislation in this area.

## I. THE INTERRELATIONSHIP BETWEEN COPYRIGHT AND PATENT LAW AND ITS IMPORTANCE IN *Sony*

The district court and the Ninth Circuit Court of Appeals came to opposite conclusions about the status of the Betamax as an article of ordinary commerce.<sup>22</sup> Each opinion relied on the contributory patent

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35 U.S.C. § 271(c) (1976 & Supp. IV 1980).

<sup>21</sup> To establish contributory liability for infringing use, the contributor's knowledge that the invention is patented must be proved. *Dawson Chem. Co. v. Rohm & Haas*, 448 U.S. 176 (1980); *Aro Mfg. Co. v. Convertible Top Replacement*, 377 U.S. 476 (1964). See notes 70-76 *infra*, discussing the knowledge requirement under § 271(c).

<sup>22</sup> The identification of items used in patented processes as "articles of ordinary commerce" originated in *Morgan Envelope Co. v. Albany Perforated Wrapping Paper Co.*, 152 U.S. 425 (1894). The Supreme Court characterized these items as "organic" commodities in need of periodic renewal, *id.* at 431, 433, and exempted their manufacturers from liability for contributory patent infringement. After the *Morgan Envelope* decision, lower courts began to exempt certain articles because they were staples. See, e.g., *Payne v. Dickinson*, 109 F.2d 52 (3d Cir.), *cert. denied*, 310 U.S. 637 (1940) (hypodermic needles); *Duplex Envelope Co. v. Denominational Envelope Co.*, 80 F.2d 179, 182 (4th Cir. 1935) (envelopes); *Gillette Safety Razor v. Standard Safety Razor*, 64 F.2d 6 (2d Cir.), *cert. denied*, 290 U.S. 649 (1933); *American Safety Razor Corp. v. Frings Bros. Corp.*, 62 F.2d 416 (3d Cir. 1932) (razor blades); *Individual Drinking Cup v. Errett*, 297 F. 733, 740 (2d Cir. 1924) (paper cup) (in dictum, gum and chocolate); *Cortelyou v. Johnson*, 145 F. 933 (2d Circuit 1906), *aff'd*, 207 U.S. 196 (1907) (dictum) (paper and ink).

Other courts deemed certain chemical compounds "staples," usually due to the length of their prior use. See, e.g., *Aralac, Inc. v. Hat Corp. of America*, 166 F.2d 286, 294-95 (3d Cir. 1948) (dictum) (casein fibers); *J.C. Ferguson Mfg. Works v. American Lecithin Co.*, 94 F.2d 729, 731 (1st Cir.), *cert. denied*, 304 U.S. 573 (1938) (lecithin; natural organic substance discovered 25 years before patent); *Chas. H. Lilly Co. v. I.F. Laucks, Inc.*, 68 F.2d 175, 189 (9th Cir. 1933) (soya bean meal/flour); *Rumford Chem. v. Hygenic Chem. Co.*, 148 F. 862 (D.C.N.J. 1906) (phosphatic acid).

Finally, a few courts identified characteristics that excluded items from the "staple" classification. One court suggested that an ordinary article of commerce had at least an equal number of infringing and noninfringing uses. *National Elec. Prod. Corp. v. Grossman*, 19 F. Supp. 28 (S.D.N.Y. 1936) (bushing for armored electric cables). Some courts held that items without non-infringing uses could not be staples. *Rupp &*

infringement statute as authority for its conclusion. Both opinions reflect the history of conceptual interchange between copyright and patent law.<sup>23</sup>

Although copyright and patent protections spring from a common constitutional source,<sup>24</sup> they differ both in specifics and in the general policies which they are designed to serve.<sup>25</sup> For example, under the Copyright Act of 1976,<sup>26</sup> original works may be protected upon creation for a term of the author's lifetime plus fifty years.<sup>27</sup> This protection represents only a limited monopoly over a particular work. Copyright holders receive certain exclusive rights to their works,<sup>28</sup> but they cannot exercise exclusive control over public access to their works. The audience may make certain uses of copyrighted materials even without the copyright holder's consent.<sup>29</sup> Courts have held particular uses permissi-

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Wittgenfield v. Elliott, 131 F. 730, 732-33 (6th Cir. 1904); Canda v. Michigan Malleable Iron Co., 124 F. 486 (6th Cir. 1903).

These courts developed the concept of "substantial noninfringing use," which was codified in 35 U.S.C. § 271(c) (1976 & Supp. IV 1980). See notes 95-100 *infra*, for the definition and treatment of "substantial noninfringing use" under 35 U.S.C. § 271(c) (1976 & Supp. IV 1980). See notes 86-95 *infra* and the accompanying text, for a discussion of staple articles under 35 U.S.C. § 271(c) (1976 & Supp. IV 1980).

<sup>23</sup> For a review of the historical relationship between copyright and patent, see *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964); *Alfred Bell & Co. v. Catalda Fine Arts*, 191 F.2d 99 (2d Cir. 1951); B. KAPLAN, *AN UNHURRIED VIEW OF COPYRIGHT* 30 (1953); 3 M. NIMMER, *LAW OF COPYRIGHT*, § 1.06 (3d ed. 1981); Frijouf, *Simultaneous Copyright and Patent Protection*, 23 *COPYRIGHT L. SYMP.* (ASCAP) 99 (1973).

<sup>24</sup> Article I, § 8, cl. 8 of the United States Constitution empowers Congress "[t]o 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." U.S. CONST. art. 1, § 8, cl. 8.

<sup>25</sup> S. REP. NO. 1979, 82nd Cong., 2d Sess., reprinted in 1952 U.S. CODE CONG. & AD. NEWS 2396; *Graham v. John Deere & Co.*, 383 U.S. 1, 5 n.1 (1965); Chaffee, *Reflections on Copyright Law*, 45 *COL. L. REV.* 503, 518-519 (1945).

<sup>26</sup> 17 U.S.C. § 101-810. (1976 & Supp. IV 1980). For protection of works created before January 1, 1978, see 17 U.S.C. § 1-216 (1970) (superceded).

<sup>27</sup> See 17 U.S.C. § § 101, 106, 304(a) (1976 & Supp. IV 1980); 3 M. NIMMER, *LAW OF COPYRIGHT* § 1.01 (3d ed. 1981).

<sup>28</sup> Under 17 U.S.C. § 106 (1976 & Supp. IV 1980), the copyright holder has the exclusive right to reproduce and distribute his protected work, to prepare derivative works, and to perform or display his work in public. For a more detailed explanation of these rights, see 2 M. NIMMER, *LAW OF COPYRIGHT* §§ 8.01-23 (3d ed. 1981).

<sup>29</sup> The doctrine of "fair use," see note 8 *supra*, and by implication, the first amendment, insure that all can make use of the ideas in a copyrighted work. See 17 U.S.C. § 107 (1976 & Supp. IV 1980) (statutory "fair use"); *Twentieth Century Music v. Aiken*, 422 U.S. 151, 155-56 (1975); *MCA, Inc. v. Wilson*, 677 F.2d 180 (2d Cir. 1981); *Triangle Publications v. Knight-Ridder Newspapers*, 626 F.2d 1171, 1174 (5th

ble because they promote further creative endeavors, and therefore serve the common good.<sup>30</sup> Additionally, a copyright does not protect the ideas in a particular work, but only the author's unique expression of those ideas.<sup>31</sup> This insures that a copyright will not suppress the constitutionally guaranteed free exchange of ideas.

Patent protection is almost the converse of copyright protection.<sup>32</sup> Under the Patent Act of 1952, a patentee receives the exclusive right to make, use, or sell his invention in the United States for seventeen years.<sup>33</sup> During the statutory period, the patentee can prevent all unauthorized uses of the invention.<sup>34</sup> The patent monopoly creates a potential for conflict with the antitrust laws. Both Congress and the Supreme Court have struggled to balance patent rights with the preservation of commercial competition.<sup>35</sup>

Patents and copyrights are acquired and enforced differently. The standards for patent validity are more stringent than those for copyright.<sup>36</sup> An invention must be novel, useful and "nonobvious" to qualify

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Cir. 1980).

<sup>30</sup> *Twentieth Century Music v. Aiken*, 422 U.S. 151, 156 (1975); *Mazer v. Stein*, 347 U.S. 201, 219 (1954); B. KAPLAN, *AN UNHURRIED VIEW OF COPYRIGHT* 74-75 (1953).

<sup>31</sup> 17 U.S.C. § 102(b) (1976 & Supp. IV 1980); *Nichols v. Universal Pictures*, 45 F.2d 119, 121 (2d Cir. 1930), *cert. denied*, 282 U.S. 902 (1931).

<sup>32</sup> 17 U.S.C. § 101-810 (1976 & Supp. IV 1980). Unlike copyright protection, which has a common law history, patent protection is entirely statutory. *Deepsouth Packing Co. v. Laitram*, 406 U.S. 518, 528 (1972). Although a particular work may obtain both copyright and patent protection, it must satisfy the stricter requirements of the patent statute. See *Mazer v. Stein*, 347 U.S. 201 (1954); Frijouf, *Simultaneous Copyright and Patent Protection*, 23 COPYRIGHT L. SYMP. (ASCAP) 99 (1973).

<sup>33</sup> 35 U.S.C. § 154 (1976 & Supp. IV 1980); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-82 (1974).

<sup>34</sup> *Deepsouth Packing Co. v. Laitram*, 406 U.S. 518, 528 (1972); *Mercoid v. Minn.-Honeywell Regulator Co.*, 320 U.S. 680, 684 (1944); see Note, *Section 271(b) of the Patent Act of 1952: Confusion Codified*, 66 YALE L.J. 132, 133 n.2 (1956). A patent offers these exclusive rights for a limited period to promote inventiveness and research efforts. *Diamond v. Chakrabarty*, 447 U.S. 303, 307 (1980).

<sup>35</sup> *Deepsouth Packing Co. v. Laitram*, 406 U.S. 518, 530 (1972); *Graham v. John Deere & Co.*, 383 U.S. 1, 7 (1965). For accounts of congressional efforts to reconcile the conflicting interests of the patent and antitrust laws, see Celler, *Patents and Monopoly*, 38 J. PAT. OFF. SOC'Y 425 (1956); Scott & Kovic, *Patent Law Reform*, 16 WILLIAM & MARY L. REV. 937 (1975).

<sup>36</sup> See *L. Batlin & Sons, Inc. v. Snyder*, 536 F.2d 486, 490 (2d Cir. 1976) ("originality" standard for copyright differentiated from "novelty" standard for patent); *Russell v. Trimfit, Inc.*, 428 F. Supp. 91, 93 (E.D. Pa. 1977) (summary of procedural differences between copyright and patent registration).

for patent protection.<sup>37</sup> By comparison, a work must only be “original”<sup>38</sup> to obtain copyright protection; this latter requirement has been characterized as “a very modest grade of art.”<sup>39</sup>

Patents are also more difficult to preserve against infringement. In an infringement action, the copyright holder may substitute proof of access to his work and of the “substantial similarity” of the infringing work for evidence that his work was directly copied.<sup>40</sup> However, the patentee must prove actual unauthorized manufacture, use, or sale of his invention to establish infringement.<sup>41</sup> If the patentee has alleged contributory infringement, he must also establish that the offender knew that the invention was patented.<sup>42</sup>

Despite the many differences between the copyright and patent laws, the Supreme Court has often found analogies to patent useful in resolving copyright questions.<sup>43</sup> If the Supreme Court reaches the contributory infringement issue in *Sony*,<sup>44</sup> it may again look to patent law for

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<sup>37</sup> 35 U.S.C. § 103 (1976 & Supp. IV 1980); *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964). The term “non-obvious” indicates articles “which add to the sum of useful knowledge.” *Graham v. John Deere & Co.*, 383 U.S. 1, 6 (1965).

<sup>38</sup> 17 U.S.C. § 101 (1976 & Supp. IV 1980); see *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49 (2d Cir. 1936) (“originality” does not preclude independent, yet identical creation from copyright protection).

<sup>39</sup> *Bleistein v. Donaldson Lithography Co.*, 188 U.S. 239, 250 (1903). For an argument that copyright law should adopt the “novelty” standard necessary for patents, see *Runge v. Lee*, 404 U.S. 85 (1971) (Douglas, J., dissenting from denial of certiorari).

<sup>40</sup> A leading case on “substantial similarity” is *Sid & Marty Krofft v. McDonald’s Corp.*, 562 F.2d 1157 (9th Cir. 1977).

<sup>41</sup> 35 U.S.C. § 271(a) (1976 & Supp. IV 1980); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 484 (1964); *Alfred Bell & Co. v. Catalda Fine Arts*, 191 F.2d 99, 103 (2d Cir. 1951).

<sup>42</sup> 35 U.S.C. § 271(c) (1976 & Supp. IV 1980); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488-90 (1964). See text accompanying notes 76-78 *infra*, for an analysis of the knowledge required for copyright infringement.

<sup>43</sup> The Supreme Court last considered the issue of contributory copyright infringement 71 years ago, in *Kalem Co. v. Harper Bros.*, 222 U.S. 55 (1911). Therefore, a more recent patent precedent may be especially persuasive. See, e.g., *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 402-05 (1940) (patent law used to determine rule for allocating copyright damages).

<sup>44</sup> If the Court finds that home video recording is a “fair use” of copyrighted television programs, see note 8 *supra*, it may not address the contributory infringement issue. See Petitioner’s Brief at 39, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687; Petitioner’s Brief for Certiorari, *Universal City Studios, Inc. v. Sony Corp. of America*, 572 PAT. TRADEMARK & COPYRIGHT J. (BNA) D-1 (Mar. 25, 1982). *But see* Respondent’s Brief, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687, 607 PAT. TRADEMARK & COPYRIGHT J. (BNA) 116 (Dec. 2, 1982) (contributory infringement case’s most important issue).



guidance. The contributory copyright infringement issues in *Sony* are complex, and therefore the Court may turn to analogies and precedents in patent law. However, as helpful as patent law may have been in copyright problems of the past, the issues in *Sony* should be not resolved without reference to copyright principles.

## II. THE DISTRICT COURT AND NINTH CIRCUIT OPINIONS IN *Sony*

In 1976, the producers and copyright holders of "Frankenstein", "The Mummy", and "Duck Soup" (Universal) and "The Wonderful World of Disney" (Disney) filed suit against the Sony Corporation of America, as the United States distributor of the Betamax, and a number of other defendants.<sup>45</sup> Plaintiffs<sup>46</sup> (Universal) asserted that the use of the Betamax to copy television programs off-the-air infringed its copyrights. Universal further argued that because Sony manufactured and sold the Betamax, Sony was contributorily liable for Betamax users' direct infringements.<sup>47</sup>

The district court held for Sony, finding that home video recording was not copyright infringement<sup>48</sup> and that even if it were, Sony would not be liable for manufacturing and marketing Betamax.<sup>49</sup> The court said that the Betamax, and every VTR, was a "staple article of commerce," like a camera or tape recorder, with a variety of uses.<sup>50</sup> Furthermore, Sony's actual knowledge of the Betamax's infringing use had not been established<sup>51</sup> nor had Sony's marketing techniques induced or

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<sup>45</sup> Other defendants included Sony's Japanese parent corporation, which manufactured the Betamax; certain retail stores carrying the Betamax; the advertising agency retained by Sony to market the Betamax; and an individual Betamax user (a client of plaintiff's law firm). *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 964 (9th Cir. 1981). The allegations of contributory infringement were directed at all defendants except the individual Betamax user. *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 432 (C.D. Cal. 1979). This latter group will be referred to as the "corporate defendants."

<sup>46</sup> Plaintiffs Universal and Disney will be referred to as "Universal."

<sup>47</sup> *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 459 (C.D. Cal. 1979).

<sup>48</sup> *Id.* at 444-46.

<sup>49</sup> *Id.* at 457. The court had explained that if home video recording were an infringing use, the practice would be a "fair use" of copyrighted television programs. *Id.* at 456.

<sup>50</sup> *Id.* at 459.

<sup>51</sup> *Id.* at 460. The court noted that previous copyright defendants knew that obtaining a license from the copyright holder would legitimize their activities. See *Gershwin Publishing Corp. v. Columbia Artist Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir. 1971) (performance of copyrighted compositions); *Screen Gems-Columbia Music, Inc.*,

materially contributed to its customers' alleged infringements.<sup>52</sup> The court concluded that Sony was not liable for the infringement of Universal's copyrights.<sup>53</sup>

The Ninth Circuit repudiated the district court's results. The court found that home video recording infringed plaintiff's copyrights,<sup>54</sup> rejected the district court's "fair use" analysis,<sup>55</sup> and held Sony contributorily liable for the infringements of Betamax users.

The Ninth Circuit found the district court's characterization of the VTR as a "staple article of commerce" with both infringing and noninfringing uses<sup>56</sup> inapplicable to the issue of contributory copyright infringement.<sup>57</sup> In its analysis, however, the Ninth Circuit relied on "staple article" terminology. It concluded that, because the Betamax VTRs were designed to record television shows off-the-air, and because

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v. Mark-Fi Records, Inc., 256 F. Supp. 399 (S.D.N.Y. 1966) (manufacture of sound recordings). Because no licensing scheme existed for VTRs, Sony "could not know what copyright law required." *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 460 (C.D. Cal. 1979). See note 127 and text accompanying note 128 *supra*, for a discussion of compulsory licensing.

<sup>52</sup> The court found that plaintiff's evidence did not connect Sony's promotion of the Betamax with resulting infringing use. *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 461 (C.D. Cal. 1979). *But see* Respondent's Brief, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687, 607 PAT. TRADEMARK & COPYRIGHT J. (BNA) 117 (Dec. 2, 1982) (referring to district court finding that Sony's ads "exhort" consumers to infringe copyrighted material).

<sup>53</sup> Again characterizing the VTR as a "staple article of commerce," the court commented that patent law exempted certain manufacturers and distributors of staple articles from liability for infringing use. *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 461 (C.D. Cal. 1979). Furthermore, the court refused to find Sony vicariously liable, because such a result would expose other staple manufacturers (e.g., camera and photocopier manufacturers) to expanded liability for copyright infringement. *Id.* at 462.

In an earlier ruling, the court rejected Universal's claim that Sony had intentionally misled the public into believing that home video recording was a legal and permissive use of copyrighted material. *Universal City Studios, Inc. v. Sony Corp. of America*, 429 F. Supp. 407 (C.D. Cal. 1977).

<sup>54</sup> *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 968 (9th Cir. 1981).

<sup>55</sup> The court explained that "fair use" was not intended to provide additional convenience or entertainment for a protected work's audience. Furthermore, home video recording tended to harm the potential market for plaintiffs' works, and therefore could not be considered "fair use." *Id.* at 970, 974; see 17 U.S.C. § 107 (1976 & Supp. IV 1980) (statutory "fair use" factors).

<sup>56</sup> *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 458-59, 461 (C.D. Cal. 1979). The court did not expound upon either category of uses.

<sup>57</sup> *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 974 (9th Cir. 1981).

“[v]irtually all television programming is copyrighted material”<sup>58</sup> the Betamax lacked substantial noninfringing use.<sup>59</sup> The court reasoned that Sony manufactured, distributed, sold and advertised the Betamax in the knowledge and expectation that it would be used for infringement.<sup>60</sup> Therefore, the court concluded that Sony had knowingly induced and materially contributed to the infringement of Universal’s copyrights.

### III. SECTION 271(C) OF THE PATENT ACT OF 1952

Both *Sony* opinions relied on Section 271(c) for the proposition that manufacturers should not be automatically liable for the infringing use of their products.<sup>61</sup> Section 271(c) was the first codification of common law contributory patent infringement.<sup>62</sup> Liability under Section 271(c) is established by the sale of an article not included in the patent,<sup>63</sup> “constituting a material part of the invention,”<sup>64</sup> which is later used to infringe a patent. The unprotected item must be designed specifically for

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<sup>58</sup> *Id.* at 975. The court’s assertion that most televised material is protected is too broad. Most television programming is copyrightable if simultaneously videotaped, see 3 M. NIMMER, LAW OF COPYRIGHT § 12.04[A] (3d ed. 1981) (very few works broadcast on television already in public domain), but usually it is erased immediately, making later infringement actions impossible under 17 U.S.C. § 411 (1976 & Supp. IV 1980) (copyright registration required to maintain suit for infringement).

Furthermore, a number of copyright holders testified at trial that they had no objections to home video recording of their protected broadcasts. See Petitioner’s Brief, at 7-9, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687 (examples were professional sports organizations, religious and educational broadcasters, and Mr. Rogers’ Neighborhood, a children’s television series.)

<sup>59</sup> The Ninth Circuit concentrated on the “commodity of commerce suitable for substantial noninfringing use” branch of the § 271(c), “staple article” exception, set forth in note 20 *supra*. The court did not evaluate the Betamax as a “staple article.”

<sup>60</sup> *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 975 (9th Cir. 1981).

<sup>61</sup> See *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 975 (9th Cir. 1981); *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 460 (C.D. Cal. 1979).

<sup>62</sup> See S. REP. NO. 1979, 82d Cong., 2d Sess., reprinted in 1952 U.S. CODE CONG. & AD. NEWS 2402; F. FEDERICO, COMMENTARY ON THE NEW PATENT ACT 51-53 (1952). For a comprehensive review of the legislative reports and hearings surrounding § 271(c), see *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 204-12 (1980).

<sup>63</sup> Patent protection must be strictly limited to those inventions that satisfy the requirements of 35 U.S.C. § 103 (1976 & Supp. IV 1980) (standards for patent validity). *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964); *Compco v. Day-Brite Lighting*, 376 U.S. 234 (1964).

<sup>64</sup> 35 U.S.C. § 271(c) (1976 & Supp. IV 1980), set forth in note 20 *supra*.

use in infringing the invention.<sup>65</sup> Furthermore, the infringer must know that the component is especially adapted for infringement, and that the invention is patented.<sup>66</sup> Finally, "staple article[s] or [commodities] of commerce suitable for substantial noninfringing use" are excepted from liability.<sup>67</sup>

Judicial construction of Section 271(c) has concentrated on the knowledge requirement and the "staple article/substantial noninfringing use" exception.

#### A. *The Knowledge Requirement Under Section 271(c)*

In *Aro Manufacturing Co. v. Convertible Top Replacement Co.*,<sup>68</sup> the Supreme Court held that Section 271(c) contained a two-tiered knowledge requirement.<sup>69</sup> First, the contributory infringer must know that his unprotected component was designed especially for use in patent infringements.<sup>70</sup> Second, the contributory infringer must know that the target of infringement was patented.<sup>71</sup> The Court recognized that the legislative history of Section 271(c) could be interpreted two ways.<sup>72</sup> According to one interpretation, knowledge that an invention was patented was unnecessary.<sup>73</sup> However, the Court elected to follow the opposing interpretation, that such knowledge was required, because it was consistent with congressional intent to restrict the patent monopoly.<sup>74</sup>

Sony urges that the Supreme Court apply the *Aro* standard to the corporate defendants' conduct in marketing the Betamax because doing

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<sup>65</sup> *Id.*; see also Rich, *Infringement Under Section 271 of the Patent Act of 1952*, 21 GEO. WA. L. REV. 521, 539-541 (1953) [hereafter Rich].

<sup>66</sup> *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476 (1964).

<sup>67</sup> 35 U.S.C. § 271(c) (1976 & Supp. IV 1980), set forth in note 20 *supra*.

<sup>68</sup> 377 U.S. 476 (1964) (defendant not liable for otherwise infringing acts occurring before he had notice of plaintiff's patent).

<sup>69</sup> *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 488 (1964).

<sup>70</sup> *Id.*

<sup>71</sup> *Id.* at 488-89.

<sup>72</sup> *Id.* at 488.

<sup>73</sup> *Id.* A strong dissenting opinion took this position, arguing that the majority's reading of § 271(c) was inconsistent with the lack of a knowledge requirement in 35 U.S.C. § 271(a) (1976 & Supp. IV 1980), the direct patent infringement provision.

<sup>74</sup> See *Dawson Chem. v. Rohm & Haas Co.*, 448 U.S. 176, 207-09 (1980) (testimony on operation of § 271 (c)); *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 522 (1964) (Black, J., concurring on this issue); H.R. REP. NO. 1923, 82d. Cong., 2d Sess., reprinted in 1952 U.S. CODE CONG. & AD. NEWS 2394 (codification of contributory infringement narrower than its proponents advocated). The Court also held § 271(c) constitutional. *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 490 n.10 (1964).

so would leave responsibility for infringing use with the individual consumer.<sup>75</sup> However, at first glance, the knowledge requirement dictated in *Aro* appears inconsistent with copyright law. Traditionally, courts have found an infringer's knowledge that a particular work is copyrighted immaterial.<sup>76</sup> If a contributor has authorized or assisted in acts directly related to the infringement, he is deemed contributorily liable, so long as the contributor acted "in concert" with the direct infringer.<sup>77</sup>

However, in *Fortnightly Corp. v. United Artists Television*,<sup>78</sup> the Supreme Court rejected an attempt to hold television manufacturers strictly liable for copyright infringement.<sup>79</sup> The Court suggested that infringing intent may be more important when analyzing the copyright implications of the mass media.<sup>80</sup> Lack of a "direct economic relationship"<sup>81</sup> between the copyright holder and the television audience, and the frequent advances in communications technology indicate the need for congressional regulation.<sup>82</sup> These cases support the district court's insistence in *Sony* on a stronger showing of intent when analyzing the promotion of the Betamax.<sup>83</sup>

### B. The Staple Article Exception Under Section 271(c)

Legislative history of Section 271(c) indicates that "staple article"

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<sup>75</sup> Petitioner's Brief at 40-41, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687.

<sup>76</sup> *Shapiro, Bernstein & Co. v. Green Co.*, 316 F.2d 305, 308 (2d Cir. 1963); *Boz Scaggs Music v. KND Corp.*, 491 F. Supp. 908, 913 (D. Conn. 1980); *Plymouth Music Co. v. Magnus Organ Corp.*, 456 F. Supp. 676 (S.D.N.Y. 1978); *accord*, *Lauratex Textile Corp. v. Allton Knitting Mills*, 519 F. Supp. 730, 733 (S.D.N.Y. 1981) ("innocent" infringer must share liability with knowing corporate defendant).

<sup>77</sup> *See, e.g.*, *Famous Music v. Bay State Harness Horse Racing*, 554 F.2d 1213 (1st Cir. 1977); *Elektra Records Co. v. Gem Elec. Distrib.*, 360 F. Supp. 821 (E.D.N.Y. 1973); *Screen Gems-Columbia Music, Inc. v. Mark-Fi Records, Inc.*, 256 F. Supp. 399 (S.D.N.Y. 1966); *see also* 3 M. NIMMER, *LAW OF COPYRIGHT*, § 12.04[A] (3d ed. 1981).

<sup>78</sup> 392 U.S. 390 (1968).

<sup>79</sup> *Fortnightly Corp. v. United Artists Television*, 392 U.S. 390, 397 (1968). In its discussion, the court differentiated between "active" and "passive" broadcasting functions, and indicated that the latter did not perform copyrighted works in the statutory sense. *Id.* at 397-400. The court further indicated that the applicable statute, the Copyright Act of 1909, must be read "in the light of drastic technological change." *Id.* at 396.

<sup>80</sup> *Id.* at 397.

<sup>81</sup> *Teleprompter Corp. v. Columbia Broadcasting Sys.*, 415 U.S. 394, 411-12 (1974).

<sup>82</sup> *Id.* at 414.

<sup>83</sup> *See Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 460-61 (C.D. Cal. 1979); *see also* note 52 *supra*.

and "commodity of commerce suitable for substantial noninfringing use" are not synonymous.<sup>84</sup> Therefore, in evaluating the statutory exception to liability for contributory patent infringement, the terms must be treated separately.<sup>85</sup>

### 1. Staple Articles

Courts have had difficulty defining "staple articles" under Section 271(c), and few have proposed tests for determining whether a given product falls within the statutory exception.<sup>86</sup> Those courts confronting the issue have assessed the item's customary sales and distribution,<sup>87</sup> the

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<sup>84</sup> They can, however, be defined in terms of one another. Giles Rich, the chief drafter of § 271(c), called them "first cousins." Rich, note 65 *supra*, at 539 (1953). Rich said that while a staple may be a commodity, a commodity need not be a staple. Rich, *id* at 541. The legislative reports do not consistently maintain this distinction. See H.R. REP. NO. 1923, 82d Cong., 2d Sess., reprinted in 1952 U.S. CODE CONG. & AD. NEWS 2394 ("staple article of commerce suitable for substantial noninfringing use").

<sup>85</sup> See *Rohm & Haas Co. v. Dawson Chem. Co.*, 599 F.2d 685, 687 n.2 (5th Cir. 1979), *aff'd*, 448 U.S. 176 (1980); Rich, note 65 *supra*, at 539-41.

<sup>86</sup> The "staple article/substantial noninfringing use" exception has been the most litigated issue under § 271(c). Hildreth, *Contributory Infringement*, 44 J. PAT. OFF. SOC'Y 512, 523 (1962). The only court to expressly define "staple" adopted the dictionary definition. *Bliss & Laughlin Indus., Inc. v. Bil-Jax, Inc.*, 356 F. Supp. 577, 581 (N.D. Ohio 1972) (commodity produced regularly or in large quantities, especially for a wholesale market). The Fifth Circuit adopted a working definition of staple as an item with "substantial uses other than for infringement." *Rohm & Haas Co. v. Dawson Chem. Co.*, 599 F.2d 685, 687 n.2 (5th Cir. 1979).

The Supreme Court affirmed the Fifth Circuit's result, but preferred to define "non-staples," noting that articles outside that class were necessarily staples. *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 184, 194 (1980).

Because of the language of § 271(c), set forth in note 20 *supra* ("not a staple article") (emphasis added), many courts have focused on whether an item lacks staple characteristics. However, many of these nonstaples are indistinguishable from those defined as staples by other courts. See, e.g., *United States Gypsum Co. v. National Gypsum Co.*, 440 F.2d 510, 516 (7th Cir. 1971) (metallic tape); *Fromberg, Inc. v. Thornhill*, 315 F.2d 407, 413-14 (5th Cir. 1963) (dictum) ("Miracle Plug" for tire repair); *Sing v. Culture Prod., Inc.*, 469 F. Supp. 1249, 1255 (E.D. Mo. 1979) (preservative for cottage cheese); *Bliss & Laughlin Indus., Inc. v. Bil-Jax, Inc.* 356 F. Supp. 577, 581 (N.D. Ohio 1972) (shoring scaffolding); *Morris Bean & Co. v. Reichhold Chem.*, 329 F. Supp. 1396, 1397 (N.D. Ala. 1971) (phenoformaldehyde resin); *Spee-Flo Mfg. Corp. v. Gray Co.*, 255 F. Supp. 618, 620 (S.D. Tex. 1964) (tips for airless spray guns); *Sola Elec. Co. v. General Elec. Co.*, 146 F. Supp. 625, 647 (N.D. Ill. 1956) (ballasts); *Entec Plastics Eng'r Corp. v. Gates Rubber Corp.*, 206 U.S.P.Q. (BNA) 524 (D. Colo. 1980) (tape cartridges).

<sup>87</sup> *Fromberg, Inc. v. Thornhill*, 315 F.2d 407, 414 (5th Cir. 1963) (dictum) ("Miracle Plug" for tire repair probably not staple).

quality, quantity and efficiency of alleged alternative uses,<sup>88</sup> and whether the item commands a substantial market independent of the patent.<sup>89</sup> Some courts have identified as “staples” products that have a high degree of general consumer recognition,<sup>90</sup> such as soap<sup>91</sup> or razor blades.<sup>92</sup> This categorization has occasionally been expanded to include products with specific consumer recognition in a particular market or industry.<sup>93</sup> Often, however, courts have defined staple articles without extended discussion.<sup>94</sup>

## 2. Substantial Noninfringing Use

Because the concept of “substantial noninfringing use” has received more judicial attention than the concept of “staple article,” the courts have defined the former more clearly.<sup>95</sup> For example, courts have agreed that if items have only infringing uses, they do not qualify for the statutory exception.<sup>96</sup> When items have been especially adapted for

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<sup>88</sup> *Reynolds Metal Co. v. Aluminum Co. of America*, 457 F. Supp. 482, 509 (N.D. Ind. 1978), *rev'd on other grounds*, 609 F.2d 1218 (3d Cir.), *cert denied*, 446 U.S. 989 (1980) (light gauge aluminum foil).

<sup>89</sup> *Robintech, Inc. v. Chemidus Wavin, Ltd.*, 628 F.2d 142, 149 (D.C. Cir. 1980) (pipes and pipe fitting).

<sup>90</sup> *See, e.g., Saint Regis Paper Co. v. Tee-Pac, Inc.*, 352 F. Supp. 309, 311 n.3 (N.D. Ohio), *rev'd on other grounds*, 491 F.2d 1193 (3d Cir. 1973) (dictum) (saran wrap); *Gagnier Fibre Prod. Co. v. Fourslides, Inc.*, 112 F. Supp. 926, 932 (E.D. Mich. 1953) (hook fastener).

<sup>91</sup> *Haskell v. Lever Bros.*, 243 F. Supp. 601 (S.D.N.Y. 1965).

<sup>92</sup> *Eversharp, Inc. v. Phillip Morris, Inc.*, 256 F. Supp. 778 (E.D. Va. 1966), *aff'd*, 374 F.2d 511 (5th Cir. 1967).

<sup>93</sup> *See Robintech, Inc. v. Chemidus Wavin, Ltd.*, 628 F.2d 142, 149 (D.C. Cir. 1980) (pipes and fittings); *United States Indus., Inc. v. Otis Eng'r Corp.*, 277 F.2d 282 (5th Cir. 1960) (S-type retrievable gas lift valves); *Dr. Salisbury's Labs v. I.D. Russell Co. Labs*, 212 F.2d 414, 417 (8th Cir. 1954) (chemical treatment for poultry disease); *Sims v. Mack Trucks, Inc.*, 459 F. Supp. 1198, 1207, 1218 (E.D. Pa. 1978), *rev'd on other grounds*, 608 F.2d 87 (3d Cir. 1979), *cert denied*, 445 U.S. 930 (1979) (chassis for front-discharge concrete mixer).

<sup>94</sup> The question of “staple” identification has been left to the district courts as an issue of fact. *Burlington Indus., Inc. v. Exxon Corp.*, 379 F. Supp. 754, 758 (D. Md. 1974); *see also Sims v. Mack Trucks, Inc.*, 459 F. Supp. 1198, 1218 (E.D. Pa. 1978), *rev'd on other grounds*, 608 F.2d 87 (3d Cir.), *cert. denied*, 445 U.S. 930 (1979) (plaintiff's burden to prove defendant not qualified for exception). *Compare Fromberg, Inc. v. Thornhill*, 315 F.2d 407, 413-14 (5th Cir. 1963) (dictum) (item probably not staple) *with Fromberg, Inc. v. Gross Mfg. Co.*, 328 F.2d 803, 809 (9th Cir. 1964) (explicitly rejecting other *Fromberg* decision because item may be staple).

<sup>95</sup> *See note 22 supra*, for an explanation of the origin of “substantial noninfringing use.”

<sup>96</sup> *Accord Rohm & Haas Co. v. Dawson Chem. Co.*, 599 F.2d 685 (5th Cir. 1979),

use in infringement, courts have summarily rejected attempts to establish noninfringing uses.<sup>97</sup>

Noninfringing uses must be more than mere theoretical capabilities;<sup>98</sup> the "occasional aberrant use" of a component designed for infringement will not suffice.<sup>99</sup> However, the number of uses that satisfies the "substantial" standard has never been determined.<sup>100</sup>

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*aff'd*, 448 U.S. 176 (1980) (propanil); *Southern States Equip. Corp. v. USCO Power Equip. Corp.*, 209 F.2d 111, 121 n.15 (5th Cir. 1953) (castings for electric switches); *Illinois Tool Works v. Foster Grant*, 395 F. Supp. 234 (N.D. Ill. 1974) (nestable plastic cups and ventable packaging); *Entec Plastics Eng'r Corp. v. Gates Rubber Corp.*, 206 U.S.P.Q. (BNA) 524 (D. Colo. 1980) (tape cartridges).

<sup>97</sup> *Sticker Indus. Supply Corp. v. Blaw-Knox Co.*, 367 F.2d 744, 747 (7th Cir. 1966) (ladle feeders "custom built" for infringing use and therefore not capable of noninfringing use); *Rohm & Haas Co. v. Roberts Chemicals, Inc.*, 245 F.2d 693, 699 (4th Cir. 1957) (fungicide especially adapted for infringing use not qualified for statutory exception); *Sing v. Culture Prod., Inc.*, 469 F. Supp. 1249, 1255 (E.D. Mo. 1979) (cottage cheese preservative sold and especially adapted for infringing use; cannot meet "substantial" standard); *Grinnell Corp. v. American Monorail Co.*, 285 F. Supp. 219, 227-28 (S.C. 1967) (rotating nozzle loom cleaners especially adapted for infringement and therefore no noninfringing use "as a practical matter"). *But see Sims v. Mack Trucks, Inc.*, 459 F. Supp. 1198, 1218 (E.D.Pa. 1978), *rev'd on other grounds*, 608 F.2d 87 (3d Cir.), *cert. denied*, 445 U.S. 930 (1979) (this analysis would "render the conjunctive of section 271(c) a nullity").

<sup>98</sup> *Fromberg, Inc. v. Thornhill*, 315 F.2d 407, 414, 420 (5th Cir. 1963) (noninfringing use must be more than "limited use of little practical consequence"); *Southern States Equip. Corp. v. USCO Power Equip. Co.*, 209 F.2d 111, 121 n.15 (5th Cir. 1953) (must be more than "relatively insignificant" use).

<sup>99</sup> *Dennison Mfg. Co. v. Ben Clements and Sons, Inc.*, 467 F. Supp. 391, 428 (S.D.N.Y. 1979) (asserted noninfringing use "ridiculous"); *Entec Plastics Eng'r Corp. v. Gates Rubber Corp.*, 206 U.S.P.Q. (BNA) 524 (D.Colo. 1980) (idea that item had genuine noninfringing use "ludicrous").

<sup>100</sup> The legislative history of § 271(c) does not necessarily support the courts' insistence on substantial other uses. *See United States Indus., Inc. v. Otis Eng'r Corp.*, 277 F.2d 282 (5th Cir. 1960); *Sing v. Culture Prod., Inc.*, 469 F. Supp. 1249, 1255 (E.D. Mo. 1979); *Illinois Tool Works v. Foster Grant*, 395 F. Supp. 234, 254 (N.D. Ill. 1974). Many courts have determined that items lack substantial noninfringing use without detailed analysis. *Saf-gard Prod., Inc. v. Service Parts, Inc.*, 370 F. Supp. 257, 272 (D. Ariz. 1974) (radiator accessory kit "does not qualify" for the statutory exception); *Entec Plastics Eng'r Corp. v. Gates Rubber Corp.*, 206 U.S.P.Q. (BNA) 524 (D. Colo. 1980) (tape cartridges "obviously" without noninfringing use); *cf. International Elec. Sys. Corp. v. Shoup*, 452 F. Supp. 684, 701 (E.D. Pa. 1978) (interlocking device in voting machine "clearly capable of substantial noninfringing use"). *Compare S. REP. NO. 1979, 82d Cong., 2d Sess. reprinted in 1952 U.S. CODE CONG. & AD. NEWS 2402* ("other uses") *with Laminex, Inc. v. Fritz*, 389 F. Supp. 369, 374 (N.D. Ill. 1974) (must be "suitable for other uses"). *But see Spee-Flo Mfg. Corp. v. Gray Co.*, 255 F. Supp. 618, 620 (S.D. Tex. 1964) (finding other proven uses of air tip spray gun insufficient to be "substantial").



### C. Application of the Staple Exception to the Betamax

Arguably, the Betamax can be characterized as a staple article. It is manufactured and sold by familiar commercial methods,<sup>101</sup> produced by a reputable manufacturer,<sup>102</sup> and has become well known to the American consumer.<sup>103</sup> Furthermore, the Betamax has several noninfringing uses: playing prerecorded materials, recording unprotected television programs, permissive recording of copyrighted programs,<sup>104</sup> and filming with the optional video camera.<sup>105</sup> As the technology of the home entertainment industry continues to advance, the development of a multi-purpose home video system will create a substantial market for noninfringing uses, thus satisfying the Section 271(c) standard.<sup>106</sup>

### IV. SHOULD STATUTORY PATENT INFRINGEMENT CONCEPTS BE APPLIED TO BETAMAX USE?

An orthodox application of the statutory patent infringement scheme which Section 271(c) exemplifies is inappropriate in *Sony* for several reasons. The patent cases have antitrust implications which do not apply to a copyright problem.<sup>107</sup> In these cases, the parties invariably were competitors in the market for the unpatented item.<sup>108</sup> Because the most

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<sup>101</sup> See *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 436, 439 (C.D. Cal. 1979) (Betamax cooperatively advertised and sold in retail stores); Petitioner's Brief for Certiorari, *Universal City Studios, Inc. v. Sony Corp. of America*, 572 PAT. TRADEMARK & COPYRIGHT J. (BNA) D-4 (Mar. 25, 1982).

<sup>102</sup> At least one court has found the commercial reputation of the defendant an important consideration in determining liability for contributory patent infringement. *Claude Neon Lights, Inc. v. American Neon Light Corp.*, 39 F.2d 548, 550-51 (2d Cir. 1930) (corporate officers held contributorily liable for patent infringement because corporation "of doubtful financial stability"); cf. *Screen Gems-Columbia Music, Inc. v. Mark-Fi Records, Inc.* 256 F. Supp. 399, 401 (S.D.N.Y. 1966) (imposing contributory copyright liability on "fly-by-night" operators).

<sup>103</sup> See notes 1-4 *supra*.

<sup>104</sup> See note 58 *supra*.

<sup>105</sup> See M. GROSSWIRTH, HOME VIDEO 98-107, 130-45 (1981), for a discussion of the merits and capabilities of individual video cameras. Video experts predict that home movie making utilizing the video camera is the wave of the future. *The Next Thirty Years*, 31 HIGH FIDELITY 51-54 (Apr. 1981).

<sup>106</sup> See *The Next Thirty Years*, 31 HIGH FIDELITY 51-54 (Apr. 1981) (experts on video); see also notes 95-100 *supra*.

<sup>107</sup> See text accompanying notes 24-42 *supra*; cf. *Bobbs-Merrill v. Straus*, 210 U.S. 339, 345-46 (1908) (monopoly of patent protection not provided by copyright).

<sup>108</sup> See, e.g., *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176 (1980) (fungicide); *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502 (1917) (movie film); *Philad Co. v. Lechler Labs*, 107 F.2d 747 (2d Cir. 1939) (hair dressing

desirable remedy for patent infringement is an injunction,<sup>109</sup> successful contributory infringement actions have allowed the patentee to drive his competitor out of the relevant market.<sup>110</sup> This has given the patentee in those cases an economic advantage beyond the scope of the patent monopoly. In contrast, the district court found that Universal and Sony are not traditional competitors in the VTR market and that they do not really compete for the same audience.<sup>111</sup> Furthermore, the preferential constitutional treatment accorded to the broadcast medium<sup>112</sup> means that the Supreme Court will have to consider carefully the public interest element in home video recording.<sup>113</sup>

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equipment); *J.C. Ferguson Mfg. Works, Inc. v. American Lecithin Co.*, 94 F.2d 729, 730-31 (1st Cir.), *cert. denied*, 304 U.S. 573 (1938) (candy manufacturing); *Chas. H. Lilly Co. v. I.F. Laucks, Inc.*, 68 F.2d 175, 186-87 (9th Cir. 1933) (glue).

<sup>109</sup> See 35 U.S.C. § 283 (1976 & Supp. IV 1980) (authorization of injunction as remedy against patent infringement). Compare *Eli Lilly & Co. v. Premo Pharm. Labs, Inc.*, 630 F.2d 120, 136-38 (3rd Cir. 1980) (injunction against patent infringement judged by regular standard for injunctive relief with public policy analysis) with *Jenn Air Corp. v. Modern Maid Co.*, 499 F. Supp. 320, 322-23 (D. Del. 1980) (standard for granting injunction in patent infringement case is unusually high). A patentee who can establish that his work has been infringed usually obtains damages. See 35 U.S.C. § 284 (1976 & Supp. IV 1980); *Milgo Elec., Inc. v. United Business Communications*, 623 F.2d 645, 663-68 (10th Cir. 1980).

<sup>110</sup> *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 197 (1980).

<sup>111</sup> The district court found no evidence that individual ownership of videotaped movies precluded attendance at theater exhibitions of those movies. *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 468 (C.D. Cal. 1979). The court said that attending a theater exhibition of a movie was a social activity, compared to the allegedly solitary activity of watching a movie at home. *Id.*

The Ninth Circuit rejected this narrow approach to home video recording, asserting that Universal would have to compete with videotaped programs viewed at home. *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 974 (9th Cir. 1981).

Moreover, Universal does not assert that home video recording would be lawful if the copyright holder sold the Betamax, or that because copyrighted television programs created the market for VTRs, it is a logical extension of Universal's copyrights. This reasoning was adopted by the Supreme Court in a patent context when unprotected components were included within the patent monopoly. *Henry v. A.B. Dick Co.*, 224 U.S. 1 (1912). The Court then quickly reversed this extension of the patent monopoly in *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502 (1917), rejecting the opportunity to include motion picture film within the patent protection for a movie projector.

<sup>112</sup> See *Red Lion Broadcasting Co. v. Federal Communication Comm'n*, 395 U.S. 367 (1969) (airwaves are public property and public right to know is paramount in FCC licensing decisions); cf. *National Subscription Television v. S & H Television*, 644 F.2d 820, 826 (9th Cir. 1981) (regulating air waves in public interest does not call for demise for popular product).

<sup>113</sup> See Note, *Universal v. Sony, "Fair Use" Looks Different on Videotape*, 66 VA.

Characterizing the Betamax as an unprotected patent accessory is misleading, whether or not it is considered a "staple article." Many patent components can be used only once in a particular unit, either in an infringing or noninfringing manner.<sup>114</sup> The Betamax, however, can be used repeatedly in both infringing and noninfringing ways. In addition, an unprotected patent accessory is an actual and necessary part of the patented process or invention, as essential to its completion as one of the patent claims.<sup>115</sup> The Betamax, by comparison, is not an ingredient of a copyrighted work's original creation. It records a copyrighted or copyrightable work on videotape, but does not create the work.

Therefore, even though patent law has often guided copyright decisions, applying the contributory patent infringement statute to *Sony* can only complicate the issues. Patent law should not be applied to the determination of liability in *Sony*.

The practice of home video recording raises a variety of problems<sup>116</sup> related to the scope of copyright protection in the mass media. The Supreme Court has suggested that the traditional rules governing contributory copyright infringement might produce undesirable results when applied to home video recording.<sup>117</sup> Congressional action, rather than judicial efforts to interject inapplicable patent concepts into copyright issues, will ultimately provide the most satisfactory solution.<sup>118</sup> Even if the Supreme Court decides that home video recording is not a

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L. REV. 1005, 1024 (1979) (suggestion of special public interest in increased access to television); Petitioner's Brief at 27, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687 (home video recording serves this public interest). *But cf.* *Encyclopaedia Britannica Educ. Corp. v. Crooks*, 542 F. Supp. 1156, 1179-82, 1187 (W.D.N.Y. 1982) (commercial videotaping not subject to first amendment protection because both idea and expression appropriated; court granted injunction).

<sup>114</sup> See Note, *The Betamax Case: Accommodating Public Access and Economic Interest in Copyright Law*, 31 STAN. L. REV. 243, 260 (1979).

<sup>115</sup> *Cf.* 35 U.S.C. § 112 (1976 & Supp. IV 1980) (patent limited to specifications in claims); WALKER ON PATENTS § 225 (Deller ed. 1981 supp.). Often these components are unpatentable because they fail to meet the strict requirements of patent validity under 35 U.S.C. § 103 (1976 & Supp. IV 1980). See, e.g., *Dawson Chem. Co. v. Rohm & Haas Co.*, 448 U.S. 176, 180 (1980) (fungicide ineligible for patent protection). In other instances, the component is the subject of an expired patent. See, e.g., *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502 (1917) (motion picture film); *Leeds & Catlin v. Victor Talking Machine*, 213 U.S. 325 (1909) (sound disc).

<sup>116</sup> *Cf.* *Teleprompter Corp. v. Columbia Broadcasting Sys.*, 415 U.S. 394, 411-13 (1974) (copyright problems of television).

<sup>117</sup> *Id.* at 414.

<sup>118</sup> *Id.*

"fair use" of copyrighted programs,<sup>119</sup> Sony should not be strictly liable for infringing use of the Betamax.<sup>120</sup> The Betamax has become an ordinary commercial article or "staple" which is readily available to American consumers.<sup>121</sup> Moreover, the Betamax has a number of arguably noninfringing uses, at least one of which makes no use of previously televised material.<sup>122</sup> Betamax users should not be denied actual and potential noninfringing uses.

Notwithstanding the fact that the Betamax has noninfringing uses, consumers do make arguably infringing uses of the Betamax. If the Supreme Court finds these latter uses to be infringing and not "fair uses,"<sup>123</sup> the "staple article/substantial noninfringing use" exception might allow the continuation of home video recording. Under patent law, any use of an invention is either authorized by the inventor or it infringes the inventor's rights.<sup>124</sup> But under copyright law, if home video recording is found to be a constitutionally permissible use of protected television programs, the issue in *Sony* may become whether Universal deserves compensation for home video recording of its works.<sup>125</sup>

Although Universal has sought both an injunction and statutory damages in *Sony*, the plaintiffs' efforts to obtain compulsory licensing for VTRs indicate that enjoining the entire home video recording industry would not be a satisfactory resolution of the dispute.<sup>126</sup> Despite

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<sup>119</sup> See notes 8 and 44 *supra*.

<sup>120</sup> As the district court suggested, Sony may need to alter its advertising strategy to avoid inducing Betamax users to infringe copyrighted programs. *Universal City Studios, Inc. v. Sony Corp. of America*, 480 F. Supp. 429, 469 (C.D. Cal. 1979).

<sup>121</sup> See notes 101-03 *supra* and accompanying text.

<sup>122</sup> See notes 104-06 *supra*, discussing the use of the Betamax in conjunction with the video camera.

<sup>123</sup> For a full discussion of the legal issues presented by consumers' infringing Betamax uses, see 3 M. NIMMER, *LAW OF COPYRIGHT* § 13.01-04 (aspects of infringing use), § 13.05 (defense of fair use), and especially § 13.05 [F] [5] (fair use analysis of home video recording) (3d ed. 1981). See note 8 *supra* for the definition of "fair use."

<sup>124</sup> See 35 U.S.C. § 154 (1976 & Supp. IV 1980).

<sup>125</sup> *Cf. Zacchini v. Scripps-Howard Broadcasting*, 433 U.S. 562, 574-76 (1975) (issue not whether performance should be telecast, but whether performer should be paid). The Ninth Circuit suggested that, upon remand, the district court should consider awarding a "continuing royalty" if an injunction would inflict "great public injury." *Universal City Studios, Inc. v. Sony Corp. of America*, 659 F.2d 963, 976 (9th Cir. 1981).

<sup>126</sup> See Petitioner's Brief at Appendix B, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687 (quoting statement of E. Cardon Walker, Walt Disney Productions' chairman: "Walt Disney Productions welcomes and will support meaningful and appropriate legislation . . ."); *Attorneys in the Video Marketplace*, National Law

the manufacturers' protests to the contrary,<sup>127</sup> a compulsory licensing scheme for VTRs seems the best solution. A compulsory license allows its holder to make authorized uses of a protected work in exchange for a statutorily established royalty payment.<sup>128</sup> If Sony is ultimately found liable for infringing Universal's copyrights, compulsory licensing would encourage further advances in communications technology and also fulfill the copyright objective of rewarding the author for his creative endeavors.<sup>129</sup> Compulsory licensing legislation could relieve the individual Betamax user from liability for copyright infringement,<sup>130</sup> provided that he has purchased his unit from a licensed manufacturer.<sup>131</sup> This would place the burden of compliance with the licensing scheme on the manufacturers, those who obtain the greatest commercial benefit from home video recording.<sup>132</sup> In addition, any such legislation in this area should set a reasonable rate of compensation for the copyright holder, to minimize any injury suffered because of home video recording.<sup>133</sup>

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Journal, July 19, 1982, at 11, col. 4, and at 37, col. 1 (interview with Jack Valenti, President of the Motion Picture Association of America).

<sup>127</sup> See generally HOME VCR AND COPYRIGHT, COMPENDIUM OF ARGUMENTS IN SUPPORT OF LEGISLATION TO EXEMPT FROM COPYRIGHT INFRINGEMENT HOME RECORDING OF TV PROGRAMS FOR PRIVATE VIEWING, (Home Recording Rights Coalition, 1982) [hereafter HOME VCR AND COPYRIGHT] (copy on file at U.C. Davis Law Review office). The manufacturers argue that home video recording is either not copyright infringement, or constitutes a "fair use" of copyrighted materials. See notes 8 and 48-49 *supra*.

<sup>128</sup> Harry Fox Agency, Inc. v. Mills Music, Inc., 543 F. Supp. 844, 847 (S.D.N.Y. 1982); M. NIMMER, COPYRIGHT 187-90 (2d ed. 1979).

<sup>129</sup> Twentieth Century Music v. Aiken, 422 U.S. 151, 155-56 (1975); Teleprompter Corp. v. Columbia Broadcasting Sys., 415 U.S. 394, 411-12 (1974). Professor Nimmer advocates compulsory licensing for VTRs in 3 M. NIMMER, LAW OF COPYRIGHT, § 13.05 [F] (3d ed. 1981).

<sup>130</sup> See, e.g., H.R. 5705 ("The Edwards Bill"), 97th Cong., 2d Sess. (1982), reprinted in HOME VCR AND COPYRIGHT, note 127 *supra*, at A-33.

<sup>131</sup> *Id.*

<sup>132</sup> See notes 15-16 and accompanying text *supra*.

<sup>133</sup> It has been argued that awarding a statutory royalty to copyright holders for home video recording of their works might actually injure them by reducing their ability to negotiate compensation for use of their works. See HOME VCR AND COPYRIGHT, note 127 *supra*, at 17-19. However, the Supreme Court has indicated that copyright holders will have to accommodate developments in the mass media when fashioning future compensation arrangements. Teleprompter Corp. v. Columbia Broadcasting Sys., 415 U.S. 414 n.15 (1974) ("securing compensation" does not include "freezing existing economic arrangements").

## CONCLUSION

The use of VTRs to record television programs off-the-air for later in-home viewing has accelerated questions about the scope of copyright protection in the mass media.<sup>134</sup> In *Sony*, both the district court and the Ninth Circuit relied on contributory patent infringement analogies to reach opposite determinations concerning the manufacturer's liability for contributory copyright infringement. Although an orthodox application of patent principles is not appropriate in *Sony*, the "staple article/substantial noninfringing use" exception in Section 271(c) can be applied to the remaining problems of infringing Betamax use.

The Betamax can be characterized as a "staple article" which should be compulsorily licensed if necessary in the interests of the copyright holders and the viewing public. Such a licensing scheme would allow Betamax users continued uninterrupted access to television programs at their own convenience, while compensating the copyright holders for any infringing uses.

Anticipating similar issues in the context of cable television, the Supreme Court recognized that Congressional action would obviate the need for judicial remedies on a case-by-case basis.<sup>135</sup> Congress is the best forum for resolution of the competing interests of the copyright holders and the VTR manufacturers. Until Congress can act to balance these conflicting interests, courts should refrain from applying patent concepts to the issues of contributory copyright infringement raised in *Sony*.<sup>136</sup>

Nancy G. Carlin

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<sup>134</sup> *Teleprompter Corp. v. Columbia Broadcasting Sys.*, 415 U.S. 394, 411-413 (1974).

<sup>135</sup> *Id.* at 414.

<sup>136</sup> See Respondent's Brief, *Universal City Studios, Inc. v. Sony Corp. of America*, No. 81-1687, 607 PAT. TRADEMARK & COPYRIGHT, J. (BNA) 119, 121 (Dec. 2, 1982) (patent analogy inappropriate; without fuller factual record, judicially created compulsory license would be premature).