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THE COPYRIGHT DIVIDE

Peter K. Yu*

INTRODUCTION

A strong, robust, and dynamic copyright regime requires support, and problems arise when support is deficient. Today, there is a wide gap between copyright holders and users of copyrighted works. While copyright holders are eager to protect what they have, many users neither understand copyright law nor believe in the system. As a result, copyright piracy is rampant and illegal file sharing has become the norm rather than the exception.¹

To protect itself against Internet pirates, the recording industry filed high-profile lawsuits against students at Princeton University, Michigan Technological University, and Rensselaer Polytechnic Institute in April 2003, seeking billions of dollars in damages.² Since then, the Recording Industry Association of America ("RIAA") has launched a mass litigation campaign against file swappers across the country. Taking advantage of the subpoena power granted under the

Digital Millennium Copyright Act ("DMCA") and the precedent set by *RIAA v. Verizon Internet Services,* the recording industry sent out more than a thousand federal subpoenas, with new subpoenas approved virtually every day.

On September 8, 2003, the RIAA filed 261 lawsuits against individuals who illegally downloaded and distributed a large amount of music via peer-to-peer file-sharing networks, such as KaZaA, Grokster, iMesh, and Gnutella. In addition, the trade association offered a complementary Clean Slate Program that grants offenders "amnesty" from RIAA’s lawsuits if they admit their wrongdoing, remove all illegal music files from their computers, and promise not to illegally copy and distribute music again.

Although the industry’s recent approach was controversial and resulted in major criticisms from legislators, academics, civil libertarians, consumer advocates, and university officials, the RIAA’s aggressive tactics are not new. Indeed, copyright holders have been known for using, or encouraging their government to use, coercive power to protect their creative works. Only a decade ago, the U.S. copyright industries lobbied their government to use strong-armed tactics to coerce China into protecting intellectual property rights. Succumbing to U.S. trade pressure, the Chinese authorities eventually...

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raided pirate factories and handed out harsh penalties, including life imprisonment and even death penalty in severe cases. The similarities between the RIAA and China stories is more than a coincidence. In fact, the two stories can be further linked to a third story, which happened two centuries ago when the United States was still a less developed country. At that time, book piracy was rampant, and the United States was considered one of the most notorious pirating nations in the world. Nevertheless, despite these striking similarities, copyright scholars rarely analyze the three stories together. Indeed, commentators rarely undertake comparative analysis in the copyright field, except on a few selected topics, such as moral rights, database

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9 See Alford, Making the World Safe for What?, supra note 8, at 143.
10 See ALFORD, supra note 8, at 91 (stating that China had imposed death penalty on at least 4 individuals, life sentences on no fewer than 5 others, and imprisonment on some 500 people for trademark violations); Tom Korski, China Sentences Three to Life in Prison for CD Piracy in Harshest Sanction So Far, Pat. Trademark & Copyright L. Daily (BNA), at D2 (Dec. 11, 1997) [hereinafter Korski, China Sentences Three to Life].
11 See JAMES BOYLE, SHAMANS, SOFTWARE & SPELENS: LAW AND THE CONSTRUCTION OF INFORMATION SOCIETY 3 (1996) (noting that the United States used to be the biggest pirate in the late eighteenth and early nineteenth centuries); Alford, Making the World Safe for What?, supra note 8, at 146 (stating that the United States has been "notorious for its singular" and "cavalier attitude toward the intellectual property of foreigners" during the time when it was a less developed country); Thomas Bender & David Sampliner, Poets, Pirates, and the Creation of American Literature, 29 N.Y.U. J. INT'L L. & POL. 255, 255 (1997) (stating that the United States failed to observe foreign intellectual property rights during its formative period and did not sign any international intellectual property agreements until the end of the nineteenth century).
12 Graeme B. Dinwoodie, International Intellectual Property Litigation: A Vehicle for Resurgent Comparativist Thought, 49 AM. J. COMP. L. 429, 441 (2001) (noting that "the mere fact that national courts are now engaging in serious copyright choice of law analysis and that they are contemplating the application of foreign law requires us to know foreign law more intimately and thus enhances the need for comparative work"); id. at 453 (noting that "the increasingly multidimensional nature of international intellectual property litigation may mean that only a comparativist can fully appreciate these dimensions and accord them the proper weight"). See also Graeme B. Dinwoodie, Development and Incorporation of International Norms in the Formation of Copyright Law, 62 OHIO ST. L.J. 733, 777 (2001) (noting that "[c]ultural assimilation and the ability of digitized works to evade national regulation make it significantly more likely that modern copyright litigation will entail analysis of different national laws"); Peter K. Yu, The Harmonization Game: What Basketball Can Teach About Intellectual Property and International Trade, 26 FORDHAM INT'L L.J. 218, 232-41 (2003) [hereinafter Yu, The Harmonization Game] (noting the need for courts and lawyers to have "a deeper understanding of foreign legal systems and laws").
protection, and fair use. This Article attempts to fill this lacuna by bringing together eighteenth- and nineteenth-century America, twentieth-century China, and twenty-first-century cyberspace. Using a cross-cultural, cross-systemic, cross-temporal, and cross-sectoral approach, this Article highlights the striking similarities among the three stories and argues that these similarities provide insight into the war on piracy, intellectual property law reforms, and international harmonization efforts.

Part I of this Article focuses on book piracy in eighteenth- and nineteenth-century America. This Part explores why the United States offered very limited copyright protection to foreign authors despite their efforts in “promot[ing] the Progress of Science,” the constitutional basis of the U.S. copyright system. This Part notes that the support for protection of foreign authors substantially increased as American literature flourished and as local authors began to attract readers (and pirates) abroad.

Part II describes software piracy in post-Mao China. Tracing the development of the piracy problem since China’s reopening in the late 1970s, this Part notes that the problem has been significantly reduced since the late 1990s. This Part attributes the improvement in intellectual property protection to the increased awareness and understanding of intellectual property rights in China and the development of


15 See Ruth Okediji, Toward an International Fair Use Doctrine, 39 COLUM. J. TRANSNAT’L L. 75, 87 (2000), arguing that an international fair use doctrine does not currently exist in the international copyright policy in a global market for copyrighted works as well as for capitalizing on the benefits of protecting intellectual property under the free trade system.

16 U.S. CONST. art. I, § 8, cl. 8.
stakeholders in the Chinese copyright system, including the emergence of the indigenous software industry and a large Internet user community.17

Part III examines music piracy in cyberspace today. This Part explores the impact of digital technology on music distribution and the extensive Internet piracy problem.18 It also discusses the recent responses by the recording industry, including its MP319 and Napster litigation,20 the enactment of the DMCA,21 and the development of copy-protection technologies.22 In addition, this Part addresses the recent development of peer-to-peer file-sharing technologies, the impact of these technologies on the ability of copyright holders to protect creative works,23 and the increased public consciousness of intellectual property issues.24

Part IV looks at the three stories together and analyzes them using a cross-cultural, cross-systemic, cross-temporal, and cross-sectoral approach. Part IV.A points out that, in each of the three stories, a copyright divide exists between the stakeholders and nonstakeholders.25 Using the copyright divide construct, this Article argues that extensive copyright piracy can be seen as a battle between the stakeholders and nonstakeholders over the change and retention of the status quo. Unless the nonstakeholders understand why copyright needs to be protected and until they become the stakeholders or potential stakeholders, they will not be eager to abide by copyright laws or consent to stronger copyright protection.26

Part IV.B analyzes six different factors that commentators usually emphasize to distinguish the three stories. This Part argues that none of these factors alone account for the problem.27 Rather, all the different factors are collectively responsible, even though some factors at times might be more influential and determinative than others. This Part argues that policymakers will not be able to stem the piracy problem until they can develop a comprehensive approach that targets the various factors, as compared to a piecemeal policy that focuses on simply one or two of these factors.28

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17 See infra text accompanying notes 305-310.
18 See infra text accompanying notes 329-382.
22 See infra text accompanying notes 441-449.
23 See infra text accompanying notes 437-440.
24 See infra text accompanying notes 491-495.
25 See discussion infra Part IV.A.
26 See infra text accompanying notes 508-531.
27 See infra text accompanying notes 535-639.
28 See discussion infra Part IV.B.
To guide this policy change, Part IV.C outlines four different areas on which policymakers should focus their remedial efforts. First, the stakeholders must educate the nonstakeholders about the copyright system. They need to make the nonstakeholders understand what the copyright system protects and how the system can benefit the nonstakeholders in the long run. Second, the stakeholders need to help the nonstakeholders develop a stake in the system and understand how the nonstakeholders can protect stakeholder products and receive royalties. By doing so, the stakeholders effectively transform the nonstakeholders into stakeholders or potential stakeholders. Third, it is important for the stakeholders to help strengthen intellectual property laws and develop enforcement mechanisms. Finally, if products are needed, yet unaffordable by the of majority users, the stakeholders should develop legitimate alternatives.

Part V concludes by taking a critical look at the need for international harmonization and the limits of coercive tactics used by copyright holders to fight piracy in China and on the Internet. While this Part concedes that coercive tactics are sometimes needed to undermine the influence of those factors that militate against copyright law reforms and to prevent the development of an entrenched pirate industry, these tactics are of very limited use once reform barriers are removed or the pirate industry substantially undermined.

I. BOOK PIRACY IN NINETEENTH-CENTURY AMERICA

Until the Second World War the United States had little reason to take pride in its international copyright relations; in fact, it had a great deal to be ashamed of. With few exceptions its role in international copyright was marked by intellectual shortsightedness, political isolationism, and narrow economic self-interest.

— Barbara A. Ringer

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29 See discussion infra Part IV.C.
30 See discussion infra Part V.
31 Barbara A. Ringer, The Role of the United States in International Copyright—Past, Present, and Future, 56 GEO. L.J. 1050, 1051 (1968) [hereinafter Ringer, The Role of the United States].
We care because if no intellectual property protection exists regarding technical and entertainment information, then we have little to sell to the rest of the world. In the old days of selling cars, steel, and aluminum to the rest of the world, the kind of patent, trademark and copyright laws implemented by other nations did not make a lot of difference. Their intellectual property laws were their business. Now it is our business.

— J. Thomas McCarthy

The first story begins shortly after the United States declared independence. At that time, most of the books sold in the country were imported, and newspapers and periodicals carried much of the local literary output in serialized form. Although the press was regulated, copyright laws were virtually nonexistent. Rather, printers and publishers protected their markets by securing agreements among themselves. These agreements were further protected by physical and communication barriers among the colonies.

As communication and transportation improved and the demand for literature increased, local publishers became concerned about the lack of protection for works published outside their home states and the inconsistent copyright protection across the country. Led by Noah Webster, the author of the first American dictionary, publishers began to lobby the federal and state legislatures to enact copyright legislation.

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34 As Stephen Stewart noted: "Although the Pilgrim Fathers undertook their voyage to the American colonies to escape from religious oppression, the regulation of the press and printing generally was not very different there. "The traditional European idea of monopolising the press to cement the social order was successfully transplanted to the American shores." Id. (quoting DANIEL J. BOORSTIN, THE AMERICANS: THE COLONIAL EXPERIENCE 330 (1958)).
35 LYMAN RAY PATTERSON, COPYRIGHT IN HISTORICAL PERSPECTIVE 183 (1968) (noting that "copyright was not secured by law in colonial America").
37 Id. (noting "the fundamental difficulties of colonial transportation and communication").
38 STEWART, supra note 33, § 2.17, at 24 n.4 (noting Webster’s success in persuading Congress to assist his campaign for state copyright legislation); SIVA VAIDHYANATHAN, COPYRIGHTS AND COPYWRONGS: THE RISE OF INTELLECTUAL PROPERTY AND HOW IT THREATENS CREATIVITY 44 (2001) (noting that Webster “was the most effective lobbyist”); Thomas B. Nachbar, Constructing Copyright's Mythology, 6 Green Bag 2d 37, 37-40 (2002) (discussing Webber’s lobbying efforts). As Professor Nachbar noted: “Webster not only sowed the seeds of American statutory copyright law, he also started an American copyright tradition: seeking and obtaining from Congress extensions to the term of copyright.” Id. at 38. Nonetheless, Nachbar conceded: “Although Webster’s accomplishments were profound, it’s not at all clear that the adoption of general copyright laws in these early States is among his
The first state to enact such legislation was Connecticut, which passed An Act for the Encouragement of Literature and Genius in January 1783.\textsuperscript{39} Modeled after the English Statute of Anne,\textsuperscript{40} the Connecticut statute granted U.S. authors and their heirs and assigns "the sole liberty of printing, publishing and vending" any new books, pamphlets, maps, or charts within the State of Connecticut for two renewable terms of fourteen years.\textsuperscript{41} Taking the cue from Connecticut, Massachusetts\textsuperscript{42} and Maryland\textsuperscript{43} soon enacted their own copyright legislation. The Connecticut statute eventually served as a model for Georgia and New York,\textsuperscript{44} whereas New Hampshire and Rhode Island copied the Massachusetts statute.\textsuperscript{45}

In May 1783, the Continental Congress passed a resolution recommending the various states to secure to U.S. authors or publishers, as well as their executors, administrators, and assigns, copyright protection in books for a minimum term of fourteen years and to grant a minimum renewal term of fourteen years to authors, if then living, or their heirs and assigns.\textsuperscript{46} In response to this recommendation, New Jersey,\textsuperscript{47} New Hampshire,\textsuperscript{48} Rhode Island,\textsuperscript{49} Pennsylvania,\textsuperscript{50} South


\textsuperscript{40} An Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Authors or Purchasers of Such Copies, During the Times Therein Mentioned, 8 Anne, ch. 19 (1709).

\textsuperscript{41} \textit{Id.}

\textsuperscript{42} See An Act for the Purpose of Securing to Authors the Exclusive Right and Benefit of Publishing Their Literary Productions for Twenty-one Years (Mar. 17, 1783), \textit{reprinted in COPYRIGHT ENACTMENTS, supra} note 39, at 14.

\textsuperscript{43} See An Act Respecting Literary Property (Apr. 21, 1783), \textit{reprinted in COPYRIGHT ENACTMENTS, supra} note 39, at 15.

\textsuperscript{44} \textit{PATTERSON, supra} note 35, at 186.

\textsuperscript{45} \textit{Id.} at 184.

\textsuperscript{46} Resolution Passed by the Colonial Congress, Recommending the Several States to Secure to the Authors or Publishers of New Books the Copyright of Such Books (May 2, 1783), \textit{reprinted in COPYRIGHT ENACTMENTS, supra} note 39, at 11. The resolution provided:

That it be recommended to several States, to secure to the authors or publishers of any new books not hitherto printed, being citizens of the United States, and to their executors, administrators and assigns, the copy right of such books for a certain time not less than fourteen years from the first publication; and to secure to the said authors, if they shall survive the term first mentioned, and to their executors, administrators and assigns, the copy right of such books for another term of time not less than fourteen years, such copy or exclusive right of printing, publishing and vending the same, to be secured to the original authors, or publishers, their executors, administrators and assigns, by such laws and under such restrictions as to the several States may seem proper.

\textit{Id.}

\textsuperscript{47} \textit{See An Act for the Promotion and Encouragement of Literature (May 27, 1783), reprinted in COPYRIGHT ENACTMENTS, supra} note 39, at 16.

\textsuperscript{48} See An Act for the Encouragement of Literature and Genius, and for Securing to Authors the Exclusive Right and Benefit of Publishing Their Literary Productions for Twenty Years (Nov.
Carolina, Virginia, North Carolina, Georgia, and New York passed legislation to protect literary property. Concerned about the divergent protection offered by other states, more than half of the state copyright statutes contained reciprocity clauses that limited copyright protection to authors from states offering similar protection. By the time the Constitutional Convention was held in 1787, all but Delaware had passed copyright legislation.

Unlike the Articles of Confederation, which did not offer any protection to literary and artistic property, the United States Constitution included a copyright clause, which provides: "Congress shall have Power . . . to promote the Progress of Science . . . by securing for limited Times to Authors . . . the exclusive Right to their respective Writings." Derived from proposals introduced by James Madison and Charles Pinckney, this clause was adopted in its final form without any debate. As the brief and ambiguous passage in The
Federalist suggests, copyright was a "comparatively insignificant" issue in the public debate over the ratification of the proposed constitution.

Pursuant to this newfound enumerated power, Congress enacted the first copyright statute, the Copyright Act of 1790 ("1790 Act"), which secured to authors, publishers, or their legal representatives two fourteen-year terms of copyright protection in books, pamphlets, maps, and charts. Notorious for its discrimination against foreign authors, the Act limited copyright protection to "a citizen or citizens of these United States, or resident therein." Section 5 of the Act stated explicitly:

[N]othing in this act shall be construed to extend to prohibit the importation or vending, reprinting or publishing within the United States, of any map, chart, book or books, written, printed, or published by any person not a citizen of the United States, in foreign parts or places without the jurisdiction of the United States.

Although many commentators criticized the early development of U.S. copyright law for its intention to meet the needs of a less developed country while exploiting the works of developed countries,
the 1790 Act was not created solely for this purpose. Rather, the lack of copyright protection to foreign authors was commonplace in the late eighteenth and early nineteenth centuries. At that time, many countries "did not . . . regard the piracy of foreign authors' works as unfair or immoral. Some countries, in fact, openly countenanced piracy as contributing to their educational and social needs and as reducing the prices of books for their citizens." Because the Americans and the British speak the same language, the lack of copyright protection to foreign authors in the 1790 Act was particularly damaging to English authors. Even worse, English literature flourished in the post-revolutionary period and was extensively read throughout the United States. Between 1800 and 1860, almost half of the bestsellers in the United States were pirated, mostly from English novels. Compared to a legitimate English 

Stephen Stewart noted the unfairness of these comments to less developed countries: [Such commentary] seems less than fair to many developing countries like India, or the Latin American countries, who [sic] accepted in their national laws general copyright principles from the beginning and even in 1971 only insisted on compulsory licenses for strictly defined and limited purposes. The large scale piracy of the whole of English literature which took place legally during the nineteenth century in the US would have been illegal under the laws of the leading developing countries then and now. STEWART, supra note 33, § 2.18, at 25 n.3.

69 See EDWARD SAMUELS, THE ILLUSTRATED STORY OF COPYRIGHT 231 (2000) (noting that "the copyright law of many other countries at that time was not any more protective of the rights of foreign authors" than the First U.S. Copyright Act); Henry G. Henn, The Quest for International Copyright Protection, 39 CORNELL L.Q. 43, 43 (1953) ("Until a century ago, the general rule, with a few standout exceptions, was that domestic works were eligible for protection and foreign works were not.") (footnote omitted); Sam Ricketson, The Birth of the Berne Union, 11 COLUM.-VLA J.L. & ARTS 9, 12 (1986) (noting that piracy activities "had been a long-established feature of European social and cultural life"); Ringer, The Role of the United States, supra note 31, at 1051 (noting that "international copyright protection was the exception rather than the rule").

70 SAMUELS, supra note 69, at 231. See also 1 STEPHEN P. LADAS, THE INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY 25 (1938) ("[I]n Belgium the general belief was that such unauthorized reprints of French books without any payment to the authors was a perfectly honorable thing.").

71 STEWART, supra note 33, § 2.18, at 25. See also LADAS, supra note 70, at 27 (noting that "systematic piracy was committed in the United States of works published in all foreign countries, especially in England"); Henn, supra note 69, at 52 ("The United States had been among the most parochial of nations so far as copyright protection for published works is concerned. For over a hundred years, this nation not only denied copyright protection to published works by foreigners, . . . but appeared to encourage the piracy of such works.").


73 STEWART, supra note 33, § 2.18, at 25 (quoting JOHN WILLIAM TEBBEL, A HISTORY OF
edition, an American pirated edition cost approximately one-tenth of the total cost.\textsuperscript{74}

In the beginning, some English authors were able to secure from American publishers courtesy copyright, an unwritten custom of self-restraint whereby each major publishing house refrained from publishing editions of a foreign work that was the subject of a publishing agreement another publishing house had reached with the author.\textsuperscript{75} This system not only "protected the first American publisher of a foreign work from the unfettered copying of his edition, [but also] gave the author the opportunity of earning some remuneration, even if he were unable to prevent the American publication of his work in the first place."\textsuperscript{76} By virtue of courtesy copyright, some English authors, such as Charles Dickens and Anthony Trollope, "received large sums in respect of the American sales of their works, although they did not enjoy protection under United States copyright law."\textsuperscript{77}

However, courtesy copyright was of limited use outside the United States,\textsuperscript{78} and it became increasingly ineffective as competition in the United States became fierce and publication was no longer limited to major publishing houses.\textsuperscript{79} Among the English authors who were greatly concerned about the lack of copyright protection in the United States were Charles Dickens,\textsuperscript{80} Anthony Trollope,\textsuperscript{81} and the famous duo of Gilbert and Sullivan.\textsuperscript{82}

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BOOK PUBLISHING IN THE UNITED STATES (1972)).
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\textsuperscript{74} \textit{Id.; Vaidhyanathan, supra} note 38, at 50 (noting that "[a] London reader who wanted a copy of Charles Dickens’s \textit{A Christmas Carol} would have to pay the equivalent of $2.50 in 1843 [while a]n American Dickens fan would have to pay only six cents per copy").
\textsuperscript{75} Ricketson, supra note 69, at 13-14. \textit{See also Vaidhyanathan, supra} note 38, at 52 (discussing courtesy copyrights).
\textsuperscript{76} Ricketson, supra note 69, at 14.
\textsuperscript{77} \textit{Id.}
\textsuperscript{78} \textit{Id.} (noting that courtesy copyright “was not really of great significance outside the American market”).
\textsuperscript{79} \textit{See Vaidhyanathan, supra} note 38, at 52-53 (discussing the emergence of cheap library editions). As Professor Vaidhyanathan described:

\begin{quote}
The paper was uniformly cheap and flimsy, the typesetting sloppy, and the format hard to read. Some of the earlier editions lacked covers to keep their costs low. But soon the cheap publishers realized that the spine was in many cases the most attractive—and most visible—part of a book. So by the 1880s, most of the cheap books libraries appeared in cloth bindings at a slightly higher price, but with the same cheap paper inside. Needless to say, none of these publishers were part of the eastern seaboard elite club of publishers who were led by Henry Holt [a leading publisher at the time]. So none of them conformed to the courtesy principle.
\end{quote}
\textit{Id.} at 53.
\textsuperscript{80} \textit{See Gerhard Joseph, Charles Dickens, International Copyright, and the Discretionary Silence of Martin Chuzzlewit, 10 CARDOZO ARTS & ENT. L.J. 523 (1992) (demonstrating how Dickens’s novel reflects the author’s distress over the United States’ lack of copyright protection to British authors)).
\textsuperscript{81} \textit{Samuels, supra} note 69, at 238-39 (discussing Anthony Trollope’s copyright problems in the United States).
\textsuperscript{82} \textit{Id.} at 232-34 (discussing Gilbert and Sullivan's copyright problems in the United States).
In 1842, Lord Palmerston, the British prime minister, attempted to initiate high-level contacts with the American government in an effort to induce the United States to agree to a copyright treaty. His effort failed. In that same year, Charles Dickens traveled to the United States to plead for the protection of British works. Frustrated by his American experience, Charles Dickens recounted his unsuccessful trip:

I spoke, as you know, of international copyright, at Boston; and I spoke of it again at Hartford. My friends were paralysed with wonder at such audacious daring. The notion that I, a man alone by himself, in America, should venture to suggest to the Americans that there was one point on which they were neither just to their own countrymen nor to us, actually struck the boldest dumb! It is nothing that of all men living I am the greatest loser by it. It is nothing that I have to claim to speak and be heard. The wonder is that a breathing man can be found with temerity enough to suggest to the Americans the possibility of their having done wrong. I wish you could have seen the faces that I saw, down both sides of the table at Hartford, when I began to talk about Scott. I wish you could have heard how I gave it out. My blood so boiled as I thought of the monstrous injustice that I felt as if I were twelve feet high when I thrust it down their throats.

Unlike Charles Dickens, who "strongly declared his conviction that nothing would induce an American to give up the power he possesses of pirating British literature," Anthony Trollope was more optimistic and did not blame the American people. Rather, Trollope placed the blame squarely on "the book-selling leviathans, and . . . those politicians whom the leviathans [were] able to attach to their interests." In 1837, Senator Henry Clay submitted a report recommending the enactment of international copyright legislation that sought to "extend U.S. copyright protection to British and French authors under rigorous conditions." The report included an address and petition by several prominent British authors, which maintained that British


83 See VAIDHYANATHAN, supra note 38, at 51.
86 Id. Trollope continued: "It is the large speculator who becomes powerful in the lobbies of the House, and understands how wise it may be to incur a great expenditure either in the creation of a great business, or in protecting that which he has created from competition." Id.
87 CLAY'S REPORT, supra note 72.
89 See CLAY'S REPORT, supra note 72.
authors were "exposed to injury in their reputation and property" and that their works were "liable to be mutilated and altered, at the pleasure of [American] booksellers, or of any other persons who may have an interest in reducing the price of the works, or in conciliating the supposed principles or prejudice of purchasers in [the United States]."

The petition also appealed to the national interests of American authors and noted the lack of incentives for American publishers to afford to local authors a fair remuneration for their labors when these publishers could obtain foreign works "by unjust appropriation, instead of by equitable purchase."

In addition, the petition warned that the lack of effective protection for foreign authors may confuse the American public "as to whether the books presented to them as the works of British authors... are the actual and complete productions of the writers whose names they bear." The petition concluded with an emotional reminder about Walter Scott, who was extensively read in the United States and might have been able to survive from "the burden of debts and destructive toils" had he received remuneration from the American public for his creative endeavors. Despite Senator Clay's efforts, Congress had yet to grant protection to foreign authors.

In the meantime, American literature began to flourish, and stakeholders began to emerge in the United States. At that time, many American authors, such as James Fenimore Cooper, Ralph Waldo Emerson, Nathaniel Hawthorne, Washington Irving, Henry Wadsworth Longfellow, Herman Melville, Edgar Allan Poe, Harriet Beecher Stowe, Henry David Thoreau, and Walt Whitman, had attracted readership in England and other European countries. Because most copyright laws were made conditional upon reciprocity in other countries, American authors continued to be denied their rights under foreign law just as foreign authors were denied rights under U.S. law.

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90 Id. ¶ 1.
91 Id. ¶ 4.
92 Id. ¶ 8.
93 Id. ¶ 9.
94 Id. ¶ 10.
95 "The Clay bill was reintroduced several times between 1837 and 1842, but never reached a vote." Ringer, The Role of the United States, supra note 31, at 1055. Likewise, "[u]nsuccessful attempts to establish copyright treaty relations with Great Britain were made in 1837, 1863, and again in 1880-81, foundering each time on the opposition of American publishers who believed that their financial success depended upon being able to sell cheap reprints of British books." Sandison, supra note 84, at 92.
96 SAMUELS, supra note 69, at 231.
97 Id. at 232. Max Kempelman noted the lack of protection granted to American authors in England:

Longfellow asserted a few years before his death that he had twenty-two publishers in England and Scotland, but that "only four of them took the slightest notice of my existence, even so far as to send me a copy of the book." Harriet Beecher Stowe too is
Moreover, the lack of copyright protection had created a lot of cheap imports that competed unfairly and directly against works written by indigenous authors. American authors and a growing number of publishers became very concerned about the situation and sought to obtain "a more level playing field for their editions of American works." Some openly discussed how Congress had failed to serve the interests of the American people by keeping foreign works cheap. As Mark Twain wrote in Century Magazine in 1886:

The statistics of any public library will show that of every hundred books read by our people, about seventy are novels—and nine-tenths of them foreign ones. They fill the imagination with an unhealthy fascination with foreign life, with its dukes and earls and kings, its fuss and feathers, its graceful immorality, its sugar-coated injustices and oppressions; and this fascination breeds a more or less pronounced dissatisfaction with our country and form of government, and contempt for our republican commonplaces and simplicities; it also breeds a longing for something "better" which presently crops out in the diseased shams and imitations of the ideal foreign spectacle: Hence the "dude."

Fortunately, conditions upon which the rights of authors were based began to change in Europe. In 1828, Denmark issued a decree reported to have received no return whatever for her Uncle Tom's Cabin, even though it sold more than 1/2 million copies in Great Britain during its first year alone. Max Kempelman, The United States and International Copyright, 41 AM. J. INT'L L. 413 (1947). Nonetheless, as Professor Samuels pointed out:

It was apparently possible under the existing laws for particularly resourceful Americans to obtain protection in England by simultaneous publication there, or for resourceful British citizens to obtain protection in the United States by simultaneous publication here, but protection apparently required that the author travel to the other country and reside there at the time of publication. Or an author might be able to convey the publication rights to a citizen of the other country before publication; but that rarely led to a very reasonable payment.

Max Kempelman explained in detail the plight of American authors:

The practice hurt American authors... for their works had to meet the unfair competition of British books which were cheaper because they were not paid for. American readers were less inclined to read the novels of Cooper or Hawthorne for a dollar when they could buy a novel of Scott or Dickens for a quarter.... American men of letters were, therefore, apart from any other considerations, unable to rely on literature for a livelihood. Longfellow and Lowell were college professors; Hawthorne was in the government service; Emerson engaged in lecturing. And American readers were weaned on a literature not their own.

Stephen Ladas described the changing conditions:

The nineteenth century brought profound changes in the conditions upon which the rights of authors were based. In the political field, the liberty of the press, the
to extend the protection of authors' rights to foreign works on the condition of reciprocity.\textsuperscript{102} In addition, some countries began to negotiate bilateral treaties on the basis of strict reciprocity.\textsuperscript{103} Prussia was the first country to enter into a bilateral copyright treaty. From 1827 to 1829, it entered into thirty-two bilateral agreements with other German States.\textsuperscript{104} In 1840, Austria and Sardinia became the first autonomous states to enter into a bilateral copyright agreement.\textsuperscript{105} Predominant powers like France\textsuperscript{106} and Great Britain\textsuperscript{107} soon followed. By the middle of the nineteenth century, a network of bilateral copyright conventions among major European powers had been established.\textsuperscript{108}

Despite this network of copyright treaties, authors could expect very little uniformity in their protection other than what was offered in their home country.\textsuperscript{109} This lack of uniformity was further complicated by the fact that the duration of a copyright treaty was sometimes tied to a broader commercial treaty.\textsuperscript{110} Thus, copyright protection would be

\footnotesize{\begin{itemize}
\item destruction of the division of social classes, the dissemination of education, the reinforcement of national unity by the use of national languages instead of separate dialects; in the social and economic field, new processes of reproduction of literary and artistic works, the expansion of the press, the creation of new universities, libraries, museums and expositions, the development of bookselling and the wider circulation of books, the learning of foreign languages and the more general travelling of people from one country to another—all these facts created new conditions for the works of authors and artists. Writing and the cultivation of the arts came to be a real profession and those engaged in it expected to be supported by it and no longer by Maecenas and Royal Courts. As a result authors began to demand a fuller protection of their rights, and to raise much outcry against the injustice done them by the pirating of their works in foreign countries.
\end{itemize}}

\textsuperscript{102} Id. at 22. "This [decree] is admitted to be the first provision for international protection of authors' rights, and it is the first enactment in which the principle of reciprocity is introduced in this field." Id.

\textsuperscript{103} Ricketson, supra note 69, at 14.

\textsuperscript{104} 1 LADAS, supra note 70, at 44. "These early German agreements... were of a special character, as their purpose was to fill the gap left by the failure of the legislature of the Germanic Confederation to enact a federal copyright law." Ricketson, supra note 69, at 14-15.

\textsuperscript{105} 1 LADAS, supra note 70, at 44.

\textsuperscript{106} France concluded a copyright convention with Sardinia in 1843. Id. "In 1851 France entered into conventions for the protection of literary and artistic property with Great Britain, Portugal, and Hanover." Id. at 45 (footnotes omitted).

\textsuperscript{107} In 1837, Great Britain passed the International Copyright Act of 1837. On the basis of this statute, Great Britain entered into a copyright convention with Prussia in 1846. This Convention was further extended to ten German States in 1847 and two more in 1853. Id. at 45. By 1886, Great Britain had entered into copyright conventions with Belgium, France, Germany, Italy, and Spain. Id. at 49.

\textsuperscript{108} Ricketson, supra note 69, at 15. "By 1886, there was an intricate network of bilateral copyright conventions in force between the majority of European states, as well as with several Latin American countries. Of these, France was party to the most agreements (13), followed closely by Belgium (9), Italy and Spain (8 each), the United Kingdom (5) and Germany (5)." Id. at 16.

\textsuperscript{109} See 1 LADAS, supra note 70, at 66-67; Ricketson, supra note 69, at 15.
deeply affected if the commercial treaty was revoked or renegotiated, and "authors were continuously exposed to the danger of forfeiting protection of their rights."\textsuperscript{111} Even worse, some copyright treaties contained most-favored-nation clauses,\textsuperscript{112} which allowed a contracting party to enjoy the more favorable benefits the other party granted to a third party in another treaty. Although these clauses did not result in any loss of protection for authors, they made it difficult for authors to ascertain the level of protection they would receive in a particular country.\textsuperscript{113} As a result, authors, publishers, and policymakers began to look for better solutions.

In 1852, France issued the Decree of March 28, 1852,\textsuperscript{114} unilaterally extending copyright protection to all works regardless of their country of origin.\textsuperscript{115} The Decree can be attributed to three factors. First, the French believed that authors’ rights were rooted in natural rights and “should [therefore] not be subject to artificial restraints such as nationality and political boundaries.”\textsuperscript{116} Second, France was concerned about its failure to negotiate bilateral treaties with Belgium and the Netherlands—“the two principal ‘hotbeds’ of French piracies”\textsuperscript{117}—and “therefore hoped that the unilateral grant of protection to authors from these countries in France would ‘shame’ them into responding in like manner.”\textsuperscript{118} Third, the French at that time believed that “bargaining was not the best method of securing international protection of authors’ rights, and that if France should begin declaring that piracy of a foreign work in France was a crime punishable by the law, the other governments would be more willing to take the same step.”\textsuperscript{119} Although it is hard to assess the impact and effectiveness of the 1852 Decree, the decree seemed to have improved France’s copyright relations with other countries,\textsuperscript{120} in particular Belgium and the

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\textsuperscript{111} \textit{I LADAS, supra} note 70, at 67. \\
\textsuperscript{112} \textit{Id. See Ricketson, supra} note 69, at 15-16. \\
\textsuperscript{113} Ricketson, \textit{supra} note 69, at 16. \\
\textsuperscript{114} Decree of March 28, 1852. \\
\textsuperscript{115} \textit{Id.} “This remained a part of French law until the principle of reciprocity was introduced by Decree No. 67181 of Mar. 6, 1967.” Ringer, \textit{The Role of the United States, supra} note 31, at 1052. \\
\textsuperscript{116} Ricketson, \textit{supra} note 69, at 14. \\
\textsuperscript{117} \textit{I LADAS, supra} note 70, at 27. \\
\textsuperscript{118} Ricketson, \textit{supra} note 69, at 14. \\
\textsuperscript{119} \textit{I LADAS, supra} note 70, at 27. The 1852 Decree prohibited the counterfeiting in French territory of works published in foreign countries, as well as the sale, exportation, and transportation of counterfeited works. The Decree further required that no prosecution be instituted in France unless the author complied with the formality requirement prescribed under French law. \\
\textsuperscript{120} “During the decade from 1852 to 1862 France was able to conclude twenty-three treaties for the reciprocal protection of authors’ rights. . . . In the previous decade she had been able to conclude but four treaties. Two of the treaties concluded after 1852 were with Belgium (August 22, 1852) and Holland (March 29, 1855) . . . .” \textit{Id.} at 29.
Netherlands, and accelerated the movement toward a multilateral copyright system.121

Driven by the impetus of the French Decree, authors and artists met at the Congress on Literary and Artistic Property in Brussels in 1858 to discuss the international protection of authors’ rights.122 More than three hundred members attended,123 and fourteen countries were represented.124 Three years later, a new Congress was called in Antwerp to induce countries to adopt uniform legislation that would provide authors “the greatest possible protection.”125 Although no more international congresses were held for several years after the Antwerp meeting, “important national meetings of authors and artists were held in several countries, particularly France and Germany, and the number of bilateral conventions that were made during this period increased rapidly.”126

Two decades later, artists met at another Congress in Antwerp to celebrate the tercentenary of Rubens’s birth.127 While the Congress was in session, the attendees adopted a unanimous resolution to call upon the recently established Institute of International Law “to draft a project of world law on the protection of artistic works.”128 Despite the resolution and subsequent meetings by the Institute, no further progress was made.129

At the Universal Exposition of 1878 in Paris, the Literary Congress, which was presided over by French novelist Victor Hugo, met and “decided to create an international association of literary societies and authors.130 This association soon extended its membership to include artists and expanded its role to cover both artistic and literary property. Reflecting its new, expanded role, the Association changed its name to the International Literary and Artistic Association, which is commonly known today as A.L.A.I., the abbreviation of its French name, Association Littéraire et Artistique Internationale.

In 1882, the Association met in Rome, and Paul Schmidt of the

121 Ringer, The Role of the United States, supra note 31, at 1052 (noting that France’s unilateral initiative accelerated the movement toward a multilateral copyright system even though it did not set a pattern).
122 See 1 LADAS, supra note 70, at 71-72 (discussing the Brussels Congress of 1858).
123 The attendees included “54 delegates of literary societies, 47 delegates of universities, 21 economists, 62 authors, 24 artists, 19 journalists, 29 lawyers, 29 librarians and printers, and about 40 members of political assemblies, magistrates etc.” Id.
124 “The countries represented were Belgium, Canada, Denmark, France, Germany, Great Britain, Italy, the Netherlands, Portugal, Russia, Spain, Sweden and Norway, Switzerland and the United States of America.” Id. at 72.
125 Id. (discussing the Congress of 1861).
126 Ricketson, supra note 69, at 9.
127 1 LADAS, supra note 70, at 72-73 (discussing the Congress of 1877).
128 Id.
129 Id. at 73.
130 Id. at 74.
German Publishers Association proposed to establish a Union to protect literary property.\textsuperscript{131} He "called upon the Executive Council of the Association to initiate a discussion of this matter by the press of all countries" and to convene a conference that would include all interested parties and whose aim would be to create a Union.\textsuperscript{132} The Association unanimously approved the proposal, and the conference met in Berne in September 1883.\textsuperscript{133} At the Berne meeting, a draft convention, which consisted of ten articles, was proposed,\textsuperscript{134} and Switzerland agreed to communicate the project to "all civilized countries."\textsuperscript{135}

For the next three years, intergovernmental conferences were held in Berne.\textsuperscript{136} Although the meetings were not well received in the very beginning and countries disagreed as to how they should protect authors' rights, the participant countries eventually became receptive to the idea of having a multilateral convention. When the final conference met on September 5, 1886, twelve countries participated in the conference.\textsuperscript{137} Except Japan\textsuperscript{138} and the United States,\textsuperscript{139} which only attended the conference as observers, all the participant countries signed

\begin{itemize}
\item \textsuperscript{131} Sam Ricketson considered Dr. Schmidt's motion "cannily conceived." As Ricketson described:

[The motion] began by saying that this was not the time or place to begin discussion of a new international instrument on copyright. Widespread discussions and consultations were needed before this could be done, but with a view to beginning this process, the motion charged the office of ALAI with the task of undertaking:

the necessary measures for initiating, in the press of all countries, as extensive and profound discussion as possible on the question of the formation of a Union of literary property, and for arranging at a date to be subsequently fixed, a conference composed of the organs and representatives of interested groups, to meet to discuss and settle a scheme for the creation of a Union of literary property.

Ricketson, supra note 69, at 19-20.

\item \textsuperscript{132} 1 LADAS, supra note 70, at 75.

\item \textsuperscript{133} Id.

\item \textsuperscript{134} Ringer, The Role of the United States, supra note 31, at 1052.

\item \textsuperscript{135} Thorvald Solberg, The International Copyright Union, 36 YALE L.J. 68, 81 (1926). "The Swiss Government did not submit the project adopted by the Congress of the International Association. It substituted a more complete draft convention of eighteen articles, which, however, did not differ fundamentally from that of 1883." 1 LADAS, supra note 70, at 77.

\item \textsuperscript{136} For a discussion of the intergovernmental conferences, see id. at 76-83.

\item \textsuperscript{137} These twelve countries included Belgium, France, Germany, Haiti, Italy, Japan, Liberia, Spain, Switzerland, Tunisia, the United Kingdom, and the United States.

\item \textsuperscript{138} Japan joined the Berne Convention in 1899 and became the first Asian country to do so.

\item \textsuperscript{139} Although the United States did not sign the original Berne Convention, its delegate, Boyd Winchester, held out the promise of accession if the circumstances should become appropriate:

Whilst not prepared to join the proposed Convention as a full Signatory, the United States does not thereby wish to be understood as opposing the measure in any way, but on the contrary, desires to reserve without prejudice the privilege of future accession to the Convention, should it become expedient and practicable to do so . . . . This position and attitude of the United States is one of expectancy and reserve.

Ricketson, supra note 69, at 29-30. Little did the other signatory countries know at that time that the United States would not join the Berne Convention until more than a century later. The United States joined the Berne Convention in 1989.

\end{itemize}
the final instrument. Upon ratification, the Berne Convention for the Protection of Literary and Artistic Works ("Berne Convention") entered into force on December 5, 1887.

The original Berne Convention was, by modern standards, "a modest beginning." Nonetheless, it created "the first truly multilateral copyright treaty in history . . . [and] established some important basic principles." First, the Convention created a "Union for the protection of authors over their literary and artistic works," which has an independent existence regardless of its membership and remains "open to all states without restrictions, as long as they were prepared to comply with the obligations embodied therein." Second, in lieu of reciprocity, the Convention adopted the principle of national treatment, which requires member states to grant to foreigners the same rights as they grant to their own nationals. Third, the Convention provided merely minimum protection for translation and public performance rights. By doing so, it provided member states freedom to augment protection through other bilateral arrangements while leaving room for further expansion of these minimum rights in subsequent revisions.

Contemporaneously with the development of the Berne Union, countries in the American continent were exploring the possibility of creating Pan-American copyright conventions in a similar fashion to

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140 LADAS, supra note 70, at 82-83 (discussing the Final Conference of 1886).
141 Nine of the ten signatory countries ratified the Berne Convention. Liberia did not ratify the original Berne Convention, but acceded to the Convention in 1908.
143 Ringer, The Role of the United States, supra note 31, at 1053.
144 Id. See 1 LADAS, supra note 70, at 86 (noting that the Berne Convention "was a great step ahead in securing to authors and artists a more complete protection than they ever enjoyed up to that time in the international field.").
145 Berne Convention, supra note 142, art. I.
146 STEWART, supra note 33, § 5.06, at 101.
147 Ricketson, supra note 69, at 9.
148 Berne Convention, supra note 142, art. II.
149 The original Berne Convention required member states to protect translation rights for a minimum term of ten years. Id. art. V.
150 The original Berne Convention mandated that national treatment be applied to the public representation of dramatic or dramatico-musical works, to the public performance of an unpublished musical work, and to the public performance of a published musical work provided the author had expressly declared his intention to forbid public performance of the work. Id. art. IX.
151 Ricketson, supra note 69, at 22, 28.
what European countries did in Berne.\textsuperscript{153} Backed by strong pressure from American authors and a growing number of publishers,\textsuperscript{154} Congress actively considered proposals to provide reciprocal copyright protection to foreign authors within the United States. In 1891, Congress finally enacted the International Copyright Act of March 3, 1891,\textsuperscript{155} which was commonly referred to as the Chace Act. Under this Act, foreign authors received copyright protection when the President proclaimed that their home country provided American citizens with "the benefit of copyright on substantially the same basis as its own citizens" or that such a country was a party to an international agreement that provided reciprocal copyright protection to its members and to which "the United States may, at its pleasure, become a party."\textsuperscript{156}

Concerned about the threat from foreign, particularly British, publishers,\textsuperscript{157} the American publishing industry demanded a compromise.\textsuperscript{158} Under the Chace Act, authors could only secure

\textsuperscript{153} Ringer, \textit{The Role of the United States}, supra note 31, at 1060.
\textsuperscript{154} 1 LADAS, \textit{supra} note 70, at 27.
\textsuperscript{155} Ch. 565, 26 Stat. 1106 [hereinafter Chace Act].
\textsuperscript{156} Id. § 13. Section 13 of the Chace Act provides:

\begin{quote}
That this act shall apply to a citizen or subject of a foreign state or nation when such foreign state or nation permits to citizens of the United States of America the benefit of copyright on substantially the same basis as its own citizens; or when such foreign state or nation is a party to an international agreement which provides for reciprocity in the granting of copyright, by the terms of which agreement the United States may, at its pleasure, become a party to such agreement.
\end{quote}

\textit{Id.} "This system [of Presidential proclamations] has proved cumbersome and ineffective in comparison with the simplicity, certainty, and other advantages offered by multilateral arrangements." Ringer, \textit{The Role of the United States}, supra note 31, at 1058. See also Roger C. Dixon, \textit{Universal Copyright Convention and United States Bilateral Copyright Arrangements, in Universal Copyright Convention Analyzed} 113, 118-23 (T. Kupferman & M. Foner eds., 1955) (discussing the advantages of the Universal Copyright Convention over the system of bilateral proclamation arrangements).

\textsuperscript{157} As Professor Samuels explained:

What [the American publishers] were really afraid of was that the foreign, primarily British, publishers, would "ride the coattails" of the foreign authors' rights. Once a British edition of a book had been printed, the British publishers would export the edition to the United States, and, under power of the newly granted rights, would extend the monopoly that the British publishers had obtained from their British authors. And since the net flow of works was still from England to the United States, the threat to the powerful American publishing interests was great.

\textit{Samuels, supra} note 69, at 236.

\textsuperscript{158} Initially, the printers' unions in the major eastern cities opposed granting copyright protection to foreign authors. However, they changed their position as printers were increasingly filled with American women:

As book prices spiraled downward, squeezing profits from the established firms, the newer "cheap books" publishers had to cut costs as well. Many operated in cities where the printers' unions were weak, and most quickly abandoned unionized white men who were unwilling to print and bind books for pennies per day. Instead, many of the cheap publishers employed nonunion women and shared and reused printing plates to set type. The printers' unions realized that while the lack of international copyright was protecting the jobs of more American printers, the workers who filled those jobs were the wrong kind—women instead of men. By the late 1880s, the unions flipped
copyright by registering the work before publication and by depositing two copies of the work on or before the date of publication anywhere.\textsuperscript{159}

As far as “books, photograph, chromo or lithograph” were concerned, the Act included a manufacturing clause, requiring the two deposit copies be “printed from type set within the limits of the United States, or from plates made therefrom, or from negatives, or drawings on stone made within the limits of the United States, or from transfers made therefrom.”\textsuperscript{160}

Such a requirement “granted the foreign authors the rights that they demanded, while still denying foreign publishers any rights.”\textsuperscript{161}

Because of the manufacturing clause, many commentators found the Chace Act “illusory.”\textsuperscript{162}

Since the introduction of the Chace Act, Congress has made major revisions to the 1909\textsuperscript{163} and 1976 Copyright Acts\textsuperscript{164} and has since abolished the manufacturing clause\textsuperscript{165} and made the copyright notice optional.\textsuperscript{166}

At the international level, the United States has joined the Mexico City Convention of 1902,\textsuperscript{167} the Buenos Aires Convention of 1910,\textsuperscript{168} the Universal Copyright Convention,\textsuperscript{169} and the Berne Convention\textsuperscript{170} and has ratified the 1996 WIPO Internet Treaties.\textsuperscript{171}

In addition, as a member of the World Trade Organization (“WTO”), the United States abides by the Agreement on Trade-Related Aspects of
Intellectual Property Rights and is subject to the WTO dispute settlement procedure.

Today, the United States is no longer the notorious pirate it was in the eighteenth and nineteenth centuries. Rather, it has become the champion of literary and artistic property and one of the predominant powers advocating strong intellectual property protection around the world. Not only was it responsible for putting intellectual property on the international trade agenda, but it also applies continual and constant pressure to induce foreign countries, in particular less developed countries, to reform their intellectual property regimes. Within a hundred years, the United States has been transformed from the most notorious pirate to the most dreadful police.

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173 Article 64 of the TRIPs Agreement requires that all intellectual property disputes arising under the Agreement be settled by the dispute settlement procedure provided in the General Agreement of Trade and Tariffs. Id. art. 64, 33 I.L.M. at 1221.

174 For an interesting discussion of why the United States underwent a 180-degree change in its approach toward intellectual property protection, see McCarthy, supra note 32.

175 See Assafa Endeshaw, Commentary: A Critical Assessment of the U.S.-China Conflict on Intellectual Property, 6 ALB. L.J. SCI. & TECH. 295, 337 (1996) (noting the United States' success "in placing intellectual property on an arguably 'international' pedestal"); Reichman & Samuelson, supra note 14, at 97 ("Universal intellectual property standards embodied in the TRIPs Agreement had become enforceable within the framework of a World Trade Organization, largely as a result of sustained pressures by a coalition of powerful manufacturing associations in Europe, the United States, and Japan.") (footnote omitted).

176 See 19 U.S.C. § 2242(a)(1)(A) (2000) (granting the United States Trade Representative power to investigate and identify foreign nations that do not provide adequate intellectual property protection or that deny American intellectual property goods fair or equitable market access); Kim Newby, The Effectiveness of Special 301 in Creating Long Term Copyright Protection for U.S. Companies Overseas, 21 SYRACUSE J. INT'L L. & COM. 29, 39 (1995) (discussing Special 301 actions in Taiwan, China, and Thailand); Yu, From Pirates to Partners, supra note 8, at 140-48 (discussing the United States' success in using section 301 sanctions to pressure China to reform its intellectual property regime).

II. SOFTWARE PIRACY IN TWENTIETH-CENTURY CHINA

Although scholars both East and West credit the Chinese with having contributed paper, movable type, and ink to humankind, China has yet to develop comprehensive protection for what is created when one applies inked type to paper. To be sure, this has not been for a lack of effort in promulgating formal legal protections for intellectual property.... [Recent] developments notwithstanding, protection for intellectual property remains closer to rhetoric than reality on the Chinese mainland, and problems persists across the Taiwan Straits.

— William P. Alford

We take copyright violations very seriously, but when it comes to copying a disk, most Chinese people don't see what's wrong.

— Xu Guoji

[Building a copyright system is] like building a house.... You can have the house structure all set up, very beautiful. But then, you need electricity and water pipes. That takes more time.

— Li Changxu

The second story takes place on the other side of the Pacific Ocean more than a century later. Like the first, this story concerns a less developed country that is struggling to compete with other members of the international trading community. Unlike the first story, however, the protagonist of this one has a different political, social, economic, cultural, ideological, and historical background. Rather than being a newly independent state, the country has more than 4000 years of history and is struggling with both internal and external problems.

After decades of imperialism, warlordism, wars, famines, revolutions, and political turmoil, China finally regained stability in the late 1970s. In December 1978, the Chinese Communist Party reopened the country to the international community, reversing Mao Zedong’s seclusion policy, which was in force since 1958. Unlike Mao, Deng

178 ALFORD, supra note 8, at 1.
181 See Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 16-37 (describing the various differences between China and the West).
182 Professor Hsü described the improvement in China’s foreign trade since the open-door policy:

During the first decade of the People’s Republic (1949-59), China maintained
Xiaoping believed in a pragmatic approach. Instead of putting "politics in command," Deng saw economic wealth as the foundation of China's power and realized that China could not modernize in isolation without the benefits of foreign science, technology, capital, and management skills. Thus, Deng and other leaders vigorously pushed for the Four Modernizations, the establishment of Special Economic Zones, and the renewal of diplomatic and commercial ties with the United States, Japan, and other Western developed countries.

Among the earliest treaties signed shortly after China's reopening was the Agreement on Trade Relations Between the United States of America and the People's Republic of China. This Agreement culminated from the improving relationship between the two countries and covered a large variety of areas, which ranged from establishing businesses to enabling banking transactions and from maintaining trade and diplomatic ties to facilitating cultural exchanges.

In the context of intellectual property, this Agreement provided that "each Party shall seek, under its laws and with due regard to diplomatic and commercial relations only with the Soviet Union and the Eastern European satellite states. There was no trade between China and the United States. After the Sino-Soviet split in 1960, China became extremely isolated in the international community, simultaneously facing both the Soviet Union and the United States as potential enemies. It was not until after the visit of President Richard Nixon to China in 1972 that limited commercial relations began. In 1972 American-Chinese trade amounted to only $92 million, but it rapidly grew to $1,189 million in 1978, $5,478 million in 1981, $8 billion in 1986, and $13.5 billion in 1988, amounting to approximately 10 percent of China's total foreign trade.


YONGNIAN ZHENG, DISCOVERING CHINESE NATIONALISM IN CHINA: MODERNIZATION, IDENTITY AND INTERNATIONAL RELATIONS 17 (1999); id. ("According to Deng, whether China could have a rightful place in the world of nations depended on China's domestic economic development.").

HSU, supra note 182, at 858.

The Four Modernizations aimed to develop China's world-class strength in agriculture, industry, science and technology, and national defense by 2000. See Id. at 803-14, for a comprehensive overview of the Four Modernizations.

The special economic zones seek to experiment with new economic forms within the framework of "socialist modernization." These zones allow for a substantial role for foreign investment in the private economy. Peter K. Yu, Succession by Estoppel: Hong Kong's Succession to the ICCPR, 27 PEPP. L. REV. 53, 104 n.293 (1999) [hereinafter Yu, Succession by Estoppel]. See also George T. Crane, 'Special Things in Special Ways': National Economic Identity and China's Special Economic Zones, in CHINESE NATIONALISM 148 (Jonathan Unger ed., 1996) (exploring China's economic identity as revealed in debates surrounding the establishment and expansion of special economic zones).


See HSU, supra note 182, at 785 (discussing the straining relationship between China and the United States during the 1970s).

See id.
international practice, to ensure to legal or natural persons of the other Party protection of patents and trademarks equivalent to the patent and trademark protection correspondingly accorded by the other Party.”

The Agreement also provided that “each Party shall take appropriate measures, under its laws and regulations and with due regard to international practice, to ensure to legal or natural persons of the other Party protection of copyrights equivalent to the copyright protection correspondingly accorded by the other Party.”

By virtue of this Agreement, “China assumed an international legal obligation for intellectual property rights protection [even] before it had established a domestic intellectual property protection system.” In 1980, China became a member of the World Intellectual Property Organization (“WIPO”). Five years later, China joined the Paris Convention for the Protection of Industrial Property. In addition, China promulgated a new trademark law in 1982 and a new patent statute in 1984. Notwithstanding these new laws and multilateral agreements, China afforded authors and inventors very limited protection.

At that time, Chinese leaders were still very reluctant to introduce private property, as they were concerned about the conflict intellectual property rights would create within the socialist economic system. Thus, instead of creating new rights to protect individual authorship and inventions, the new intellectual property statutes were drafted primarily to rehabilitate authors, inventors, and scientists by enhancing their position through legal recognition while promoting “socialist

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191 Id. art. VI (3), 31 U.S.T. at 4658.
192 Id. art. VI (5).
193 HONG XUE & CHENGSI ZHENG, SOFTWARE PROTECTION IN CHINA: A COMPLETE GUIDE 5 (1999) [hereinafter XUE & ZHENG, SOFTWARE PROTECTION IN CHINA].
197 Although the new trademark and patent laws granted individuals rights over their creations and inventions, these laws were designed mainly to promote “socialist legality with Chinese characteristics.” ALFORD, supra note 8, at 70. Uneasy about the introduction of private property and the potential conflict between intellectual property rights and the national interest, the Chinese government placed substantial limits on the rights granted under the new statutes. Id.
198 See ALFORD, supra note 8, at 70.
200 ALFORD, supra note 8, at 70 (arguing that the intellectual property laws promulgated in the early 1980s were designed mainly to promote “socialist legality with Chinese characteristics”); Yu, From Pirates to Partners, supra note 8, at 136-37 (discussing the substantial limits on
legality with Chinese characteristics." Although the trademark and patent laws granted individuals rights in their marks and inventions, these statutes included so many limits that the original grants became insignificant. Intellectual property protection remained ineffective, and piracy was rampant throughout the country.

Consider computer software, for example. As China reopened in the late 1970s, "software development units found the sale of infringing tapes and disks of their programs, as well as plagiarized descriptions of these programs, in public bookstores by other units who had neither contacted the developers nor sought their permission." Fearing immediate duplication of their work once it was put on the market, many developers "literally kept the software in their desk drawers." Even though some eventually decided to release their products by publishing notices or warnings in newspapers, their remedial efforts were of very limited effectiveness. After all, the consuming public knew that software developers could do nothing even if the software was reproduced and its replica sold.

Frustrated by the lack of computer software protection, the chief engineer of an enterprise of the Ministry of Electronics Industry called for the establishment of a copyright system in China to protect computer software in 1984. A few months later, executives from IBM submitted a draft for an Interim Copyright Law for the Protection of Software to the Ministry of Electronics Industry, "express[ing] an urgent desire for the establishment of a Chinese software protection system." In 1985, Chinese experts from technical, foreign trade, and research departments and universities reached "a unanimous consensus... that it was essential for China to prepare a special

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201 ALFORD, supra note 8, at 70.
203 XUE & ZHENG, SOFTWARE PROTECTION IN CHINA, supra note 193, at 31.
204 Id.
205 “For example, the Sixth Institute of the Ministry of Electronic Industries, when marketing their newly developed Chinese character base data system (Cdbase III), included a notice stating, ‘No reproduction, transfer or resale is permissible.’” Id. at 32.
206 Id.
207 As Professors Xue Hong and Zheng Chengsi elaborated: “The main reason he suggested such a system be established was that the lack of satisfactory protection prevented software products being introduced to the Chinese market, and consequently the Chinese software industry could not develop. This was the first time such a system had been called for in China.” Id. at 31.
208 Id. at 32.
protection regime for software in addition to possible general copyright protection in the future Chinese Copyright Law.\textsuperscript{209} The State Council subsequently appointed the Ministry of Electronics Industry "to organize a working group to prepare a document, either as regulations or in another form, for the protection of software in China."\textsuperscript{210}

Notwithstanding these legislative efforts, the drafting process was stalled by the changing development of software protection in the international community, as countries started to abandon earlier efforts to create a \textit{sui generis} copyright regime for protecting software.\textsuperscript{211} In the end, China met a similar fate as that of many other less developed countries, and software protection was created in response to U.S. trade pressure, rather than internal legislative initiatives.\textsuperscript{212}

Concerned about the extensive piracy in audiovisual products and computer software, U.S. businesses lobbied their government heavily to increase pressure on China. In the late 1980s and early 1990s, the U.S. government repeatedly threatened China with a series of economic sanctions, trade wars, non-renewal of most-favored-nation status, and opposition to China's entry into the WTO.\textsuperscript{213} Such threats eventually led to the signing of the Memorandum of Understanding Between China (PRC) and the United States on the Protection of Intellectual Property ("1992 MOU") in 1992,\textsuperscript{214} the Agreement Regarding Intellectual Property Rights ("1995 Agreement") in 1995,\textsuperscript{215} and an accord that reiterated China's commitment to intellectual property protection in 1996.\textsuperscript{216}

In retrospect, the 1992 MOU was effective in revamping China's intellectual property system. Pursuant to the 1992 MOU,\textsuperscript{217} China acceded to the Berne Convention for the Protection of Literary and

\textsuperscript{209} Id.
\textsuperscript{210} Id.
\textsuperscript{211} Id. at 33.
\textsuperscript{212} PETER FENG, INTELLECTUAL PROPERTY IN CHINA § 7.03, at 128 (1997).
\textsuperscript{213} See Yu, From Pirates to Partners, supra note 8, at 140-51 (describing the United States' use of section 301 sanctions and various trade threats to induce China to protect intellectual property rights).
Artistic Works\textsuperscript{218} and ratified the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms.\textsuperscript{219} China also amended the 1990 Copyright Law and issued new implementing regulations.\textsuperscript{220} In addition, China subsequently adopted a new unfair competition law and provided trade secret protection.\textsuperscript{221}

Likewise, the 1995 Agreement was effective in helping China create an institutional infrastructure that was conducive to protecting and enforcing rights created under the new intellectual property regime.\textsuperscript{222} The Agreement introduced the State Council Working Conference on Intellectual Property Rights ("Working Conference")\textsuperscript{223} and established the Enforcement Task Forces.\textsuperscript{224}

To protect CDs, laser discs, and CD-ROMs, the 1995 Agreement also established a unique copyright verification system,\textsuperscript{225} proposing to punish by administrative and judicial means any manufacturer of audiovisual products who failed to comply with the identifier requirement.\textsuperscript{226}

In addition, the Agreement called for title registration of foreign

\textsuperscript{218} Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as last revised in Paris, July 24, 1971, 828 U.N.T.S. 221. See also 1992 MOU, supra note 217, art. 3(1), 34 I.L.M. at 680-81 (stipulating that China would adhere to the Berne Convention and would submit legislation authorizing such accession).


\textsuperscript{220} See 1992 MOU, supra note 217, art. 3(4), 34 I.L.M. at 681. The amended statute protects computer software programs as literary works for fifty years, removes formalities on copyright protection, and extends protection to all works originating in a Berne Union country, including sound recordings that have fallen into the public domain. See id. at 3(6)-(8), 34 I.L.M. at 682.

\textsuperscript{221} See id. art. 4, 34 I.L.M. at 683.

\textsuperscript{222} See 1995 Agreement, supra note 215.

\textsuperscript{223} This working conference was responsible for the central organization and coordination of protection and enforcement of all intellectual property laws throughout the country. Id. § I[A], 34 I.L.M. at 887-89. In April 1998, the Chinese government replaced the State Council Working Conference on Intellectual Property Rights with the State Intellectual Property Office (SIPO). See XUE & ZHENG, SOFTWARE PROTECTION IN CHINA, supra note 193, at 21-22.

\textsuperscript{224} Action Plan for Effective Protection and Enforcement of Intellectual Property Rights § I[B][1], in 1995 Agreement, supra note 215, 34 I.L.M. at 887, 890. The Task Forces comprised administrative and other authorities responsible for intellectual property protection, including the National Copyright Administration, the State Administration for Industry and Commerce, the Patent Office, police at various levels, and customs officials. They were authorized to enter and search premises that allegedly infringed on intellectual property rights, review books and records for evidence of infringement and damages, seal suspected goods, and confiscate materials and implements used to make infringing goods. Id. § I[B][1][b], 34 I.L.M. at 890. If they found infringement, they could impose fines; order a stoppage of production, reproduction and sale of infringing goods; revoke production permits; and confiscate and destroy the infringing goods and the materials and implements used to manufacture those products. Id. § I[B][1][c], 34 I.L.M. at 890.

\textsuperscript{225} Id. § I[H], 34 I.L.M. at 903.

\textsuperscript{226} Id. § I[H][1][b], 34 I.L.M. at 903.
audiovisual products and computer software in CD-ROM format with the National Copyright Administration and local copyright authorities. The Agreement also required customs offices to intensify border protection for all imports and exports of CDs, laser discs, CD-ROMS, and trademarked goods. Finally, the Agreement stipulated that relevant authorities would conduct training and education on intellectual property protection throughout China. The Agreement further provided that the Working Conference would develop a transparent legal system while compiling and publishing guidelines regarding application and protection in various areas of intellectual property law.

Notwithstanding these two agreements, software piracy remained rampant in China. According to one industry estimation, 99% of all computer software in China was pirated in the late 1990s. Because of this enormous piracy, some commentators labeled China a "one copy" country, implying that a single copy of computer software would satisfy the demand of the entire country through unlimited reproduction. Although Chinese authorities firmly denied the 99% figure, a market survey conducted by China ComputerWorld in April 1998 indicated that "63 per cent of CD-ROMS used by users with college degrees were pirated, though the piracy rate was lower for users from other education backgrounds." Even today, the U.S. software industry has lost close to $2 billion in China in annual retail software revenue. Commentators sometimes attributed China's extensive piracy problem to the country's Confucian past and its pro-copying culture. For example, they alluded to the importance of the past in the Chinese culture and how copyright "contradicts traditional Chinese moral standards" by allowing a significant few to monopolize important materials needed by others to understand their life, culture, and society. They also noted that the Chinese in the imperial past did not

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227 Id. § I [H][2][a], 34 I.L.M. at 903.
228 Id. § I [G], 34 I.L.M. at 900-03.
229 Id. § II[A]-[B], 34 I.L.M. at 905-06.
230 Id. § II[C], 34 I.L.M. at 906 (stipulating that the Working Conference would “make publicly available the laws, provisions, regulations, standards, edicts, decrees and interpretations regarding the authorization, management, and implementation of intellectual property rights”).
231 Id. § II[D], 34 I.L.M. at 906-07.
232 XUE & ZHENG, SOFTWARE PROTECTION IN CHINA, supra note 193, at 15.
235 See infra text accompanying notes 606.
236 Hu, supra note 8, at 104.
237 Yu, Piracy, Prejudice and Perspectives, supra note 8, at 17. See also ALFORD, supra note
consider copying or imitation a moral offense, but rather 'a noble art'—a "time-honored learning process" through which people manifested respect for their ancestors. In addition, they observed that the Chinese considered creativity a collective benefit to their community and posterity and discussed how Confucianism encouraged people to despise commerce, as well as those who created works for sheer profit.

While this culture-based explanation provides insight into one of the major barriers to successful intellectual property law reforms in China, other factors are equally important. For example, the socialist economic system makes it difficult for the Chinese to see the benefit of intellectual property ownership. As Professor Susan Tiefenbrun put it, "owning property [in a Socialist economic system] is tantamount to a sin. Thus, stealing an object that is owned by someone else is less corrupt than owning it outright yourself." In fact, many Chinese were reluctant to acknowledge their roles in creative and inventive activities,

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8, at 20 ("The indispensability of the past for personal moral growth dictated that there be broad access to the common heritage of all Chinese.").

238 Marci A. Hamilton, The TRIPS Agreement: Imperialistic, Outdated, and Overprotective, 29 VAND. J. TRANSNAT'L L. 613, 619 (1996) [hereinafter Hamilton, TRIPS Agreement]. A case in point is the art of linmo, a technique of hand-copying a master's work. As Professor Feng described:

Hand-copying (linmo) of a master's work is a pedagogical regimen in traditional Chinese painting and calligraphy. As practised, linmo is usually done with the same tools and materials (brush, ink, pigments, paper, etc.) as the original. It differs from tracing, in that it involves not only demanding skills and discipline, but vigorous mental process and effort to absorb and express the master's technique, style and spirit. Hence good linmo is considered an art on its own right.


239 Hu, supra note 8, at 104.

240 See J. DAVID MURPHY, PLUNDER AND PRESERVATION: CULTURAL PROPERTY LAW AND PRACTICE IN THE PEOPLE'S REPUBLIC OF CHINA 30 (1995) ("Chinese writers, artists, and creators in all areas of knowledge had significant reverence and attachment for the past which resulted in legitimized copying."); id. at 31 ("[F]orgery was not always stigmatized; emulation was regarded as a form of appreciation."). See also ALEXANDER LINDEY, PLAGIARISM AND ORIGINALITY 254 (1952) ("Admiration induces imitation; the closer the imitation, the narrower the dividing line between it and outright copying.").


242 Merchants were considered the lowest among the four social classes in a traditional Chinese society. These four classes were, in descending order, scholar-official (shih), farmer (nung), artisan (kung), and merchant (shang).


244 Tiefenbrun, supra note 8, at 37-38.
and there existed a strong aversion of private property among the Chinese, especially after the Cultural Revolution and the numerous mass campaigns and class struggles in the 1950s, 1960s, and 1970s.\(^\text{245}\)

Under the socialist economic system, property belongs to the State and the people, rather than private owners. Authors thus create literary and artistic works for the welfare of the State, rather than for the purpose of generating economic benefits for themselves.\(^\text{246}\) It is therefore not surprising that the rationales behind intellectual property protection fail to resonate with much of the citizenry.

To rehabilitate the intelligentsia, post-Mao leaders sought to facilitate their endeavors and enhance their positions through legal recognition. Nevertheless, due to concerns about the conflict between intellectual property rights and the socialist economic system, intellectual property statutes in China were filled with substantial limits, and rights in individual creations and inventions were never fully developed. A case in point is Article 14 of the Regulations of Computer Software Protection,\(^\text{247}\) which specified the conditions for determining the ownership of job-related software—the copyright in which was owned by the software developer, as compared to the unit in which the developer was employed.\(^\text{248}\) Under Article 14, the copyright in a software belonged to the developer if the software was not developed in the course of one’s normal or assigned duty or when one did not use the materials of the employing unit.\(^\text{249}\) However, given the importance of a work unit in a socialist economy and the difficulty in securing sophisticated computer equipment or sizable capital in the early 1990s,\(^\text{250}\) the provision was of limited effectiveness. Indeed, as Professor Peter Feng pointed out, the provision “contain[ed] a

\(^{245}\) See ALFORD, supra note 8, at 64; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 21-22.

\(^{246}\) Hu, supra note 8, at 104. See also Tiefenbrun, supra note 8, at 11 (“The Soviet model reflected traditional Chinese attitudes toward intellectual property and expounded the socialist belief that by inventing or creating, individuals were engaging in social activities based on knowledge that belonged to all members of society.”).


\(^{248}\) Article 14 provides:

If software developed by a citizen while working in an organisation is the product of work executed for the organisation, is developed in accordance with the clearly stipulated development goals for work in the organisation, or is the predictable or natural result of activities involved in the organisation’s work, then the software’s copyright belongs to the organisation.

If software developed by a citizen is not the result of work executed for the organisation, has no direct relationship to the content of the work at the organisation in which the developer is engaged, and does not use the organisation’s material technical conditions, the software’s copyright belongs to the developer himself.

\(^{249}\) Id.

\(^{250}\) ALFORD, supra note 8, at 71.
legislative blunder" that resulted in "the notorious classroom conundrum: who owns the copyright of software if it was developed outside one's normal and assigned duty, but with the assistance of the material means of the employing unit."  

Moreover, many Chinese were concerned that intellectual property rights would impose a substantial burden on the country, especially if sensitive innovative technology like computer software were to be protected. Since the Opium War in the 1840s, China had suffered from foreign invasion and semi-colonization. Desperate to modernize the country, the Chinese had subscribed to a self-strengthening worldview—one that persisted even after the establishment of the Communist regime—under which attaining independence and liberating the nation became the country's first priority. Thus, many Chinese continued to believe it was right to freely reproduce or to tolerate the unauthorized reproduction of foreign works that would help strengthen the country. Some of them even believed copying was needed, or even necessary, for China to catch up with Western developed countries. Unlike what Westerners believe, many Chinese consider software piracy beneficial to their country, because "it speeds the nation's modernization at little or no cost."

As China became stronger in the late 1990s, the self-strengthening worldview took on a nationalist overtone, and pirated software became

251 FENG, supra note 212, § 7.10, at 132. See also HONG XUE & CHENGSI ZHENG, CHINESE INTELLECTUAL PROPERTY LAW IN THE 21ST CENTURY 45-46 (2002) (discussing the problems created by Article 14 of the Software Regulations) [hereinafter XUE & ZHENG, CHINESE INTELLECTUAL PROPERTY LAW].

252 FENG, supra note 212, § 7.10, at 132. Most recently, article 14(2) of the Software Regulations was modified:

According to Article 13 of the MSR [Modified Software Regulations], in the following circumstances the copyright of the software developed by a natural person during his or her term of employment in a legal person or an entity without legal status shall vest in the legal person or the entity without legal status, and the legal person or the entity without legal status may grant awards to the software developer:

1. where the software is the result of performing the employee's duty with the development objective explicitly assigned in the line of duty;

2. where the software developed is foreseen or natural result of carrying out the employee's duty; and

3. where the software is developed through using the funds, exclusive facilities, unpublished exclusive information or any other material and technical conditions of the legal person or other entity without legal personality and under the responsibility of the legal person or other entity without legal personality.

XUE & ZHENG, CHINESE INTELLECTUAL PROPERTY LAW, supra note 251, at 46.

253 See Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 22-23.


This nationalist overtone was further transformed into xenophobia, as the U.S.-China relations deteriorated and the misguided U.S.-China foreign policy backfired. Such transformation was demonstrated vividly in recent years by the hostile reaction to the United States’ bombing of the Chinese embassy in Belgrade and the standoff over the collision between the Chinese jet fighter and a U.S. reconnaissance plane. Reflected in Geremie R. Barmé’s book chapter entitled “To Screw Foreigners Is Patriotic,” there existed feelings that equated screwing foreigners with patriotism. To the xenophobes, there was no better way to serve the country than to commit software piracy, given the substantial damage piracy could inflict upon the U.S. economy.

In sum, many Chinese saw a higher stake in pirating foreign technologies than protecting them. To many of them, intellectual property rights were not tools to promote the country’s economic development, foreign investment, and interstate relations, but weapons the West specially designed to protect their dominant position. Under a Trojan horse theory, intellectual property rights would drain away China’s scarce economic resources, divide the country, and erode its cultural identity. They also would slow down China’s economic progress and its rise in world affairs, and eventually would ensure that China would “follow the path of the former Soviet Union and Eastern Europe—toward economic decay, social unrest, and political instability.”

257 Id.

258 Although the United States insisted that the bombing was an accident and apologized for the incident, many Chinese considered the bombing a deliberate attack to slow down China’s rise in world affairs and to warn China against challenging American hegemony. STEVEN M. MOSHER, HEGEMON: CHINA’S PLAN TO DOMINATE ASIA AND THE WORLD 81 (2000). See also John Pomfret & Michael Lavis, China Suspends Some U.S. Ties; Protesters Trap Ambassador in Embassy, WASH. POST, May 10, 1999, at A1 (reporting on the anti-American protests outside the U.S. embassy after the bombing of China’s embassy in Belgrade).


261 See Yu, From Pirates to Partners, supra note 8, at 189; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 62.

262 See Yu, From Pirates to Partners, supra note 8, at 189-90; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 61-62.

263 See Yu, From Pirates to Partners, supra note 8, at 190 (quoting Harry Harding, Breaking the Impasse over Human Rights, in LIVING WITH CHINA: U.S./CHINA RELATIONS IN THE TWENTY-FIRST CENTURY 165, 172 (Exra F. Vogel ed., 1997)). But see RICHARD BERNSTEIN & ROSS H. MUNRO, THE COMING CONFLICT WITH CHINA 204 (1998) (“The goal of the United States is not a weak and poor China; it is a China that is stable and democratic, that does not upset the balance of power in Asia, and that plays within the rules on such matters as trade and arms
Shortly after the 1996 negotiations, however, the Clinton administration changed its tactics and abandoned its coercive policy toward China.\textsuperscript{264} This policy change was partly due to the failure of the coercive policy\textsuperscript{265} and partly due to the loss of interest from U.S. businesses in continuing such a policy.\textsuperscript{266} Ironically, just as the U.S. government backed away from its coercive tactics, intellectual property protection in China began to improve.

Since 1996, China has introduced many new intellectual property statutes and regulations and has entered into various international treaties. In 1996, China issued the Regulations on the Certification and Protection of Famous Trademarks\textsuperscript{267} and the Regulations on the Protection of New Plant Varieties.\textsuperscript{268} China also amended its Criminal Law by including a section on intellectual property crimes.\textsuperscript{269} In April 2000, China became a member of the International Union for the Protection of New Varieties of Plants\textsuperscript{270} and subsequently enacted a law to protect trademark holders against cybersquatters.\textsuperscript{271}

In addition, China made various institutional reforms to improve the protection and enforcement of intellectual property rights. In April 1998, China upgraded the State Patent Bureau to the State Intellectual Property Office ("SIPO"), a ministry-level branch of the State Council.\textsuperscript{272} China also developed training programs that facilitate proliferation.")}; Lee H. Hamilton, \textit{Introduction} to \textit{BEYOND MFN: TRADE WITH CHINA AND AMERICAN INTERESTS} 1, 4 (James R. Lilley & Wendell L. Willkie II eds., 1994) ("China's stability is in the U.S. interest.").

\textsuperscript{264} See Yu, \textit{From Pirates to Partners}, supra note 8, at 154.

\textsuperscript{265} See id. (discussing the failure of the 1996 Agreement and the cycle of futility).

\textsuperscript{266} Steven Mufson, \textit{Piracy Still Runs Rampant in China}, WASH. POST, Mar. 27, 1998, at E3 (reporting that U.S. industries, which drive the American international trade policy, opposed sanctions on China despite a persistent piracy problem).


\textsuperscript{268} Id.

\textsuperscript{269} Id. See also Mary L. Riley, \textit{Criminal Sanctions in the Enforcement of Intellectual Property Rights, in PROTECTING INTELLECTUAL PROPERTY RIGHTS IN CHINA} 91, 96-97 (Mary L. Riley ed., 1997) (discussing the 1997 amendments to the criminal law).


research and training in the intellectual property field.\textsuperscript{273} To meet the increasing demand for expertise in intellectual property laws, Chinese universities began to offer courses and degrees in intellectual property law.\textsuperscript{274} Some even set up their own intellectual property law departments.\textsuperscript{275}

As China prepared to enter the WTO, it revamped its entire intellectual property system at the turn of this century, amending copyright,\textsuperscript{276} patent,\textsuperscript{277} and trademark laws\textsuperscript{278} while adopting a new regulation on the protection of layout designs of integrated circuits.\textsuperscript{279} Consider copyright protection, for example. Entered into force in late 2001, the new copyright law amendments\textsuperscript{280} strengthen copyright protection and improve the law's compliance with the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPs Agreement").\textsuperscript{281}


pirated copies, and materials, tools, and equipment used to conduct infringement activities.\textsuperscript{282} Where the plaintiff's damage or the infringer's profits cannot be determined, the revised law allows for statutory damages of up to RMB 500,000.\textsuperscript{283} In addition, the law provides access to preliminary injunctions\textsuperscript{284} and places the burden on the accused infringer to prove the existence of a legitimate license.\textsuperscript{285} The law also addresses for the first time copyright issues on the Internet\textsuperscript{286} and includes a reference to China's contract law as a basis for the fulfillment of contractual obligations.\textsuperscript{287}

Moreover, China recently modified the Regulations of Computer Software Protection, which were enacted in 1991 in response to U.S. trade pressure. These modifications were badly needed in light of China's recent transition from a command economy to a market economy and the increasing emphasis on a knowledge-based society. In the late 1990s, many software developers resigned from state enterprises and research institutes to work in the private sector, taking with them software products developed during the course of employment with state institutions.\textsuperscript{288} As a result, state enterprises were unfairly deprived of the opportunity to recoup their investment while facing heavy competition from private software companies created by or stocked with their former employees. Thus, ownership disputes over job-related software have become a very hot issue, and the modified software regulations provide the much-needed relief in this area.

On the enforcement front, the Chinese authorities, from time to time, have launched large-scale crackdowns on pirated and counterfeit products. For example, the Chinese government started an anti-counterfeiting campaign in November 2000 and followed it up with a major crackdown on counterfeit products that posed health and safety risks, such as food, drugs, medical supplies, and agricultural products.\textsuperscript{289} In 2002, the Chinese government initiated a new anti-counterfeiting and anti-piracy campaign, which in turn resulted in high numbers of seizures of infringing goods.\textsuperscript{290} In addition, Chinese leaders, through public speeches and position papers, stressed the importance of intellectual property as an economic strategy.\textsuperscript{291} There also appeared books,

\begin{itemize}
  \item \textsuperscript{282} Copyright Law of the People's Republic of China, supra note 276, arts. 47, 51.
  \item \textsuperscript{283} \textit{Id.} art. 48.
  \item \textsuperscript{284} \textit{Id.} art. 49.
  \item \textsuperscript{285} \textit{Id.} art. 52.
  \item \textsuperscript{286} \textit{Id.} arts. 10(12), 37(6), 41, 47.
  \item \textsuperscript{287} \textit{Id.} art. 53.
  \item \textsuperscript{288} XUE & ZHENG, CHINESE INTELLECTUAL PROPERTY LAW, supra note 251, at 104-05.
  \item \textsuperscript{289} OFFICE OF USTR, 2002 NATIONAL TRADE ESTIMATE REPORT ON FOREIGN TRADE BARRIERS 58-59 (2002).
  \item \textsuperscript{290} OFFICE OF USTR, 2003 NATIONAL TRADE ESTIMATE REPORT ON FOREIGN TRADE BARRIERS 60 (2003) [hereinafter 2003 NTE REPORT].
  \item \textsuperscript{291} \textit{Id.} at 57. As two leading commentators in Chinese intellectual property law described:
\end{itemize}
television talk shows, media articles, and government and academic reports that highlighted the importance of intellectual property protection to China’s economic development.\(^{292}\)

Notwithstanding these crackdowns and reforming efforts, significant problems remain with the enforcement of intellectual property laws in China, especially at the grassroots level and in rural areas. These problems were further exacerbated by such institutional problems as "local protectionism and corruption, reluctance or inability on the part of enforcement officials to impose deterrent level penalties, and a low number of criminal prosecutions."\(^{293}\) With the proliferation of peer-to-peer file-sharing networks, the Chinese authorities are expected to face new and even tougher challenges.

Moreover, compared to the 1980s and early 1990s, intellectual property protection has improved considerably in China. As the 2000 National Trade Estimate Report stated: "Today, China has improved its legal framework—and it has virtually shut down the illegal production and export of pirated music and video CDs and CD-ROMS. Indeed, today it is an importer of such products from third countries."\(^{294}\)

One might wonder why intellectual property protection in China has improved even though the U.S. government and American businesses backed away from their earlier coercive tactics. After all, the logic behind the coercive U.S.-China intellectual property policy was that the Chinese intellectual property regime could not sustain itself and, therefore, required foreign pushes to rejuvenate the system. While these foreign pushes were undoubtedly helpful in establishing the Chinese intellectual property system in the early 1990s, recent improvements in intellectual property protection in China can be largely attributed to three other factors.

First, although foreign companies and governments were generally reluctant to take any substantial effort to promote awareness of

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On 11 July, 2001, Chinese President Jiang Zemin made a public speech titled "Safeguard and Promotion of the Healthy Development of the Information Network Through Rule of Law". In the speech, President Jiang emphasized the importance of expediting the legislative process and strengthening enforcement on information networks. The speech will further promote the development of Chinese Internet legislation and its enforcement.

XUE & ZHENG, CHINESE INTELLECTUAL PROPERTY LAW, supra note 251, at xi.

292 2003 NTE REPORT, supra note 290, at 60.


294 2000 NTE REPORT, supra note 293, at 50.
intellectual property rights among the Chinese people and to communicate to them why better protection would be in their interest. Foreign and local businesses, trade associations, and industry groups have been very active in promoting awareness and understanding among the Chinese people. A case in point is the joint effort by the Business Software Alliance and the Chinese Software Alliance to promote the use of original software in China. Thanks to these efforts, the Chinese have become increasingly aware of the basic functions of, and the rationales behind, intellectual property rights. To many Chinese, these rights are no longer alien, abstract, and incomprehensible. Rather, they are closely related to their daily lives and the country's domestic growth and international reputation.

Furthermore, by the late 1990s, the Chinese—perhaps influenced by the developments in the United States and the European Union—have begun to realize the importance of a well-developed information economy. All of a sudden, the phrase "knowledge economy" has become a catchphrase frequently seen in major Chinese newspapers, such as Guangming Daily and The People's Daily, and heard in presentations made by government officials. Chinese businesses also quickly adopted words like "e-commerce" and "e-business" to enhance public recognition and stock market value. In March 1998, the Chinese government established the Ministry of Information Industry by combining the Ministry of Posts and Telecommunications and the Ministry of Electronics Industry. Two years later, the National People's Congress unveiled a five-year plan that includes information technology among the major goals of China's long-term economic

295 Alford, Making the World Safe for What?, supra note 8, at 142 (noting that "[f]or all its much ballyhooed expressions of concern, neither the U.S. government nor many of the companies driving [the American foreign intellectual property] policy . . . have made any substantial attempt . . . to communicate to the Chinese why better intellectual property protection would be in their interest."); Chow, supra note 293, at 46 (noting that "brand owners are reluctant to commit the amount of resources necessary to achieve these goals or to risk seriously offending the Chinese government"). See also Hu, supra note 8, at 111 ("[A]ctive involvement by U.S. companies and lawyers, for example through special seminars, exchange programs, mock proceedings, and other assistance to the Chinese media, will expedite the training process."). One commentator argued that "U.S. Companies must take a proactive stance and not be content to rely on government for help." Eric M. Griffin, Note, Stop Relying on Uncle Sam!—A Proactive Approach to Copyright Protection in the People's Republic of China, 6 TEX. INTELL. PROP. L.J. 169, 190 (1998).


297 XUE & ZHENG, SOFTWARE PROTECTION IN CHINA, supra note 193, at 7 (noting that "[t]he Chinese government has become enthusiastic about information-based economic development because it has become aware that the value of the global information industry is more than US$1,000 billion, and that this will be the 'first industry' in the next century").

298 Id.

299 XUE & ZHENG, CHINESE INTELLECTUAL PROPERTY LAW, supra note 251, at xl.

300 XUE & ZHENG, SOFTWARE PROTECTION IN CHINA, supra note 193, at 7.
Second, the Chinese, in particular their leaders, have begun to notice the benefits of protecting intellectual property rights. In April 1997, the Chinese government provided assistance to set up special intellectual property affairs departments, create intellectual property protection networks, and build a self-protection system in enterprises and institutes to which intellectual property rights are particularly important. These enterprises and institutes included major oil and chemical corporations, computer companies, and prestigious universities and scientific research institutes. The Ministry of Information Industry also was determined "to create 30 large software companies with an annual revenue of RMB10 billion, and ten larger companies with an annual revenue of RMB 30 billion." Unlike what they did in the past, the Chinese no longer consider intellectual property rights exploitative devices that help protect the West’s dominant position. Rather, they have begun to see how these tools can help promote national growth.

Third, and most important of all, many Chinese have become stakeholders or potential stakeholders. Intellectual property therefore matters to them. Since the mid-1990s, China’s software industry has experienced a tremendous growth. By 1997, the value of the software market had doubled from RMB 6.8 billion in 1995 to RMB 12.6 billion. The Chinese government also has been active in developing the local software industry, establishing software bases in Liaoning, Hunan, Shandong, and Sichuan Provinces and in Beijing, Shanghai and Zhuhai districts.

While the software industry was growing, the Internet population

301 Tenth Five-Year Plan (2001-2005).
303 China: New Measure Will Be Taken to Protect IPR, supra note 302.
304 XUE & ZHENG, SOFTWARE PROTECTION IN CHINA, supra note 193, at 9.
305 For discussions of the blossoming software industry in China and the leaders' eagerness to develop science and technology parks, see generally China: Guangzhou to Establish "Silicon Valley," CHINA BUS. INFO. NETWORK, Dec. 4, 1998, available at 1998 WL 22707603 (reporting the municipal government's intention to develop an international science and technology park); China: Sales of Software Stay Strong Despite Fakes, ASIANINFO DAILY CHINA NEWS, June 20, 2000, available at Lexis, News Library, ASINFO File ("Despite the damage done by piracy, China's software industry is still moving ahead with sales in 1999 hitting 17.6 billion RMB yuan (US$ 2.13 billion), an increase of 27.5 percent over 1998."); China: Software Industry Booms in China, CHINA BUS. INFO. NETWORK, Oct. 30, 1997, available at 1997 WL 12878806 (reporting a 50% annual growth rate in the software industry over the past several years).
306 XUE & ZHENG, SOFTWARE PROTECTION IN CHINA, supra note 193, at 8 (citing PC World China, Mar. 9, 1998, at 15).
307 Id. at 9.
exploded. In October 1997, there were only 299,000 computers connected to the Internet, and 620,000 Internet users. Today, based on the July 2003 survey by the China Internet Network Information Center (“CNNIC”), there are 25.72 million computers connected to the Internet, and 68 million Internet users.\(^\text{308}\) Although the growth in the Chinese Internet user community recently slowed down,\(^\text{309}\) China already has surpassed all the major developed countries except the United States and now boasts the second largest Internet population in the world, ahead of Japan, Germany, and the United Kingdom.\(^\text{310}\)

Moreover, the Chinese have begun to perceive themselves as passive stakeholders. In other words, they now understand the danger of inadequate intellectual property protection and how the lack thereof could impair the well-being of the country while slowing down its development.\(^\text{311}\) They also realized the damage the lack of intellectual property protection could inflict upon the country’s international reputation. Because intellectual property protection remains a key issue in the WTO accession negotiation, the Chinese understand that the stakes for the lack of intellectual property protection extend beyond the intellectual property arena, covering almost every other area that implicates international trade, including agriculture, banking, electronics, insurance, professional services, securities, telecommunications, and textiles.

On November 10, 2001, member states of the WTO approved


\(^\text{311}\) See Yu, From Pirates to Partners, supra note 8, at 189-90; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 61.

For example, adulterated drugs and counterfeit products will lead to illness, extended injuries, and unnecessary deaths. Emerging entrepreneurs, authors, and creative artists will be unable to capture the benefits of their inventions, innovations, and creative endeavors. To make up for the potential infringement of their fellow citizens and organizations, businesses and educational centers will have to pay more for the needed foreign technologies and materials. Consumers who receive worse products despite paying the same price will be reluctant to consume in the open market. Foreign entities will be wary of investing in China because of widespread intellectual property piracy. And worst of all, “the best and brightest from [China will] feel compelled to leave their home country for the more remunerative systems in developed nations.”

Yu, From Pirates to Partners, supra note 8, at 194-95 (footnotes omitted).
China’s accession to the international trading body. After fifteen years of exhaustive negotiations, China finally became a member of the WTO on December 11, 2001. Although the accession process was complicated and involved many different factors, it would not be too far-fetched to argue that China might still remain outside the WTO had it not strengthened its protection of intellectual property rights. Indeed, some commentators considered the WTO membership a major impetus for China’s recent improvements in intellectual property protection. As two leading commentators in Chinese intellectual property law explained:

In general, China’s entry to the WTO significantly influenced the speed and scope of the development of the Chinese IP law system. It is interesting to note that IP rights reforms kept pace with Chinese WTO negotiations. When the negotiations encountered obstacles, the IP rights reform slowed down; when the negotiations reached agreements to promote the accession process, the IP rights reform accelerated noticeably. Since China has become a member of the WTO, Chinese IP law reform has also peaked.

When commentators analyze the effects of China’s entry into the WTO, they usually fall into one of two camps—the optimists or the pessimists (or perhaps a hybrid between the two, who considers China’s entry a “double-edged sword”). The optimists believe China’s WTO membership will lead to stronger intellectual property protection in the country. As they argued, China’s accession to the WTO will lead to better economic conditions in the country. As a result, consumers no longer will be attracted to low-priced counterfeits and, instead, will seek higher-priced genuine and luxury goods. Using Taiwan as an example, these observers predicted that “[p]irates and counterfeiters will ... gradually move into legitimate businesses[,] and the focus of counterfeiting and piracy will shift away from China to lesser developing countries, such as Vietnam.”

By contrast, the pessimists believe that the piracy and counterfeiting problem will worsen in the first few years after China’s

313 China became the 143rd member of the WTO on December 11, 2001.
314 XUE & ZHENG, CHINESE INTELLECTUAL PROPERTY LAW, supra note 251, at xxxix.
317 DANIEL C.K. CHOW, A PRIMER ON FOREIGN INVESTMENT ENTERPRISES AND PROTECTION OF INTELLECTUAL PROPERTY IN CHINA 254 (2002).
318 Id.
entry into the WTO. As access to the Chinese markets increases, the increase of foreign investment and trade will enhance the economic conditions that give rise to the piracy and counterfeiting problem in the first place. Reduced restrictions on export privileges also will allow pirates and counterfeiters to trade more aggressively with markets having "a strong appetite for low-priced counterfeit goods," such as Southeast Asia and Eastern Europe.

Moreover, as the current legal reforms in China focus primarily on improving the compliance of existing laws with the WTO regime, China’s recent accession to the WTO might create a disincentive for the country to carry out further immediate reforms, especially in areas where noncompliance is questionable, difficult to assess, or hard to prove before the WTO Dispute Settlement Body. In fact, its "increased stature as a WTO member will increase its bargaining position and its leverage against any future pressure to improve its piracy problem."

Since China reopened in the late 1970s, protection of computer software has improved considerably. Although software piracy has yet to be eradicated and significant barriers still remain, this story seems to be developing in a promising direction. If the later chapters of the story unfold the same way as the earlier ones, perhaps this story might have an ending as happy as the first.

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319 Id.
320 Id.
321 Professor Chow discussed the difficulties of proving China’s noncompliance of the enforcement obligations under the TRIPs Agreement:

Part III of TRIPS creates specific enforcement obligations and raising the counterfeiting and piracy issue after China’s admission into the WTO will most likely take place in the context of arguing that China’s enforcement efforts fail to satisfy TRIPS enforcement obligations. The burden of proof and persuasion will be upon the complaining party. Meeting these burdens will require the complaining party to gather evidence of China’s failure to meet its obligations—a task that could take years given the complexity of the enforcement environment in China today—and would also require the party to prove its case before the WTO’s Dispute Settlement Body. Not only will this be a long process requiring several years, but there is no guarantee that the party raising the dispute would succeed given that it now has all of the burdens of proof and going forward.

Id. at 253-54.
322 Id. at 254. As Professor Chow queried: "[I]f China can enter the world’s foremost commercial law regime and be recognized as a member of the world trading community despite having the world’s most serious piracy problem, what incentive is there to improve the problem and to commit the considerable resources that this would require?" Id.
III. MUSIC PIRACY IN TWENTY-FIRST-CENTURY CYBERSPACE

Unlike old-fashioned smugglers, the haven pirates never had to physically touch their booty. Data had no substance.

— Bruce Sterling

This is a very profound moment historically. This isn’t just about a bunch of kids stealing music. It’s about an assault on everything that constitutes the cultural expression of our society. If we fail to protect and preserve our intellectual property system, the culture will atrophy. And corporations won’t be the only ones hurt. Artists will have no incentive to create. Worst-case scenario: The country will end up in a sort of cultural Dark Ages.

— Richard Parsons

Even data pirates may have their good side: some may rob from the rich and give to the poor, which may not seem so undesirable from the perspective of the poor. Others may rob from monopolists and give to consumers, which may seem desirable from the perspective of consumers. At the very least, the threat of data pirates may force policymakers to batter down the hatches and run a tighter ship, which might be desirable to anyone on board. And in some cases, data pirates may even force some politicians to walk the plank, which might be desirable to nearly everybody.

— Dan L. Burk

The final story returns to the United States, although it also happens in a territory called the cyberspace, in which U.S. laws apply in many instances. Unlike the first story, however, the United States

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325 Burk, supra note 323, at 205.


327 Commentators have emphasized ad nauseum how the Internet and new communications technologies have transformed the global economy and the international political system. However, “information does not flow in a vacuum, but in political space that is already occupied.” ROBERT O. KEOHANE & JOSEPH S. NYE, POWER AND INTERDEPENDENCE 217 (3d ed. 2001). As Professor Lawrence Lessig pointed out repeatedly, code is law and the Internet is regulable. See LAWRENCE LESSIG, CODE AND OTHER LAWS OF CYBERSPACE (Basic Books 1999) [hereinafter LESSIG, CODE]. For articles advocating the self-governance of cyberspace, see David R. Johnson & David G. Post, Law and Borders—The Rise of Law in Cyberspace, 48 STAN. L. REV. 1367 (1996); David G. Post, Anarchy, State, and the Internet: An Essay on Law-making in Cyberspace, 1995 J. ONLINE L. art. 3, at http://www.wm.edu/law/publications/jol/articles/post.shtml; I. Trotter
is no longer the notorious pirate in this story. Rather, it has become the champion of literary and artistic property and one of the predominant powers advocating strong intellectual property protection around the world.\(^{328}\)

Since the invention of Guttenberg's printing press, one can reproduce copyrighted works at will, although the cost, quality, and speed of reproduction may vary significantly. While piracy occurred at times when copyists freely rode on the efforts of other creative artists,\(^ {329}\) intellectual property law protected most authors and publishers, while others were able to recuperate their investment by relying on the market headstart their investment had created.\(^ {330}\) However, things changed as digital technology was developed. This revolutionary technology greatly reduces the cost and speed of reproduction while substantially increasing the quality of the reproduced work.\(^ {331}\) As a result, digitally

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See Donald E. deKieffer, U.S. Trade Policy Regarding Intellectual Property Matters, in International Trade and Intellectual Property: The Search for a Balanced System 97 (George R. Stewart et al. eds., 1994); Yu, From Pirates to Partners, supra note 8, at 132 (noting that the United States recently has been very aggressive in pushing for a universal intellectual property regime that offers information and high-technology goods uniform protection throughout the world).

Professor Stewart Sterk described the free riding problem in the copyright context:

If the author of a creative work cannot prevent copying, any potential copyist has an incentive to reproduce the creative work so long as the market price for the work is greater than the marginal cost of reproduction. As a result, the market price for copies of the work would approach the marginal cost of reproduction. If copies were indistinguishable in quality from the original, the market price for the original, too, would approach the marginal cost of reproduction. At that price, however, the author would realize no financial return on his investment in creating the work. In this world, only authors unconcerned with financial return would produce creative works.


See, e.g., Stephen Breyer, The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies and Computer Programs, 84 Harv. L. Rev. 281, 299-308 (1970) (arguing that the rewards created by a market headstart may provide encourage incentives for authors to create).

See Hardy, The Proper Legal Regime for "Cyberspace," supra note 327, at 1005 (noting that "[p]hotocopying machines at one time threatened to turn every individual into a mass publisher, but cyberspace seems actually to have achieved that distinction in a way that photocopying never really did"); Raymond Shih Ray Ku, The Creative Destruction of Copyright: Napster and the New Economics of Digital Technology, 69 U. Chi. L. Rev. 263, 264 (2002) (noting that "digital technology makes it possible to make an unlimited number of perfect copies of music, books, or videos in digital form, and through the Internet individuals may distribute those digital works around the world at the speed of light"); Eugene Volokh, Cheap Speech and
reproduced products compete directly with the original productions.332

Consider, for example, sound recordings. Traditionally, sound recordings are made using analog technology,333 which traced the original sound through mechanical pickups by running a stylus through the grooves on the storage medium and by converting the stylus's movements back into electrical signals.334 As a result of the mechanical nature of this process, imperfections in the original work, such as cracks, pops, and fuzz, significantly diminish the sound quality of the copy.335 Even though home taping is available, many consumers prefer factory originals.

Indeed, "home copying of sound recordings was not a common occurrence" before Philips introduced the audio cassette format in 1963.336 Sound recordings were not even protected until many years later, when Congress enacted the Sound Recording Amendment of 1971337 to protect the recording industry against substantial losses caused by bootleg recordings.338 Although the Sound Recording Amendment was subsequently incorporated into the 1976 Copyright Act,339 it remained unclear as to whether home taping constituted fair use.340

What It Will Do, 104 YALE L.J. 1805, 1808-33 (1995) (arguing that the Internet has greatly reduced the production and reproduction costs of information).


334 See Andrew S. Muroff, Comment, Some Rights Reserved Music Copyright in Digital Age, 1997 DET. C.L. REV. 1241, 1269-70.

335 Id. at 1270.


337 17 U.S.C. §§ 1(f), 5(n), 19, 20, 26, 101(e), repealed by 1976 Copyright Act, 90 Stat. 2541. See also H.R. REP. NO. 487, 92d Cong. 5 (1971) (["S]ound recordings are clearly within the scope of the 'writings of an author' capable of protection under the Constitution, and that the extension of limited statutory protection to them is overdue.").

338 See MARSHALL A. LEAFFER, UNDERSTANDING COPYRIGHT LAW § 3.19[C], at 137 (3d ed. 1999); McKuin, supra note 336, at 319 ("By the early 1970s, it was calculated that 60% of records and tapes in New York were illegally pirated copies. Indeed, in 1971, a bootleg recording of Jimi Hendrix made it to the top half of the LP charts."). See also 17 U.S.C. §§ 102(a)(7), 106, 114 (2000).


340 See NIMMER & NIMMER, supra note 61, § 8B.01[A] ("The issue of home taping is not new to the copyright sphere. The claims of songwriters, music publishers, record companies (and even performers) that such activity constitutes infringement have long met denials from user groups and electronics manufacturers, the issue never having been definitely resolved." (footnotes omitted)); McKuin, supra note 336, at 319 ("Beyond the 1976 Act's general fair use provision,
In 1984, Universal Studios attempted to resolve the home taping question by bringing a lawsuit against Sony, the manufacturer of the Betamax videotape recorder, alleging contributory copyright infringement regarding illegal home taping of off-the-air broadcasts.\textsuperscript{341} In a narrow five-to-four decision, the United States Supreme Court held that off-the-air home taping for time-shifting purposes constituted fair use.\textsuperscript{342} As the court reasoned, such home taping did not harm the plaintiffs, because the use for those tapes was private and non-commercial and because the plaintiffs did not prove sufficiently the future or potential harm from time-shifting.\textsuperscript{343}

Shortly after Sony, digital audio reproduction technology emerged. This new technology allows consumers to reproduce unlimited copies of prerecorded music in near-perfect quality.\textsuperscript{344} By translating the original sound recording into a series of 1's and 0's and reconverting these 1's and 0's back into sound during playback, digital technology eliminates the imperfections inherent in analog reproduction.\textsuperscript{345} By virtue of this new technology, consumers can now create a chain of perfect digital copies of sound recordings through trading with friends, neighbors, or even swap clubs.\textsuperscript{346}

\textsuperscript{342} See id.
\textsuperscript{343} See id.
\textsuperscript{344} See NIMMER & NIMMER, supra note 61, § 8B.01[A] ("Unlike traditional (analog) recordings, digital recordings produce perfect fidelity no matter how many times they are copied.").
\textsuperscript{345} See Muroff, supra note 334, at 1270. One commentator explained the digital recording mechanism as follows:

The important difference between analog and digital recording is that the duplication of a digital signal is far more precise than the duplication of its analog equivalent. The digital stream of ones and zeros can be duplicated before it is converted to analog. Once the stream of ones and zeros is duplicated, it can be recorded multiple times without a decrease in the quality of the end recording. For example, the digital pattern "1101" can be copied by a digital audio tape recorder fifty times and the final copy will still look like "1101" because of the precision of the digital electronics. By contrast, less precise analog recording devices must record a stream of information that constantly fluctuates by variable amounts, so a signal representing "5" may be recorded as "4.9998." Each time the copy is copied, the analog signal will fluctuate more, leading to progressively diminishing sound quality.

\textsuperscript{346} See id. at 329-30. See also NIMMER & NIMMER, supra note 61, § 8B.01[A] ("One original—if taped by its buyer who in turn passed copies to three friends who in turn each made four copies for their own friends, and so on—could therefore supplant thousands of factory sales.").
Concerned about this new technology, a group of songwriters and music publishers filed a class-action lawsuit against Sony, the manufacturer of the digital audio recording device, alleging contributory copyright infringement. While the litigation was underway, the parties settled. On the one hand, the songwriters and music publishers were concerned that history might repeat itself and that Sony might win again. On the other hand, Sony and other electronics manufacturers wanted to free their marketing plans from possible injunctions or future liabilities.

Eventually, this settlement agreement became the Audio Home Recordings Act of 1992 ("AHRA"). AHRA prohibits legal actions for copyright infringement based on the manufacture, importation, or distribution of a digital audio equipment or media for private, non-commercial recording. This prohibition not only protects the electronics industry from costly copyright infringement litigation, but also reserves to consumers the right to use digital audio recording equipment or media for non-commercial, analog or digital home audio taping.

To compensate the recording industry, AHRA requires that digital audio recording machines be equipped with a Serial Copy Management System ("SCMS"), which provides copyright and generation status information and prevents the recording devices from producing a chain of perfect digital copies through "serial copying." The AHRA also requires manufacturers and importers of digital hardware and blank digital media to pay compensatory royalties to those music creators and copyright holders who will be injured by the new digital audio recording technology. Nonetheless, the SCMS allows for first-generation reproduction used in home audio taping, thus accommodating the interests of individual consumers to perform private, non-commercial home taping.

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348 See NIMMER & NIMMER, supra note 61, § 8B.01[B]; Lutzker, supra note 347, at 146.
349 NIMMER & NIMMER, supra note 61, § 8B.01[B] (noting that the copyright holders "had the incentive to settle for less than full control over the uses to which [digital audio tape] machines could be put, lest history repeat itself and Sony triumph again").
350 Id.
353 See NIMMER & NIMMER, supra note 61, § 8B.08[C]; LEAFFER, supra note 338, § 8.30[B], at 370-72.
354 Serial copying is defined as "duplication in a digital format of a copyrighted musical work or sound recording from a digital reproduction of a digital musical recording" without the authorization from the copyright holder. 17 U.S.C. § 1001(11).
355 See id. § 1003.
356 See id. § 1002(a). Serial copying is defined as "the duplication in a digital format of a
In sum, AHRA protects both the copyright holders and the electronics industry. While preventing serial copying and compensating copyright holders for less harmful duplication, AHRA allows electronics manufacturers, importers, and distributors to "focus on selling a product that meets consumer demands." Thus, it is not surprising that Professor Marshall Leaffer suggested that AHRA “may well become a model for future compromises between copyright owners and manufacturers of further reprographic technologies.”

Meanwhile, consumers learned that compact discs might soon replace digital audio tapes as the state-of-the-art technology. They therefore were reluctant to invest in digital audio equipment. As a result, the AHRA successfully protected the recording industry against the digital threat, and the recording industry continued to blossom. In the mid-1990s, however, the recording industry faced a new challenge, this time from the Internet.

The Internet is a decentralized, global network of computers that share information with each other via common interface protocols. Due to its "rudderless, decentralized, and transnational" nature, regulation of the medium is inherently difficult. As Professor Michael Froomkin explained:

Three technologies underlie the Internet's resistance to control. First, the Internet is a packet switching network, which makes it difficult for anyone, even a government, to block or monitor information flows originating from large numbers of users. Second, users have access to powerful military-grade cryptography that can,

copyrighted musical recording” without the authorization of the copyright holder. See id. § 1001(11).

357 Leaffer, supra note 338, § 8.30[B], at 372.

358 Id. See also Nimmer & Nimmer, supra note 61, § 8B.01[D][3] (“Legislation providing for a compulsory license would appear to be the most acceptable solution. . . . The [AHRA] . . . simultaneously allows technological development to progress and home users to take advantage of the benefits of digital technology, while it safeguards the interests of copyright owners by imposing royalty requirements for the benefit of those whose works are affected.”).

359 McKuin, supra note 336, at 321 (noting that consumers “had recently been told that the compact disc . . . would be state of the art well into the future”).


361 Neil Weinstock Netanel, Cyberspace 2.0, 79 Tex. L. Rev. 447, 448 (2000). See also Pippa Norris, Digital Divide: Civic Engagement, Information Poverty, and the Internet Worldwide 100 (2001) (noting that “officials normally find it far more difficult to silence critical voices on the new media compared with their ability to regulate and control the TV airwaves”); A. Michael Froomkin, The Internet as a Source of Regulatory Arbitrage, in Borders in Cyberspace, supra note 322, at 129 (discussing the difficulties of censorship on the Internet); Johnson & Post, supra note 327, at 1373-74 (describing how efforts to control the flow of electronic information across physical borders will likely fail).
if used properly, make messages unreadable to anyone but the intended recipient. Third, and resulting from the first two, users of the Internet have access to powerful anonymizing tools. Together, these three technologies mean that anonymous communication is within reach of anyone with access to a personal computer and a link to the Internet unless a government practices very strict access control, devotes vast resources to monitoring, or can persuade its population (whether by liability rules or criminal law) to avoid using these tools.362

To make things more complicated, activities on the Internet often involve parties in different countries, and the resulting disputes often contain difficult jurisdictional and conflict-of-laws issues.363 As Professor Jane Ginsburg noted during the early development of the Internet, which was then referred to as the Global Information Infrastructure ("GII"):

A key feature of the GII is its ability to render works of authorship pervasively and simultaneously accessible throughout the world. The principle of territoriality becomes problematic if it means that posting a work on the GII calls into play the laws of every country in which the work may be received when . . . these laws may differ

362 Fromkin, supra note 362, at 129-30 (footnote omitted). But see LESSIG, CODE, supra note 327 (arguing that the Internet is regulable through codes).

substantively. Should the rights in a work be determined by a multiplicity of inconsistent legal regimes when the work is simultaneously communicated to scores of countries? Simply taking into account one country's law, the complexity of placing works in a digital network is already daunting: should the task be further burdened by an obligation to assess the impact of the laws of every country where the work might be received? Put more bluntly, for works on the GII, there will be no physical territoriality; no way to stop works at the border, because there will be no borders. Without physical territoriality, can legal territoriality persist?\textsuperscript{364}

Even more problematic, the Internet allows individuals to become authors and publishers, and many of those pioneer Internet users subscribed to an arguably anti-copyright,\textsuperscript{365} anti-establishment culture.\textsuperscript{366} As Stephen Levy noted, these pioneers—often called hackers—believe "[a]ccess to computers . . . should be unlimited and total . . . [and a]ll information should be free."\textsuperscript{367} To this group, a free exchange of information is needed to allow for greater overall creativity. After all, who can fix a machine if he or she does not have access to the program code or other needed information?

In general, hackers "believe that essential lessons can be learned about the systems—about the world—from taking things apart, seeing how they work, and using this knowledge to create new and even more interesting things. They resent any person, physical barrier, or law that tries to keep them from doing this."\textsuperscript{368} For example, when a hacker noticed in a Chinese restaurant that some Chinese people ordered fantastic-looking dishes that were not available on the English menu, he would go back to the restaurant armed with a Chinese dictionary, trying to "hack" the Chinese menu:

[O]ne night [Bill Gosper] found a tiny little cellar place run by a small family. It was fairly dull food, but he noticed some Chinese people eating fantastic-looking dishes. So he figured he'd take [Peter] Sampson back there.

They went back loaded with Chinese dictionaries, and demanded a Chinese menu. The chef, a Mr. Wong, reluctantly complied, and Gosper, Samson, and the others pored over the menu as if it were an

\textsuperscript{365} "As every reality hacker knows: 'Information wants to be free' and 'plagiarism saves time.'” See HALBERT, supra note 177, at 104 (quoting Gareth Branwyn, Street Noise, in MONDO 2000, at 30 (1992)).
\textsuperscript{367} LEVY, supra note 366, at 40.
\textsuperscript{368} Id. See also id. at 217-18 (discussing how a hacker took some Atari chips home to test them out and considered his action "a neat hack from the proprietary oppressors").
instruction set for a new machine. Samson [who learned a fair amount of Chinese characters] supplied the translations, which were positively revelatory. What was called “Beef with Tomato” on the English menu had a literal meaning of Barbarian Eggplant Cowpork. “Wonton” had a Chinese equivalent of Cloud Gulp. There were unbelievable things to discover in this system! So after deciding the most interesting things to order (“Hibiscus Wing? Better order that, find out what that’s about”), they called over Mr. Wong, and he jabbered frantically in Chinese disapproval of their selections. It turned out he was reluctant to serve them the food Chinese-style, thinking that Americans couldn’t take it. Mr. Wong had mistaken them for typically timid Americans—but these were explorers! They had been inside the machine, and lived to tell the tale (they would tell it in assembly language). Mr. Wong gave in. Out came the best Chinese meal that any of the hackers had eaten to date.369

Because hackers believe strongly in the free flow of information, they mistrust authority and find bureaucracies flawed. To many hackers, “[b]ureaucrats hide behind arbitrary rules (as opposed to the logical algorithms by which machines and computer programs operate): they invoke those rules to consolidate power, and perceive the constructive impulse of hackers as a threat.”370 In A Declaration of the Independence of Cyberspace, John Perry Barlow captured this sentiment:

Governments of the Industrial World, you weary giants of flesh and steel, I come from Cyberspace, the new home of Mind. On behalf of the future, I ask you of the past to leave us alone. You are not welcome among us. You have no sovereignty where we gather.

We have no elected government, nor are we likely to have one, so I address you with no greater authority than that with which liberty itself always speaks. I declare the global social space we are building to be naturally independent of the tyrannies you seek to impose on us. You have no moral right to rule us nor do you possess any methods of enforcement we have true reason to fear.371

369 Id. at 80-81.
370 Id. at 41.
371 John Perry Barlow, A Declaration of the Independence of Cyberspace (1995), available at http://www.eff.org/Publications/John_Perry_Barlow/barlow_0296.declaration. In the very beginning, the Internet was used exclusively by government and military agencies, educational and research institutions, government contractors, scientists, and technological specialists. See Peter K. Yu, The Neverending ccTLD Story, in ADDRESSING THE WORLD: NATIONAL IDENTITY AND INTERNET COUNTRY CODE DOMAINS 1 (Erica Schlesinger Wass ed., 2003). As the medium became more commercial and global by nature, the cyberspace was transformed into a different place, with a different look and feel. Consider, for example, the following nostalgic account by Mike Godwin:

I believe virtual communities promise to restore to Americans at the end of the twentieth century what many of us feel was lost in the decades at the beginning of the century—a stable sense of community, of place. Ask those who’ve been members of such a virtual community, and they’ll tell you that what happens there is more than an
Despite their anti-establishment sentiment, hackers are different from thieves or computer criminals. Indeed, they have their own sense of fairness and follow their own codes of conduct. For example, hackers would use "blue boxes"—hardware devices to make illegal phone calls—"only for connecting to the computer—a practice which in the hacker mind justifies lawbreaking—and not for personal gain in trivial matters like calling distant relatives."[372]

Because of this unique Internet culture and the lack of regulation in the new technological medium, the Internet soon became a haven for music pirates, who downloaded music directly from pirated Web sites, rather than purchasing it from retail outlets.[373] In a way, many have considered MP3s "a kind of protest movement against record companies, which many artists hate because they control access to the music market."[374] As one commentator put it, "The MP3 movement is a rational revolt of passionate fans."[375] It offers opportunity for emerging exchange of electronic impulses in the wires. It's not just virtual barn raising. . . . It's also the comfort from others that a man like Phil Catalfo of the WELL can experience when he's up late at night caring for a child suffering from leukemia, and he logs on to the WELL and pours out his anguish and fears. People really do care for each other and fall in love over the Net, just as they do in geographic communities. And that "virtual" correctedness is a real sign of hope in a nation that's increasingly anxious about the fragmentation of public life and the polarization of interest groups and the alienation of urban existence.

MIKE GODWIN, CYBER RIGHTS: DEFENDING FREE SPEECH IN THE DIGITAL AGE 15 (1998). By the mid-1990s, cyberspace has become a very different place. As Professor Lessig wrote:

"Newbies are the silent majority of today's Net. However much we romanticize the old days when the Net was a place for conversation and exchange, this is not its function for most of its users now. Certainly, the world is into "chat," but even ignoring the large portion of that space devoted to sex, chat is not the stuff the WELL was made of. Most people do not understand what chat or a MOO really is—maybe they have heard talk about them, but they do not understand what they are about. They do not understand what life in the community of the WELL, or a MOO, is really like.

In its feel, cyberspace has changed. How it looks, what you can do there, how you are connected there—all this has changed.

LESSIG, CODE, supra note 327, at 64 (footnotes omitted). See also LEVY, supra note 366, at 284 (noting that the third generation of hackers “dreamed not only of the ultimate hack, but of fame, and big royalty checks”).

[373] Muroff, supra note 334, at 1273 (noting that “populated with ‘music downloading outposts’ which allow users to download . . . for free either musical samples or full cuts of their favorite artists”).
[375] As Professor Vaidhyanathan explained:

Compact discs cost too much. Cutting-edge fans want the newest, coolest music as fast as possible. So they share music and tips about music where they find each other—over the net. The free music strategy is, for lack of a better term, the Grateful Dead business model: Give away free music to build a loyal following, establish a brand name, and charge handsomely for the total entertainment package. . . . Free music has always been essential to the discursive communities that fuel the creative process. These days, some small music labels such as Emusic.com and Chuck D’s Rapstation.com are experimenting with “value-added” and “gate-keeper” business models, with modest taxation on consumers and artists (and thus modest profit
artists, whom the established music industry ignores due to limited production, manufacturing scarcity, and narrow distribution channels. In the very beginning, music distribution over the Internet was very limited, because sound recordings demanded a lot of storage space, and it took a long time (and probably many attempts) to download a complete recording. However, as new compression technologies became available, the files became smaller, the rate of successful transfer higher, and the downloading time drastically reduced. Today, one can transmit digitized music across the world in a matter of seconds, and hundreds of thousands of users can access music instantaneously.

The predominant compression technology is MP3, a standard, non-proprietary algorithm that compresses sound recordings to about one-twelfth of its original size while maintaining virtually identical sound quality. With the development of this new technology, users could now store a minute's worth of CD-quality digital audio in a megabyte of memory in their computer hard drives. Coupled with the latest broadband technology, MP3 enabled users to download an hour of music to their personal computers in just a few minutes.

Already concerned about the illicit distribution of copyrighted music over the Internet, the recording industry became particularly concerned when Diamond Multimedia introduced the Rio portable music player. Although pirated recordings had been freely available...
on the Internet in the past, consumers still preferred to purchase CDs because they did not have computer access all the time. However, with the release of this portable player, people could listen to MP3 recordings anywhere, and they might no longer be interested in buying physical CDs.

To protect itself, the recording industry brought suit to enjoin the manufacture and distribution of the Rio player in *RIAA v. Diamond Multimedia Systems, Inc.* The industry alleged that Diamond Multimedia violated the AHRA by manufacturing and distributing a product that failed to meet the requirements for digital audio recording devices as specified in the statute. In addition, the industry sought payment of royalties Diamond Multimedia owed under the AHRA. As the recording industry claimed, online distribution of pirated recordings would discourage the purchase of legitimate recordings, and losses due to digital piracy would soon surpass figures caused by other more traditional forms of piracy.

In its defense, Diamond Multimedia argued that the Rio did not fall within the scope of the AHRA and that computers were exempted from the statute. The manufacturer also pointed out that the player could

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memory card to which a digital audio file has been downloaded can be removed from one Rio and played back in another.

*Id.* at 1073-75.

384 180 F.3d 1072 (9th Cir. 1999).
385 *Id.* at 1075. AHRA defined a “digital audio recording device” as any machine or device of a type commonly distributed to individuals for use by individuals, whether or not included with or as part of some other machine or device, the digital recording function of which is designed or marketed for the primary purpose of, and that is capable of, making a digital audio copied recording for private use. 17 U.S.C. § 1001(3) (2000). The Rio player failed to meet the requirement of the AHRA because the device did not employ a Serial Copyright Management System that sends, receives, and acts upon information about the generation and copyright status of the files the device played. See *id.* § 1002(a) (prohibiting the importation, manufacture, and distribution of any digital audio recording device that does not conform to the Serial Copyright Management System or a system that has similar functional characteristics). 386 *Diamond Multimedia*, 180 F.3d at 1075. See also 17 U.S.C. § 1003 (requiring manufacturers, distributors, and importers of digital hardware and blank digital software to pay compensatory royalties to music creators and copyright holders).
387 *Id.* But see Lewis Kurlantzick & Jacqueline E. Pennino, *The Audio Home Recording Act of 1992 and the Formation of Copyright Policy*, 45 J. COPYRIGHT SOC'Y U.S.A. 497, 506 (1998) (arguing that persons who are willing to purchase the item for free often will not purchase the same item even if it is no longer freely available); *id.* at 509-10 (noting that the current price of recordings, which takes into consideration home taping and piracy and the harms such activities cause, offsets in part the losses incurred by the industry from such copying). See also ALFORD, *supra* note 8, at 129 n.13 (cautioning that loss figures supplied by the copyright industries and the U.S. government should not be taken at face value); Yu, *From Pirates to Partners*, *supra* note 8, at 175-76 (arguing that the copyright industries tend to overstate the extent of the piracy problem in China).
388 AHRA specifically provides that the term “digital musical recording” does not include “a material object . . . in which one or more computer programs are fixed.” 17 U.S.C. § 1001(5)(B).
be used for other beneficial noninfringing uses.\textsuperscript{389} As the United States Court of Appeals for the Ninth Circuit acknowledged, "[i]ndependent and wholly Internet record labels routinely sell and provide free samples of their artists’ work online, while many unsigned artists distribute their own material from their websites."\textsuperscript{390} Likewise, the Rio player allows users to access free-of-charge samples that are available for marketing purposes and teasers that seek to entice listeners to purchase recordings that are available through mail orders or for direct download.\textsuperscript{391}

The trial court denied the recording industry’s request for a preliminary injunction, holding that the industry failed to show a strong likelihood of success on the merits\textsuperscript{392} and that the balance of hardships did not tip in the industry’s favor.\textsuperscript{393} Upon appeal, the Ninth Circuit found that the Rio player did not fall within the definition of digital audio recording devices as defined by the AHRA. As the appellate court explained: "Unlike digital audio tape machines, for example, whose primary purpose is to make digital audio copied recordings, the primary purpose of a computer is to run various programs and to record the data necessary to run those programs and perform various tasks."\textsuperscript{394} Thus, computers do not qualify as digital audio recording devices, and Diamond Multimedia do not need to comply with the SCMS requirement.\textsuperscript{395} In fact, as the Court observed in \textit{dicta}, the AHRA "seems designed to allow files to be ‘laundered’ by passage through a computer."\textsuperscript{396}

While \textit{Diamond Multimedia} provided a victory for the hardware industry (and arguably consumers), it opened the floodgate for future litigation by noting that the AHRA did not cover computers.\textsuperscript{397} After all, if computer equipment qualified as a digital audio recording device

\begin{footnotes}
\item[389] \textit{Diamond Multimedia}, 180 F.3d at 1074.
\item[390] \textit{Id.}
\item[391] \textit{Id.}
\item[392] RIAA v. Diamond Multimedia Sys., Inc., 29 F. Supp. 2d 624, 632 (C.D. Cal. 1998) (stating that “[a]lthough Plaintiffs have established a probability that the Rio is a ‘digital audio recording device,’ Plaintiffs have not established a probability of success in establishing that the Rio, if assessed by the Secretary of Commerce, would fail to satisfy Section 1002(a)(3)").
\item[393] As the court maintained:
\textquote{Defendant has offered credible evidence that an injunction would substantially impact its projected revenues from the sale of the Rio. Regardless of the accuracy of Defendant’s estimate ($200 million over the next two years), the Court is convinced that Defendant would at a minimum suffer multi-million dollar losses. Moreover, because the Rio is capable of recording legitimate digital music, an injunction would deprive the public of a device with significant beneficial uses.}
\textit{Id.} at 629 (citation omitted).
\item[394] \textit{Diamond Multimedia}, 180 F.3d at 1078.
\item[395] \textit{Id.}
\item[396] \textit{Id.}
\end{footnotes}
as defined in the AHRA, the SCMS requirement and royalty payments would be the only remedies available to copyright holders.

In January 2000, MP3.com launched its My.MP3.com service, which allowed subscribers to play music over the Internet as long as they owned, borrowed, or purchased the CDs containing the requested recordings. To facilitate this service, MP3.com purchased tens of thousands of popular CDs and copied them onto their computer servers. Although MP3.com purchased licenses to perform the music, it did not own any licenses to reproduce the recordings. As a result, major record companies and their artists brought suits against MP3.com, alleging copyright infringement.

In its defense, MP3.com claimed that its service constituted fair use, contending that the service provided a transformative "space shift" by allowing subscribers to enjoy the sound recordings they owned without carrying physical CDs around. MP3.com also argued that the My.MP3.com service benefited, rather than harmed, the plaintiffs by enhancing sales, since the service required subscribers to demonstrate that they owned, borrowed, or purchased the CDs containing the requested recordings. In addition, the defendant noted that its service did not compete directly with the plaintiffs in the digital downloading market and, instead, "provide[d] a useful service to consumers that, in its absence, will be served by 'pirates.'"

At trial, the court rejected all of the defendant's arguments. Analyzing them under the four criteria specified under the fair use provision of the 1976 Copyright Act, the court openly rejected the

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398 UMG Recordings, 92 F. Supp. 2d at 350.
399 Id.
404 UMG Recordings, 92 F. Supp. 2d at 352.
405 Id.
406 Although the Copyright Act does not explicitly define fair use, it lists four criteria that are to be applied to determine whether a particular use is "fair":
(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
(2) the nature of the copyrighted work;
(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
(4) the effect of the use upon the potential market for or value of a copyrighted work.
defendant's "space shifting" argument, maintaining that such a service was neither transformative nor productive.\textsuperscript{407} As the court explained, the defendant's argument was "simply another way of saying that the unauthorized copies are being retransmitted in another medium—an insufficient basis for any legitimate claim of transformation."\textsuperscript{408} The court also found that the second and third factors weighed against fair use because the recordings the defendant copied were "close[] to the core of intended copyright protection"\textsuperscript{409} and that the defendant had copied and replayed "the entirety of the copyrighted works."\textsuperscript{410}

Finally, the court rejected the defendant's market enhancement argument by noting that "[a]ny allegedly positive impact of defendant's activities on plaintiffs' prior market in no way frees defendant to usurp a further market that directly derives from reproduction of the plaintiffs' copyrighted works."\textsuperscript{411} The court also maintained that a copyright "is not designed to afford consumer protection or convenience but, rather, to protect the copyright holders' property interests."\textsuperscript{412} MP3.com lost the lawsuits and was acquired shortly afterwards by Vivendi Universal, which incorporated MP3.com into its subscription service\textsuperscript{413} and has since sold the service to Roxio,\textsuperscript{414} a manufacturer of CD- and DVD-copying software.

In another well-known lawsuit, the recording industry sued Napster for contributory and vicarious copyright infringement.\textsuperscript{415} Napster
counterargued that the users' "file sharing" constituted fair use. The
Napster case, however, was more complicated than the MP3.com cases
because Napster did not reproduce copyrighted works itself. Rather,
Napster facilitated unauthorized copying, downloading, transmission,
and distribution of the copyrighted works by others.416

Napster was started as a project by a college student, Shawn
Fanning, who was frustrated by the difficulty in finding MP3 files on
traditional Internet servers.417 To alleviate this difficulty, Napster
allowed users to search for music on the hard drives of other users and
share music files with them while they were on the network.418 As a
result of this peer-to-peer network, Napster successfully transformed
faraway computers into a large file-sharing network—or some would
say piracy network.

At trial, the district court concluded that the recording companies
had established a prima facie case of direct copyright infringement by
Napster users. As the court explained, "virtually all Napster users
engage in the unauthorized downloading or uploading of copyrighted
music."419 The court then moved on to address the four fair use factors
specified in the Copyright Act. The court noted that the first factor
weighed against fair use, because Napster's users were neither using the
copyrighted works in a transformative way nor did they attempt to use
the songs for parody or for research.420 Rather, users were merely
copying and listening to the music.421 Likewise, the second and third
factors weighed against fair use, because music is creative in nature and
because users downloaded entire songs.422 Finally, although the court
concluded that the use was not "paradigmatic commercial activity," the
"vast scale" of file sharing facilitated by Napster could not be
considered private use or personal use "in the traditional sense."423 As
the court explained, that "Napster users get for free something they
would ordinarily have to buy suggests that they reap economic
advantages from Napster use."424 Even though the activity was not for
profit, it was certainly economic in nature.

To boost its case, the recording companies presented evidence of a

Riehl, Peer-to-Peer Distribution Systems: Will Napster, Gnutella, and Freenet Create a
Copyright Nirvana or Gehenna?, 27 WM. MITCHELL L. REV. 1761 (2001); Alfred C. Yen, A
Preliminary Economic Analysis of Napster: Internet Technology, Copyright Liability, and the
416 114 F. Supp. 2d at 911.
417 See id. at 901-02.
418 See id. 905-07.
419 Id. at 911.
420 Id. at 913-14.
421 Id.
422 Id. at 913.
423 Id. at 912.
424 Id.
decline in CD sales at highly wired college campuses that subsequently banned Napster use.\footnote{Id. at 909-10.} According to the study, sales near these college campuses dropped by twelve to thirteen percent from 1997 to 2000, although CD sales nationwide had risen by eighteen percent.\footnote{Id. at 289 (citing MICHAEL FINE, SOUNDSCAN STUDY ON NAPSTER USE AND LOSS OF SALES 5 (2000)).} The study inferred that the decline in sales resulted from MP3 downloads replacing CD purchases. The recording industry also argued that the availability of free downloading reduced the market for competing commercial downloading, and that this downloading deprived copyright holders of royalties for downloading even if it enhanced CD sales.\footnote{114 F. Supp. 2d at 915.} Based on this evidence, the court found that the effect of the use upon the value of the work and potential markets for the work weighed against fair use. According to the court, Napster harmed the market for copyrighted music by reducing CD sales among college students and by raising barriers to entry in the market for digital downloads.\footnote{Id. at 913.}

The district court ordered Napster to shut down. On appeal, the Ninth Circuit was more sympathetic to Napster and found that Napster was capable of commercially significant noninfringing uses.\footnote{A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1021 (9th Cir. 2001).} Nonetheless, it concluded that "sufficient knowledge exist[ed] to impose contributory liability when linked to demonstrated infringing use of the Napster system."\footnote{Id. at 1021.} As the Ninth Circuit reasoned, "[t]he record supports the district court's finding that Napster has actual knowledge that specific infringing material is available using its system, that it could block access to the system by suppliers of the infringing material, and that it failed to remove the material."\footnote{Id. at 1022.}

The Ninth Circuit remanded the case to the lower court, which subsequently ordered Napster to police its system and to block access to infringing material after it was notified of that material's location.\footnote{A&M Records, Inc. v. Napster, Inc., 2001 U.S. Dist. LEXIS 2186 (N.D. Cal. Mar. 5, 2001).} Unable to do so, Napster shut down its service in July 2001 and has since filed for bankruptcy protection.\footnote{See Matt Richtel, Napster Says It Is Likely to Be Liquidated, N.Y. TIMES, Sept. 4, 2002, at C2.} In November 2002, Roxio purchased Napster's name and intellectual property assets.\footnote{Roxio Buys Napster Assets, N.Y. TIMES, Nov. 28, 2002, at C10.} A few months later, Roxio acquired PressPlay, the online music service, from Vivendi Universal and Sony Music.\footnote{Roxio Acquires PressPlay for $40 Million, supra note 414.} In October 2003, Roxio finally

Although the recording industry, to a great extent, has succeeded in beating the pirates by taking them to court and suing them into bankruptcy, the technologies have become increasingly challenging to the industry. Since the MP3 and Napster litigation, a whole host of engines and services—such as Gnutella, Madster (formerly Aimster), KaZaA, AudioGalaxy, Morpheus/MusicCity, Grokster, iMesh, Filetopia, BearShare, and LimeWire—has emerged, and these “successors” can be used for the very same purposes as Napster.

From the industry’s perspective, these engines are even more problematic. Unlike MP3.com and Napster, many of these engines and services do not have a centralized server.\footnote{See Riehl, \textit{supra} note 415, at 1773-79 (describing the architecture of gnutella-based engines).} Rather, they allow users to transfer files among various locations. Some of them, like Freenet, also allow users to remain anonymous.\footnote{See \textit{id.} at 1779-87 (describing Freenet).} Thus, enforcement has become a major problem, and the outcome of these battles becomes even harder to predict. The industry forced Napster to shut down its server, but there is little the industry could do to deal with Gnutella and its uncountable successors.

Moreover, as is demonstrated by the KaZaA litigation, jurisdictional issues might create barriers to the industry’s litigation effort.\footnote{As the \textit{Washington Post} reported: “Kazaa is a multinational creation. The three young men who developed the software hail from Estonia. They were commissioned to do the work by a company in the Netherlands. That company has since sold the software to another based in the Pacific island nation of Vanuatu, whose executives work in Australia.” Ariana Eunjung Cha, \textit{File Swapper Eluding Pursuers; Unlike Napster, Kazaa’s Global Nature Defies Legal Attacks}, \textit{WASH. POST}, Dec. 21, 2002, at A1. But see \textit{In Web Disputes, U.S. Law Rules the World}, \textit{TORONTO STAR}, Feb. 24, 2003, at D1 (noting that U.S. laws were applied in most Internet disputes).} In fact, because not every country is as protective of the copyright industries as the United States, foreign countries might have different laws. Even when foreign courts apply identical laws, they might come to different conclusions.\footnote{See Peter K. Yu, \textit{The Harmonization Game: What Basketball Can Teach About Intellectual Property and International Trade}, 26 FORDHAM INT’L L.J. 218, 232-41 (2003). See also Patti Waldmeir, \textit{Material Published on the Internet and Thus Accessible Anywhere in the World Is Increasingly Being Challenged Under the Laws of Individual Nation States}, \textit{FIN. TIMES} (London), Dec. 16, 2002, at 19 (noting the increasing willingness of national courts to assert jurisdiction over activities conducted on the Internet).} Unless the recording industry is willing to go after all the users (which will likely result in an enforcement fiasco and publicity disaster), piracy will become rampant.

In light of this difficulty, the music industry looked for a fallback position and adopted self-help measures, including copyright protection
technologies, to protect itself against widespread piracy on the Internet.\textsuperscript{441} Among such protection technologies are encryption,\textsuperscript{442} digital watermarking,\textsuperscript{443} and the use of trusted systems.\textsuperscript{444} Notwithstanding these self-help measures, the entertainment industries remain vulnerable.\textsuperscript{445} Although copy-protection technologies allow copyright holders to lock up their creative works, these technologies lose their protective function when they are decrypted. Even worse, once the technology is decrypted, the copyrighted work becomes available not only to those "techies" who successfully broke the code, but also to unsophisticated computer users around the world, through online downloads and through peer-to-peer file sharing.

To prevent the public from doing so, copyright holders must constantly upgrade their encryption technology. Such upgrading would, in turn, attract even more attention from hackers, who are just too eager to crack the latest encryption technology available. Eventually, the repeated encryption and decryption will create a vicious cycle in which the entertainment industry and the hacker community are engaged in an endless copy-protection arms race.\textsuperscript{446} Instead of devoting resources to


\textsuperscript{442} See \textit{DIGITAL DILEMMA}, supra note 332, at 156:

\textit{Cryptography is a crucial enabling technology for IP management. The goal of encryption is to scramble objects so that they are not understandable or usable until they are unscrambled. The technical terms for scrambling and unscrambling are "encrypting" and "decrypting." Encryption facilitates IP management by protecting content against disclosure or modification both during transmission and while it is stored. If content is encrypted effectively, copying the files is nearly useless because there is no access to the content without the decryption key. Software available off the shelf provides encryption that is for all practical purposes unbreakable, although much of the encrypting software in use today is somewhat less robust.}

\textit{Id.}

\textsuperscript{443} "While [digital watermarking] does not prevent the content from being copied and redistributed, this technique can at least make evident who owns the material and possibly aid in tracking the source of the redistribution." \textit{Id.} at 83.


\textsuperscript{445} Although the industry might remain vulnerable, copy-protection technology does not necessarily need to be perfectly robust:

Most people are not technically knowledgeable enough to defeat even moderately sophisticated systems and, in any case, are law-abiding citizens rather than determined adversaries. TPSs [Technical protection services] with what might be called "curb-high deterrence"—systems that can be circumvented by a knowledgeable person—are sufficient in many instances. They can deter the average user from engaging in illegal behavior and may deter those who may be ignorant about some aspects of the law by causing them to think carefully about the appropriateness of their copying. Simply put, TPSs can help to keep honest people honest.

\textsuperscript{446} As Professor Ku explained:

[C]opy protection for digital content necessitates an expensive technological arms race... Given the difficulty of protecting digital works from copying, copyright
develop artists and improve products, the industries would invest their resources in developing encryption technology and in preventing consumers from accessing copyrighted works. This strategy would hurt artists, the recording industry, and consumers.

In fact, because the encryption technologies the industry used were easy to crack, some record companies switched to low-technology or unconventional protective measures. For example, when Epic Records distributed review copies of Tori Amos, Pearl Jam, and AudioSlave albums in 2002, the label sent them inside portable CD players that had been glued shut.  

Likewise, before Madonna released her new single, American Life, the label started circulating a spoofed version of the song on the Internet, featuring the singer saying “What the f____ do you think you’re doing?” Unfortunately for the label, that strategy backfired when a hacker took over the singer’s Web site, Madonna.com, posting real, downloadable MP3s of every song on the album. Angry fans also responded by remixing Madonna’s tirade with other songs.

Some Web sites even held contests for these remixes.

To protect its technological self-help measures, the industry successfully lobbied Congress for the Digital Millennium Copyright Act (“DMCA”), which was enacted in 1998 to strengthen copyright holders will be forced constantly to spend significant resources developing technology just to keep the cat in the bag. These costs will in turn be passed on to the public, not to provide the public with access to new works, but for the sole purpose of limiting access. Given that hackers appear to be as adept, if not more so, at picking the locks of copyright protection as those trying to lock up digital works, the costs associated with a copy protection arms race would be unending.

Ku, supra note 331, at 319-20 (footnote omitted). See also Trotter Hardy, Property (and Copyright) in Cyberspace, 1996 U. CHI. LEGAL F. 217, 251 (discussing the “wasteful ‘arms race’ of technological-protection schemes, with each side increasing its spending to outperform the other’s technology”); Peter K. Yu, How the Motion Picture and Recording Industries Are Losing the Copyright War by Fighting Misdirected Battles, FindLaw’s Writ: Legal Commentary, at http://writ.news.findlaw.com/commentary/20020815_yu.html (Aug. 15, 2002) [hereinafter Yu, How the Motion Picture and Recording Industries Are Losing].


Id.

See Nik Bonopartis, Firms Say the Swap Must Stop, Poughkeepsie J., July 16, 2003, at 1A.


The DMCA is long, internally inconsistent, difficult even for copyright experts to parse and harder still to explain. Most importantly, it seeks for the first time to impose liability on ordinary citizens for violation of provisions that they have no reason to suspect are part of the law, and to make noncommercial and noninfringing behavior illegal on the theory that that will help to prevent piracy.

protection in the digital medium. The DMCA includes a provision prohibiting the circumvention of encryption technology copyright holders use to protect their creative works and the dissemination of information concerning how to defeat copy-protection technologies.\textsuperscript{451} In addition, the DMCA provides a "safe harbor" for Internet service providers to remove any hosted content that allegedly infringes upon the work of a copyright holder.\textsuperscript{452} The statute also protects the integrity of copyright management systems\textsuperscript{453} and revised the performance right regime in light of the changes in the digital environment.\textsuperscript{454}

Since the enactment of the DMCA, commentators have widely criticized the statute for stifling creativity.\textsuperscript{455} On the one hand, the DMCA creates a chilling effect by requiring Internet service providers to remove content even if the reproduction of such materials is permissible under existing copyright law.\textsuperscript{456} On the other hand, the anti-circumvention provision of the statute prevents people from

\begin{footnotes}
\item[452] Id. § 512.
\item[453] Id. § 1202. As Professor Ginsburg summarized:
Section 1202 prohibits: (a) knowingly providing false copyright management information, with the intent to facilitate or conceal infringement. The provision also prohibits (b) knowingly or intentionally altering or removing copyright management information, knowing (or having reasonable grounds to know) that the alteration or removal will facilitate or conceal infringement. Subsection (c) defines copyright management information. It includes: the name of the author; the name of the copyright owner; and the "terms and conditions for use of the work."

Ginsburg, Copyright Legislation, supra note 450, at 157. See id. at 157-60 (discussing the provision on copyright management information). See also Julie Cohen, A Right to Read Anonymously: A Closer Look at "Copyright Management" in Cyberspace, 28 CONN. L. REV. 981 (1996) (examining the impact of copyright management mechanisms on the traditional notions of freedom of thought and expression).
\item[454] See Ginsburg, Copyright Legislation, supra note 450, at 166-70 (discussing the DMCA amendments to the 1995 Digital Performance Right in Sound Recordings Act).
\item[455] Shortly after the United States Copyright Office released its report on the effects of the DMCA, U.S. COPYRIGHT OFFICE, STUDY REQUIRED BY SECTION 104 OF THE DIGITAL MILLENNIUM COPYRIGHT ACT (2001), available at http://www.loc.gov/copyright/reports/studies/dmca/dmca_study.html, more than 50 intellectual property law scholars expressed disappointment over the report and urged Congress to conduct its own study. See IP Law Professors Urge Congress to Do Its Own DMCA Study, WASH. INTERNET DAILY, Oct. 16, 2001, at 200. The study is required by section 104 of the DMCA.
\end{footnotes}
engaging in actions that traditionally have been considered fair use.\textsuperscript{457} A case in point is Professor Edward Felten of Princeton University, who successfully decrypted copy-protection technologies designed by the Secure Digital Music Initiative ("SDMI").\textsuperscript{458} In September 2000, the SDMI issued a public challenge and offered $10,000 to those who successfully broke their proposed copy-protection technologies.\textsuperscript{459} Professor Felten claimed that he and his research team successfully broke the proposed technologies. When he planned to present his findings at a scientific conference, the recording industry asked him to withdraw the paper, citing potential violation of the DMCA.\textsuperscript{460} In response, Professor Felten filed a lawsuit seeking a declaratory judgment,\textsuperscript{461} which was subsequently dismissed.\textsuperscript{462} Although the industry eventually backed down and Professor Felten was able to present his research, the incident demonstrated the statute’s potential chilling effect.

Recently, the constitutionality of the DMCA was called into question in \textit{Universal City Studios, Inc. v. Corley}.\textsuperscript{463} The controversy arose when the motion picture industry used CSS to control access to, and prevent the copying of, motion pictures recorded on DVDs.\textsuperscript{464} In September 1999, Jon Johansen, a Norwegian teenager, and two others created DeCSS, a program capable of "ripping" DVDs, which then allowed users to play the data on noncompliant computers as well as to copy the recordings.\textsuperscript{465} The DeCSS code was posted on the Web site of the defendant’s magazine, \textit{2600: The Hacker Quarterly},\textsuperscript{466} and the defendant subsequently provided hyperlinks to other sites posting the

\textsuperscript{457} See Lessig, \textit{Future of Ideas}, \textit{supra} note 456, at 187-90; Litman, \textit{supra} note 450, at 145.\textsuperscript{458} SDMI is an association of electronic companies that were involved in designing copy-protection technologies that protect copyrighted works against unauthorized access.\textsuperscript{459} SDMI described its public challenge in a press release.

So here’s the invitation: Attack the proposed technologies. Crack them.

By successfully breaking the SDMI protected content, you will play a role in determining what technology SDMI will adopt. And there is something more in it for you, too. If you can remove the watermark or defeat the other technology on our proposed copyright protection system, you may earn up to $10,000.


\textsuperscript{461} Felten v. RIAA, No. CV-01-2669 (D.N.J. June 26, 2001).

\textsuperscript{462} Dave Wilson, \textit{Professor’s Suit Against RIAA Dismissed}, \textit{L.A. TIMES}, Nov. 29, 2001, at C3.

\textsuperscript{463} 273 F.3d 429 (2d Cir. 2001).

\textsuperscript{464} CSS is “an encryption based system that requires the use of appropriately configured hardware such as a DVD player or a computer DVD drive to decrypt, unscramble and play back, but not copy, motion pictures on DVDs.” Universal City Studios, Inc. \textit{v. Reimerdes}, 111 F. Supp. 2d 294, 308 (S.D.N.Y. 2000).

\textsuperscript{465} See id. at 311.

\textsuperscript{466} The Web site of the defendant’s magazine is available at http://www.2600.com.
DeCSS code.\textsuperscript{467}

In response to the defendant’s action, eight major movie studios brought suit to enjoin 2600 from posting the DeCSS program and related hyperlinks,\textsuperscript{468} citing the anticircumvention provision of the DMCA, which prohibits offering to the public or trafficking in any technology designed to circumvent a technological measure that controls access to a work.\textsuperscript{469} In its defense, the defendant argued that the posting of DeCSS code was speech protected by the First Amendment.\textsuperscript{470}

Although the trial court agreed that computer code was expressive,\textsuperscript{471} it concluded that the DMCA is a content-neutral regulation that only incidentally affects expression\textsuperscript{472} and upheld the statute because it furthers a substantial governmental interest—"the protection of copyrighted works stored on digital media from the vastly expanded risk of piracy in this electronic age."\textsuperscript{473} As the Court reasoned:

Once a decryption program like DeCSS is written, it quickly can be sent all over the world. Every recipient is capable not only of decrypting and perfectly copying plaintiffs' copyrighted DVDs, but also of retransmitting perfect copies of DeCSS and thus enabling every recipient to do the same. They likewise are capable of transmitting perfect copies of the decrypted DVD. The process potentially is exponential rather than linear.\textsuperscript{474}

On appeal, the United States Court of Appeals for the Second Circuit affirmed the district court's judgment. As Judge Jon Newman, a well-respected judge in the copyright area, explained, the court was torn between "two unattractive alternatives: either tolerate some impairment of communication in order to permit Congress to prohibit decryption that may lawfully be prevented, or tolerate some decryption in order to avoid some impairment of communication."\textsuperscript{475} Nonetheless, the Second Circuit was convinced that Congress, rather than the court, should resolve this dilemma. As Judge Newman concluded, the court's "task is to determine whether the legislative solution adopted by Congress, as applied to the Appellants by the District Court's injunction, is consistent with the limitations of the First Amendment, and [the court was]
satisfied that it is.\footnote{\textit{Id.}}


Internet Services, in which the court required the Internet service provider to hand over names of individuals whom the industry accused of illegally trading music. Using this newfound subpoena power, major record companies filed high-profile lawsuits against students at Princeton University, Michigan Technological University, and Rensselaer Polytechnic Institute, seeking billions of dollars in damages. Despite the companies' high-profile efforts, they eventually settled with the students for meager amounts. Ironically, one student was able to raise his entire $12,000 fine in less than six weeks over the Internet, while another was working his way to complete a similar feat.

Most recently, the recording industry launched a mass litigation campaign against file swappers who make large number of songs available on peer-to-peer file-sharing networks. By mid-July, the industry had already sent out close to 1000 federal subpoenas, with roughly 75 new subpoenas approved every day. On September 8, 2003, the RIAA followed up its earlier efforts by filing 261 lawsuits against individuals who illegally downloaded and distributed on average more than 1000 copyrighted music files via peer-to-peer file-sharing networks, such as KaZaA, Grokster, iMesh, and Gnutella. As of this writing, the RIAA has settled some of these lawsuits, while continuing to litigate the others.

The industry's recent efforts were controversial, and the consuming public increasingly see copyright as antithetical to their interests, jeopardizing the public domain, the unprotected territory in

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483 Id.
484 See Ahrens, 4 Students Sued over Music Sites, supra note 2; Jon Healey, Students Hit with Song Piracy Lawsuits, supra note 2.
485 Jon Healey & P.J. Huffstutter, 4 Pay Steep Price for Free Music, L.A. TIMES, May 2, 2003, at 1 (reporting that students will pay the recording industry damages in the range of $12,000 to $17,500).
486 See Jefferson Graham, Fined Student Gets Donations to Tune of $12K, USA TODAY, June 25, 2003, at 4D.
487 See Jefferson Graham, Swap Songs? You May Be on Record Industry's Hit List, USA TODAY, July 22, 2003, at 1D.
490 See, e.g., Frank Ahrens, Music Industry Will Talk Before Suing, WASH. POST, Oct. 1, 2003, at E1; Mike Snider, Record Industry Fires Warning Shot, USA TODAY, Oct. 1, 2003, at 2B.
491 See generally David Lange, Recognizing the Public Domain, 44 LAW & CONTEMP. PROBS. 147 (1981); Jessica Litman, The Public Domain, 39 EMORY L.J. 965 (1990). Recent literature has emphasized the importance of the public domain and the danger of its disappearance. See, e.g., LESSIG, CODE, supra note 327, at 66 (lamenting how the media and software industries are stifling innovation in the New Economy); LITMAN, supra note 450 (showing how the increased domination of interest groups in the lawmaking processes has made copyright law anti-public and incomprehensible); VAIDHYANATHAN, supra note 38 (describing how the increasing corporate control over the use of software, digital music, images, films, books and academic materials has
which raw materials reside. Consider, for example, the immediate reaction to the United States Supreme Court's ruling in *Eldred v. Ashcroft.*\(^{492}\) In *Eldred,* the Court upheld the constitutionality of the Sonny Bono Copyright Term Extension Act,\(^ {493}\) which extends copyright protection in the United States for twenty years, bringing the copyright term to the life of the author plus seventy years.\(^ {494}\) Shortly after the Court handed down its decision, strong, bitter reactions emerged from supporters of the public domain movement. While many believed the Court had sold them out to private corporations, like Disney, the more radical ones advocated civil disobedience as a counteracting strategy.\(^ {495}\)

In recent years, the public awareness of intellectual property issues has increased tremendously, thanks to the MP3, Napster, *Eldred,* and KaZaA litigation. In the past, copyright law was considered a complicated issue that was of primary interest and concern to intellectual property lawyers, legal scholars, and technological developers. Today, however, the public see it as something that affects their daily lives. With increasingly user-friendly technologies, individuals have become authors and publishers and have taken on roles that traditionally required commercial equipment.

As political support grows, legislative proposals that place a heavier emphasis on the public domain have surfaced.\(^ {496}\) To maintain


\(^{494}\) 17 U.S.C. § 304.


\(^{496}\) For example, Congressman Richard Boucher recently introduced the Digital Media Consumers' Rights Act in an effort to restore historical balance in copyright law and to ensure proper labeling of copy-protected CDs. Digital Media Consumers' Rights Act, H.R. 107, 108th Cong. (2003), available at http://www.house.gov/boucher/docs/dmcrar08th.pdf. Senator Sam Brownback circulated among consumer groups and within the Senate a draft bill requiring
the historical balance in the copyright system, commentators have called for more attention to access issues and users' rights while proposing safeguards to limit copyright protection. Likewise, consumer advocates and civil libertarians have alarmed the general public about the problems created by the growing use of encryption technologies to protect copyright. In addition, organizations such as copyright holders to file suits before obtaining the identities of alleged infringers from Internet service providers. See Farhad Manjoo, Can Anyone Stop the Music Cops?, Salon.com, at http://www.salon.com/tech/feature/2003/06/17/brownback_bill/index_np.html (June 17, 2003). Most recently, Reps. Zoe Lofgren and John Doolittle introduced the Public Domain Enhancement Act, which, if enacted, would require copyright holders to pay a $1 fee to maintain their copyrights fifty years after the original publication of their works. Brian Krebs, Bill Seeks to Loosen Copyright Law's Grip, NEWSBYTES, June 25, 2003.

497 See, e.g., LESSIG, THE FUTURE OF IDEAS, supra note 456, at 251 (proposing a regime whereby a published work will be protected for a term of five years once registered, that the registration can be renewed fifteen times, and that the work will fall into the public domain if the registration is not renewed); L. Ray Patterson & Stanley W. Lindberg, THE NATURE OF COPYRIGHT: A LAW OF USERS' RIGHTS 241 (1991) (noting that "[p]reserving the integrity of copyright law—including its law of users' rights—is critical to our free society"); Ann Bartow, Electrifying Copyright Norms and Making Cyberspace More Like a Book, 48 VILL. L. REV. 13, 18 (2003) (noting the need to adapt "pre-existing real space copyright use norms to electronic formats as a mechanism for protecting the legitimate interests of copyright owners without depriving individuals of the customary real space access to information provided by bound books and periodicals"); Benkler, Free as the Air to Common Use, supra note 491 (advocating the use of Justice Brandeis's concept that information should be "free as the air to common use" to limit property rights in information products); Julie Cohen, A Right to Read Anonymously: A Closer Look at “Copyright Management” in Cyberspace, 28 CONN. L. REV. 981, 1003-04 (1996) (calling for the recognition of the right to read anonymously); Niva Elkin-Koren, Cyberlaw and Social Change: A Democratic Approach to Copyright Law in Cyberspace, 14 CARDOZO ARTS & ENT. L.J. 215, 277 (1996) (arguing that users must be allowed "to do the same things they are able to do in a non-digitized environment"); Hamilton, TRIPS Agreement, supra note 238, at 631 (emphasizing the need to construct a "free use zone" that will "mak[e] explicit what is already accepted practice in a hard copy universe—that copyright owners do not have rights to prohibit individuals from browsing and borrowing their works"); Reichman & Samuelson, supra note 175, at 113-24 (discussing the adverse impact of sui generis database protection on scientific research and education); Reichman & Uhirl, supra note 14, at 796-821 (discussing the adverse impact of database protection laws on scientific, technical, and educational users of factual data and information); Diane Leenheer Zimmerman, Copyright in Cyberspace: Don't Throw Out the Public Interest with the Bath Water, 1994 ANN. SURV. AM. L. 403, 405 (noting the need to "maintain[] some approximation of our current cheap and simple access to copyrighted works for research, scholarship and pleasure"); Lawrence Lessig, Protecting Mickey Mouse at Art's Expense, N.Y. TIMES, Jan. 18, 2003, at A17 (proposing a scheme whereby copyright holders will have to pay a tax 50 years after a work is published and that the work will fall into the public domain if the copyright holder fails to pay the tax for three years in a row).

498 See Yu, How the Motion Picture and Recording Industries Are Losing, supra note 446; Kevin Hunt, Record Industry Opens Attack on Consumer Rights, HARTFORD COURANT, May 23, 2002, at 21. After all, an encrypted CD may not function the same way as a conventional CD. Previously available functions, including those to which consumers may have a legal right under the fair use provision, may no longer exist. Even worse, an encrypted CD might not be playable on car stereos, some PCs, and old CD players, forcing consumers to buy new ones they do not otherwise need or cannot afford. See Celine Dion and the Copycats, FIN. TIMES (London), July 19, 2002, at 11. Thus, it is not surprising that the recording industry has encountered a highly negative response—including a class-action lawsuit by two California consumers—when Sony released Celine Dion's latest album as an encrypted CD. Jon Healey & Jeff Leeds, Record Labels
the Digital Media Association and the Digital Future Coalition have
grown considerably, while organizations and legal clinics that publicly
defend users’ rights have emerged.499

Today, piracy remains rampant on the Internet. Global CD sales
fell in 2001 for the first time since the introduction of the CD format in the early 1980s.500 Billions of music files are now downloaded per
month, while global CD sales have dropped by nine per cent in 2002.501
If piracy were to continue at this level, it would not be surprising to find
the United States regaining its century-old title as the most notorious pirate in the world. After all, the United States is the world leader in
developing cutting-edge reproduction technologies, and it possesses the
largest Internet population in the world.502

IV. MORAL OF THE STORIES

This Article brings together piracy stories in eighteenth- and
nineteenth-century America, twentieth-century China, and twenty-first
century cyberspace. Each of these stories takes place at a different era
in a different geographical region under different politico-socio-
economic conditions. The story involves different cultural traditions,
levels of economic development, political systems, historical practices,
reprographic technologies, and copyright sectors.

When commentators analyze these stories, they tend to
overemphasize a particular factor or a combination of these factors. However, when one steps back and looks at the comparative picture,
these explanations become inadequate. For example, extensive
copyright piracy occurs in both the East and the West even though
Eastern and Western cultures diverge significantly. Likewise, the
piracy problem occurs in the United States at different eras, even though
the country today is very different from what it was two centuries ago.

So far, commentators have not provided a “grand unified theory”

California consumers already have filed a class-action lawsuit against the five major record
companies, alleging that copy-protected CDs are defective products that shouldn’t be allowed on
the market”). As some consumer advocates noted, the record companies need to label the CD
carefully to avoid confusion and to allow consumers to choose away from these encrypted CDs.

499 See Rick Boucher, The Future of Intellectual Property in the Information Age, in COPY
FIGHTS: THE FUTURE OF INTELLECTUAL PROPERTY IN THE INFORMATION AGE 95, 100 (Adam
Thierer & Clyde Wayne Crews, Jr. eds., 2002) [hereinafter COPY FIGHTS].
500 See Menell, supra note 333, at 119.
502 But see Mark Landler, For Music Industry, U.S. Is Only the Tip of a Piracy Iceberg, N.Y.
TIMES, Sept. 26, 2003, at A1 (noting that “the recording industry’s problems with the illegal
online distribution of music in the United States pale beside the rampant piracy that goes on
overseas”).
of copyright piracy. Instead, they offered very careful analyses of each story, discussing in detail the different aspects of the problem—political, social, economic, cultural, and historical. While their analyses are insightful and significant, policymakers and the general public have a very difficult time understanding the crux of the piracy problem. To help us do so, this Article seeks to provide a broad systemic framework that takes into account the various forces that contribute to the creation and enlargement of the copyright divide.

A. The Copyright Divide

Copyright law has always been about stakeholders. In the late nineteenth century, Anthony Trollope blamed American book piracy on "the book-selling leviathans." A century later, Professor Jessica Litman told us that "[t]he only way that copyright laws get passed in this country is for all of the lawyers who represent the current stakeholders to get together and hash out all of the details among themselves." Since then, commentators have discussed at length the gaps between the "copyright-rich" and "copyright-poor" and between the haves and have-nots in the copyright system.

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503 As my former colleague Justin Hughes wrote:  
Ideas about property have played a central role in shaping the American legal order.  
For every Pilgrim who came to the New World in search of religious freedom, there was at least one colonist who came on the promise of a royal land grant or one slave compelled to come as someone else's property.  
See also James V. Delong, Defending Intellectual Property, in COPY FIGHTS, supra note 499, at 17, 25:  
We are a long way from the Jeffersonian ideal of a nation of yeoman farmers, tilling fields that we own. But it remains difficult to refute the idea that a stable political system needs people with a stake in ensuring that its politics do not run off the rails, and that one of the best safeguards is to be sure that people own property and thus have something to lose. Certainly, at the local level, widespread property ownership in the form of homes seems to provide substantial stability and involvement in government.  
504 TROLLOPE, supra note 85, at 308.  
506 VAIDHYANATHAN, supra note 38, at 105.  
507 Jessica Litman, Revising Copyright Law for the Information Age, 75 OR. L. REV. 19, 19 (1996) [hereinafter Litman, Revising Copyright Law] (noting that current copyright rules “make some parties ‘haves’ and others ‘have-nots’”); Ruth Okediji, Givers, Takers, and Other Kinds of Users: A Fair Use Doctrine for Cyberspace, 53 FLA. L. REV. 107, 162 (2001) (noting that “[a] blanket legitimation of automated rights management systems, clickwrap licensing regimes, or other similar means to assert absolute property rights over a work in cyberspace will... ultimately recreate patterns of resource allocation that institutionalize the status of the information “haves” and the information “have nots”); Edward Samuels, Can Our Current Conception of Copyright Law Survive the Internet Age?, 46 N.Y.L. SCH. L. REV. 221, 223 (2002) (“Copyright... represents the attempt by the haves (the companies that own all the copyrights) to
These commentaries are very helpful in helping us understand the three piracy stories. Today, a copyright divide exists between those who have stakes in the existing copyright regime and those who do not. On one side of the divide are the stakeholders, who are eager to protect what they have under the existing regime. This group of players not only considers piracy annoying, but sees it as theft. On the other side of the divide are the nonstakeholders. These nonstakeholders neither understand nor believe in the copyright system.

Using this construct, the extensive copyright piracy that takes place in the above three stories can be viewed as a battle between the stakeholders and nonstakeholders over the change and retention of the status quo. Unless the nonstakeholders understand why copyright needs to be protected and until they become stakeholders or potential stakeholders, they will not be eager to abide by copyright laws or to consent to stronger copyright protection.

To be certain, the stakeholders can always lobby for stronger copyright protection, including heavier penalties for copyright violations. However, their actions incur heavy political and economic costs on the enforcement authorities and would ultimately become ineffective when the authorities lose interest in enforcing those penalties. Even worse, this lack of enforcement might instill in the public a lack of confidence in and respect for the legal system.

As with all stakeholder-nonstakeholder problems, it is not easy to deal with the copyright divide. After all, the stakeholders would be eager to protect what they have, while the nonstakeholders would be eager to enlarge their share and become stakeholders. Fortunately, not

508 DIGITAL DILEMMA, supra note 332, at 312 (discussing how copyright holders can shift the cost to the public by adopting weak protection technology).

509 See id. at 212-13 (noting that “[w]hen popular attitudes and practices are out of synch with laws, the enforcement of laws becomes more difficult, which may instill in people a lack of confidence in and respect for the legal system.”). See also Bartow, supra note 497, at 17 (arguing that “if the government wants its citizens to respect copyrights, the copyright laws as they are promulgated and enforced, must be more consistent, comprehensible and respectful of individuals’ needs and experiences”).
everybody steals or uses other illegal means to enlarge his or her share. Most people do so only when they do not understand the law or when they do not believe in the system—for example, when they perceive the system as grossly unfair.510

This is exactly what happens with the DMCA today.511 Drafted by copyright lobbyists, the law is long, wordy, complex, cumbersome, counterintuitive, and internally inconsistent.512 The statute contains many pages and is full of exceptions and exceptions to exceptions. As a result of this complicated and convoluted structure, it would take a sophisticated copyright lawyer or a veteran intellectual property scholar a considerable amount of time to digest and master the law.513 One could only imagine the amount of time the general public needs to spend to grasp the basic understanding of this statute, not to mention the fact that many of them have very limited understanding of such basic copyright concepts as the idea-expression dichotomy,514 the first-sale doctrine,515 and the fair use privilege.516

510 See Jessica Litman, Copyright Noncompliance (Or Why We Can’t “Just Say Yes” to Licensing), 29 N.Y.U. J. INT’L L. & POL. 237, 238-39 (1997) [hereinafter Litman, Copyright Noncompliance]. See also Hamilton, TRIPS Agreement, supra note 238, at 616 (“Intellectual property is nothing more than a socially-recognized, but imaginary, set of fences and gates. People must believe in it for it to be effective.”); Faison, supra note 179 (“We take copyright violations very seriously, but when it comes to copying a disk, most Chinese people don’t see what’s wrong.” (quoting Xu Guoji, senior official in Shanghai’s Industrial and Commercial Administration)).

511 Digital Millennium Copyright Act, Pub. L. No. 105-204 (1998). See also discussion supra Part III.

512 See Litman, Electronic Commerce and Free Speech, supra note 441, at 33.

513 See Bartow, supra note 497, at 25 (contending that “not even someone with a firm knowledge of the copyright law can confidently expect to reliably identify the metes and bounds of copyright compliant behavior across disparate factual situations because copyright laws are neither clear nor applied consistently or predictably”).

514 The idea-expression dichotomy “is the term of art used in copyright law to indicate the elements in a copyrighted work which the grant of the copyright monopoly does not take from the public.” Abrams, supra note 61, at 563. It “strike[s] a definitional balance . . . by permitting free communication of facts while still protecting an author’s expression.” Harper & Row, Publishers, Inc. v. Nation Enters., 723 F.2d 195, 203 (2d Cir. 1983), rev’d, 471 U.S. 539 (1985).

For discussions of the idea-expression dichotomy, see generally Amy B. Cohen, Copyright Law and the Myth of Objectivity: The Idea-Expression Dichotomy and the Inevitability of Artistic Value Judgments, 66 IND. L.J. 175 (1990); Robert A. Gorman, Fact or Fancy? The Implications for Copyright, 29 J. COPYRIGHT SOC’Y U.S.A. 560 (1982); Leslie A. Kurtz, Speaking to the Ghost: Idea and Expression in Copyright, 47 U. MIAMI L. REV. 1221 (1993); Edward Samuels, The Idea-Expression Dichotomy in Copyright Law, 56 TENN. L. REV. 321 (1989). See also Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 54 (2d Cir. 1936) (“[I]t is convenient to define such a use by saying that others may ‘copy’ the ‘theme,’ or ‘ideas,’ or the like, of a work, though not its ‘expression.’”); Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir. 1930) (“[T]here is a point in this series of abstractions where [creative works] are no longer protected, since otherwise the playwright could prevent the use of his ‘ideas,’ to which, apart from their expression, his property is never extended.”); Landes & Posner, supra note 329, at 347-49 (discussing the economic rationale for the idea-expression dichotomy).


516 See sources cited supra note 402.
Consider, for example, section 1201(d) of the DMCA,\textsuperscript{517} which provides a "shopping right" for libraries and other nonprofit educational institutions.\textsuperscript{518} The statute allows the institutions to circumvent "solely in order to make a good faith determination of whether to acquire a copy of that work for the sole purpose of engaging in conduct permitted under [the DMCA]."\textsuperscript{519} Nevertheless, the statute would only apply to situations in which "an identical copy of that work is not reasonably available in another form."\textsuperscript{520} Imagine how often a library will have to decide whether or not to acquire a work that exists only in access-protected form and whose author or publisher is unwilling to make available sufficient information for potential customers to make the purchasing decision!

Today, the general public has many misconceptions of copyright law. For example, some maintain that downloading a copyrighted song for purposes of evaluation for up to 24 hours would not constitute copyright infringement.\textsuperscript{521} Some have the wrong impression that posting copyrighted materials for downloading on a foreign Web site is legally permissible because U.S. copyright laws do not apply to countries abroad.\textsuperscript{522} Some mistakenly assume that anything posted on the Web or on a Usenet news group are in the public domain by virtue of its presence there.\textsuperscript{523} And some wrongfully believe that software is available for copying without liability if the copyright owner has ceased actively distributing it for more than a number of years.\textsuperscript{524} In fact, there are many other copyright-related myths and urban legends circulating on the Internet.

By the same token, many copyright holders fail to understand the limits of copyright and insist on rights that they did not get under the copyright statute. For example, many major publishers place on the cover page a legend noting that "[n]o part of this book may be reproduced in any form or by any means, electronic or mechanical, including photocopying, recording, or by any information storage and retrieval system, without permission."\textsuperscript{525} Likewise, many scholars include in the draft of their papers such admonitions as "Unauthorized reproduction prohibited" or "No part of this paper may be reproduced or cited without the permission of the author."\textsuperscript{526}

\begin{footnotes}
\footnotetext[517]{17 U.S.C. § 1201(d).}
\footnotetext[518]{See Ginsburg, Copyright Legislation for the "Digital Millenium," supra note 450, at 139.}
\footnotetext[519]{17 U.S.C. § 1201(d)(1).}
\footnotetext[520]{id. § 1201(d)(2).}
\footnotetext[521]{DIGITAL DILEMMA, supra note 332, at 124.}
\footnotetext[522]{id.}
\footnotetext[523]{id.}
\footnotetext[524]{id. at 125.}
\footnotetext[525]{id. at 128.}
\footnotetext[526]{Bartow, supra note 497, at 48.}
\end{footnotes}
In many less developed countries, the lack of understanding of copyright law remains a major barrier to successful intellectual property law reforms. A case in point is China. In the 1980s and the early 1990s, the Chinese people had very limited awareness of intellectual property rights and did not understand the benefits of such protection or the harm resulting from the lack of such protection. Even worse, like the general populace, judges and law enforcement officers in China neither understood intellectual property rights nor saw the urgency of protecting such rights. Coupled with the lack of rule of law and an acute shortage of competent judges and sophisticated lawyers, the lack of awareness and understanding of intellectual property rights has created a major barrier to effective intellectual property law reforms in China.

Even if the nonstakeholders are aware of and understand copyright, a copyright divide can exist if the nonstakeholders do not believe in the system. As Professor David Post wrote powerfully in the Napster context:

Only when Napster users believe that it is in their interest to grant recognition to the "foreign" copyrights held by Lieber and Stoller will they do so. Only when there is a constituency for reciprocal copyright recognition Over There, among cyberspace's new Hawthornes, Melvilles, and Emersons, will we see it. There may be things we can do to speed that process up; taking our cue from Dickens, a policy of nonrecognition of cyberspace copyrights here in realspace, for example, under which we might deny copyright protection Over Here for software and systems developed Over There, might be an interesting place to start.

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527 See Yu, From Pirates to Partners, supra note 8, at 221-25 (discussing the need to educate the Chinese populace about intellectual property rights); Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 71 (same).

528 See Yu, From Pirates to Partners, supra note 8, at 213-21 (discussing the need to educate Chinese judges and government officials about intellectual property rights); Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 71 (same). See also Robert Sherwood, Why a Uniform Intellectual Property System Makes Sense for the World, in GLOBAL DIMENSIONS OF INTELLECTUAL PROPERTY RIGHT IN SCIENCE AND TECHNOLOGY 68, 85 (1993) [hereinafter Why a Uniform Intellectual Property System Makes Sense] ("For a national intellectual property system to work, there must first be a judicial system that works, a precondition that is often missing.").

529 For discussions of the development of the rule of law in China, see, for example, RONALD C. BROWN, UNDERSTANDING CHINESE COURT AND LEGAL PROCESS: LAW WITH CHINESE CHARACTERISTICS (1997); CHINA'S LEGAL REFORMS (Stanley Lubman ed., 1996); DOMESTIC LAW REFORMS IN POST-MAO CHINA (Pitman B. Potter ed., 1994); RONALD C. KEITH, CHINA'S STRUGGLE FOR THE RULE OF LAW (1994); THE LIMITS OF THE RULE OF LAW IN CHINA (Karen G. Turner et al. eds., 2000); STANLEY B. LUBMAN, BIRD IN A CAGE: LEGAL REFORM IN CHINA AFTER MAO (1999); MURRAY SCOTT TANNER, THE POLITICS OF LAWMAKING IN POST-MAO CHINA: INSTITUTIONS, PROCESSES AND DEMOCRATIC PROSPECTS (1999).

530 See Yu, From Pirates to Partners, supra note 8, at 214 (discussing the shortage of competent judges and experienced lawyers).

531 David G. Post, His Napster Voice, in COPY FIGHTS, supra note 499, at 107, 121.
Countries differ in levels of wealth, economic structures, technological capabilities, political systems, and cultural traditions. They need different copyright systems to promote the creation and dissemination of intellectual works in their own countries. Unless and until a country considers copyright protection in its national interest, it unlikely would strengthen copyright protection in the country.

In retrospect, this is exactly what happened in the United States shortly after the Second World War, in China in the late 1990s, and in many less developed and transition countries today. In all these examples, one can find a strong correlation between increasing intellectual property protection and a growing realization of self-interests in the intellectual property area. Because of this realization, the United States underwent a complete change after the Second World War, while China accelerated its intellectual property law reforms shortly before it joined the WTO.

B. The Contributing Factors

When commentators analyze copyright piracy, they tend to focus on individual factors. For example, commentators have examined cultural tradition, the level of economic development, political system, historical practice, the type of reprographic technology, and the type of copyright sector. This Section argues that none of these factors alone accounts for the extensive piracy problem, although some of these factors at times are more influential and determinative than others. Rather, all the different factors contribute to the creation and enlargement of the copyright divide, and they should be considered as contributing factors.

Until we can develop a comprehensive approach that targets the various factors, as compared to a piecemeal policy that focuses on one or two exaggerated factors, we might not be able to stem the piracy problem.

1. Cultural Tradition

Copyright has an intertwining relationship with cultural policy,

532 See discussion supra Part IV.A.2.
533 See discussion supra Part I.
534 See discussion supra Part II.
535 See, e.g., Thomas Bishop, France and the Need for Cultural Exception, 29 N.Y.U. J. INT’L L. & POL. 187, 187 (1997) (exploring the importance of the cultural exception and arguing that each country “has a right—even a duty—to protect and develop its own culture” despite the need
and culture has always been a powerful argument to account for the cause of extensive copyright piracy. For example, commentators discussed at length the classic Greek and Roman beliefs that works were created through "inspiration by the muses." They also examined the Confucian underpinnings of Chinese society, the familial and community values embodied in Islam laws, and the hacker culture that paves the way to widespread MP3 piracy. To many commentators, culture is the primary cause of extensive copyright piracy in less developed countries and in cyberspace today.

However, if examined carefully, this cultural tradition argument is as unconvincing as the argument that extensive MP3 piracy occurs in Western societies because of the communitarian underpinnings in Judeo-Christian teachings. Communitarian philosophies were (and are) not unique to the Greek and Roman republics, China, the Middle East, or hackers. They are found in civilizations around the world.

Undeniably, cultural tradition might create barriers for copyright laws to emerge or develop. A culture-based analysis also might provide insight into a community of which the public has limited understanding. However, a different, or even pro-copying, culture does not necessarily result in extensive copyright piracy. Consider China, for example. As Professor William Alford pointed out in his seminal work, To Steal a Book Is an Elegant Offense, the Confucian culture militated against copyright protection in so far as it did not allow intellectual property protection to take root. Yet, this non-Western culture had not prevented intellectual property protection from functioning in the Chinese society once it was introduced—in this case by the United States. Indeed, there is strong compatibility between copyright and

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537 See sources cited supra note 8.

538 See Richard E. Vaughan, Defining Terms in the Intellectual Property Protection Debate: Are the North and South Arguing Past Each Other When We Say "Property"? A Lockean, Confucian, and Islamic Comparison, 2 ILSA J. INT'L & COMP. L. 307, 345 (1996). See also PERSPECTIVES ON PLAGIARISM AND INTELLECTUAL PROPERTY IN A POSTMODERN WORLD 66 (Lise Buranen & Alice M. Roy eds., 1999) (discussing how some teachers attribute plagiarism by Middle Eastern students to the emphasis of community and family values in Middle Eastern cultures).

539 See sources cited supra note 8.

540 See ALFORD, supra note 8.

541 See YU, supra note 8, at 4-7 (discussing the importation of intellectual property rights into
Confucianism, just as there is between Western human rights and Confucianism.

Likewise, although many early members of the Internet community subscribed to the hacker culture and the motto “Information wants to be free,” there is no evidence that these members would necessarily steal or undertake other illegal acts to free up information. As Jessica Litman pointed out insightfully:

People do seem to buy into copyright norms, but they don’t translate those norms into the rules that the copyright statute does; they find it very hard to believe that there’s really a law out there that says the stuff the copyright law says... People don’t obey laws that they don’t believe in. It isn’t necessarily that they behave lawlessly, or that they’ll steal whatever they can if they think they can get away with it. Most people try to comply, at least substantially, with what they believe the law to say. If they don’t believe the law says what it in fact says, though, they won’t obey it—not because they are protesting its provisions, but because it doesn’t stick in their heads.

China by Western countries); Edmund W. Kitch, The Patent Policy of Developing Countries, 13 UCLA PAC. BASIN L.J. 166, 178 (1994) (noting that “[o]utsiders can play a constructive role by insisting that the [intellectual property] issues be addressed within a larger and principled framework.”).

See Yu, *From Pirates to Partners*, supra note 8, at 224-25 (discussing the compatibility between the Chinese culture and Western intellectual property notions); Yu, *Piracy, Prejudice, and Perspectives*, supra note 8, at 76-77 (same). Compare XIANFA art. 20 (1982) (amended Mar. 29, 1993) (“The state promotes the development of natural and social sciences, disseminates knowledge of science and technology, and commends and rewards achievements in scientific research as well as technological innovations and inventions.”), and id. art. 47 (“The state encourages and assists creative endeavors conducive to the interests of the people that are made by citizens engaged in education, science, technology, literature, art and other cultural work.”), with U.S. CONST. art. I, § 8, cl. 8 (“The Congress shall have Power... to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”).

In the past decade, substantial research has been devoted to explore the common grounds between human rights and the Chinese culture, in particular Confucianism. See, e.g., Daniel A. Bell, *East Meets West: Human Rights and Democracy in East Asia* (2000); Confucianism and Human Rights (Wm. Theodore de Bary & Tu Weiming eds., 1998); Wm. Theodore de Bary, *Asian Values and Human Rights: A Confucian Communitarian Perspective* (1998); The East Asian Challenge for Human Rights (Joanne R. Bauer & Daniel A. Bell eds., 1999); Human Rights and Chinese Values: Legal, Philosophical, and Political Perspectives (Michael C. Davis ed., 1995).

Stewart Brand was often credited for coining the phrase. Hamilton, *TRIPS Agreement*, supra note 238, at 625; David Stipp & Stewart Brand, *The Electric Kool-Aid Management Consultant*, FORTUNE, Oct. 16, 1995, at 160 (characterizing the phrase “Information wants to be free” as the “cyberhacker rallying cry”).

Litman, *Copyright Noncompliance*, supra note 510, at 238-39. See Hamilton, *TRIPS Agreement*, supra note 238, at 616 (“Intellectual property is nothing more than a socially-recognized, but imaginary, set of fences and gates. People must believe in it for it to be effective.”). See also Bartow, supra note 497 (advocating the adaptation of pre-existing real space copyright use norms to electronic formats as a mechanism for protecting the legitimate interests of copyright holders without depriving individuals of the customary real space access to
So far, copyright law "doesn’t stick in their heads" because it is long, complex, cumbersome, and counterintuitive.\textsuperscript{546} Consider the following excerpt from the RIAA’s Web site on what consumers can and cannot do with their music:

First, for your personal use, you can make analog copies of music. For instance, you can make analog cassette tape recordings of music from another analog cassette, or from a CD, or from the radio, or basically from any source. Essentially, all copying onto analog media is generally allowed.

Second, again for your personal use, you can make some digital copies of music, depending on the type of digital recorder used. For example, digitally copying music is generally allowed with minidisc recorders, DAT recorders, digital cassette tape recorders, and some (but not all) compact disc recorders (or CD-R recorders). As a general rule for CD-Rs, if the CD-R recorder is a stand-alone machine designed to copy primarily audio, rather than data or video, then the copying is allowed. If the CD-R recorder is a computer component, or a computer peripheral device designed to be a multipurpose recorder (in other words, if it will record data and video, as well as audio), then copying is not allowed.\textsuperscript{547}

Since the turn of the twentieth century, copyright law has been drafted primarily by copyright lawyers who negotiate on behalf of their clients. As a result, the statute consists of bargains stakeholders made in private meetings during an arduous negotiating process.\textsuperscript{548} Compared to a commandment that says "Thou Shalt Not Steal" or "Thou Shalt Not Kill," the current law would be very difficult and time-consuming even for sophisticated copyright lawyers and veteran intellectual property scholars to understand, not to mention the average users.\textsuperscript{549} This

information provided by bound books and periodicals); Faison, supra note 179 ("We take copyright violations very seriously, but when it comes to copying a disk, most Chinese people don’t see what’s wrong.") (quoting Xu Guoji, senior official in Shanghai’s Industrial and Commercial Administration); Jessica Litman, Copyright as Myth, 53 U. PITT. L. REV. 235 (1991) (examining the difference between the prevailing public myth of copyright and existing copyright statute and case law).

\textsuperscript{546} Litman, supra note 450, at 73. Ironically, the Clinton Administration claimed the passage of the DMCA as the success of its Framework for Global Electronic Commerce, which called for the creation of "predictable, minimalist, consistent, and simple" rules. See William J. Clinton & Albert Gore, Jr., A FRAMEWORK FOR GLOBAL ELECTRONIC COMMERCE (1997), available at http://www.iitf.nist.gov/eleccomm/ecomm.htm. See also Samuelson, supra note 450, at 524.

\textsuperscript{547} Digital Dilemma, supra note 332, at 47.

\textsuperscript{548} See, e.g., id. at 47 (noting that "Much of the complexity of this law is pertinent only to the specific industry-to-industry dealings it addresses and is irrelevant to the general public"); Litman, Copyright, Compromise, supra note 505; Jessica D. Litman, Copyright Legislation and Technological Change, 68 OR. L. REV. 275 (1989) [hereinafter Litman, Copyright Legislation].

\textsuperscript{549} As Jessica Litman pointed out:

If ordinary people are to see copyrights as equivalent to tangible property, and accord copyright rules the respect they give to other property rules, then we would need, at a minimum, to teach them the rules that govern intellectual property when we teach them the rules that govern other personal property, which is to say in elementary school.
situation may change, however, if the law becomes shorter, intuitive, and more commonsensical.\textsuperscript{550} Once Internet users begin to understand copyright law, stronger copyright protection will follow, and the piracy problem will be significantly reduced.

2. Level of Economic Development

Countries differ in terms of levels of wealth, economic structures, technological capabilities, political systems, and cultural traditions.\textsuperscript{551} Different countries have different needs and aspirations,\textsuperscript{552} and policymakers face different political pressures\textsuperscript{553} and make different decisions.

\textsuperscript{550} See DIGITAL DILEMMA, supra note 332, at 125 (noting the need for the law to be “set forth in a clear and straightforward manner that the general public can readily comprehend”).

\textsuperscript{551} MICHAEL P. RYAN, KNOWLEDGE DIPLOMACY: GLOBAL COMPETITION AND THE POLITICS OF INTELLECTUAL PROPERTY 191 (1998); Yu, From Pirates to Partners, supra note 8, at 239; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 84.

\textsuperscript{552} RYAN, supra note 551, at 201. See also Tara Kalagher Giunta & Lily H. Shang, Ownership of Information in a Global Economy, 27 GEO. WASH. J. INT’L L. & ECON. 327, 333 (1993) (“Fundamental differences in concepts of ownership and legal regimes provide at least some explanation as to why it has been so difficult to draft a multilateral intellectual property agreement. A favorable agreement for one country could be unfavorable for another country.”).

\textsuperscript{553} See Robert Burrell, A Case Study in Cultural Imperialism: The Imposition of Copyright on China by the West, in INTELLECTUAL PROPERTY AND ETHICS 195, 207 (Lionel Bently & Spyros M. Maniatis eds., 1998) (noting that “no Chinese leader could be seen bowing to pressure from the United States [on the intellectual property front] without being in danger of undermining his own position, a difficulty which goes some way towards explaining much of the brinkmanship which has characterised the negotiations between China and the United States on the issue”); RYAN, supra note 551, at 144 (arguing that intellectual property protection, which involves a fundamental debate about economic development strategy, may threaten the established relationships of businesses and the government); SUSAN K. SELL, POWER AND IDEAS: NORTH-SOUTH POLITICS OF INTELLECTUAL PROPERTY AND ANTITRUST 215 (1998) (arguing that intellectual property protection may put the ruling elites in less developed countries in a very difficult, if not precarious, position).
value judgments as to what would best promote creations and inventions in their own countries. In light of these differences and the need to have a global intellectual property regime, the TRIPs Agreement includes transitional provisions that delay implementation of the Agreement for five years in less developed and transitional countries and for eleven years in least developed countries. To help create "a sound and viable technological base" in these countries, the Agreement also requires developed countries to provide incentives for their businesses and institutions to promote and encourage technology transfer to least developed countries.

Although these transitional provisions seem to suggest that less developed countries have not developed to an economic level that makes intellectual property protection a cost-effective and sound governmental policy, they do not do so. Instead, they suggest that less developed countries have not developed to an economic level that makes implementation and enforcement of the TRIPs Agreement a cost-effective and sound governmental policy. The debate about the TRIPs Agreement is not about whether a country should have intellectual property protection, but whether a country should have a particular intellectual property system.

So far, the presumptions that stronger intellectual property protection will benefit less developed countries and that a

administration was ousted in a no-confidence vote after it attempted to strengthen the country's copyright law).

554 See Yu, Toward a Nonzero-sum Approach, supra note 535, at 569.
556 TRIPs Agreement, supra note 172, arts. 65(1)-(3).
557 Id. art. 66(1), 33 I.L.M. at 1222.
558 Id. art. 66(2), 33 I.L.M. at 1222.
559 See RYAN, supra note 551, at 75 (arguing that some governments have not developed to an economic level that makes Western intellectual property protection a cost-effective and sound government policy); Claudio R. Frischtak, Harmonization Versus Differentiation in Intellectual Property Rights Regime, in GLOBAL DIMENSIONS OF INTELLECTUAL PROPERTY RIGHTS IN SCIENCE AND TECHNOLOGY 68, 97 (Mitchel B. Wallerstein et al. eds., 1993) [hereinafter GLOBAL DIMENSIONS OF INTELLECTUAL PROPERTY RIGHTS] (discussing why a uniform intellectual property regime that requires strict equality in the duration of patents would ignore the different elasticities, discount rates, and research and development productivities in different countries); Conferences: Intellectual Property Lawyers Lament Supreme Court Federalism, PAT. TRADEMARK & COPYRIGHT L. DAILY (BNA), at D3 (Nov. 22, 1999) (reporting that a Ukrainian government minister told Judge Randall Rader that honoring U.S. intellectual property rights on products used in Ukraine would cost half of the country's gross national product).
560 SELL, supra note 553, at 221 (arguing that, "[w]hile the North claims that stronger intellectual property protection will benefit developing countries, this relationship has yet to be demonstrated in either economic theory or empirical proof"); Frischtak, supra note 559, at 90
universalized intellectual property regime would maximize global welfare are questionable. Equally doubtful is the assumption that the current intellectual property system strikes the proper balance "between incentives to future production, the free flow of information and the preservation of the public domain in the interest of potential future creators." As Professor Jerome Reichman noted, "policymakers concerned to promote investment in important new technologies often overstate the supposed benefits of specific intellectual property regimes while ignoring the negative economic functions of these regimes in relation to the complementary operations of competition law generally."

Indeed, as we learn from the recent debate on copyright term extension, many Americans disagree on the proper balance between...
intellectual property protection and the access to information "needed to spur further innovation and ensure the citizenry’s full participation in our democratic polity." The European Union and the United States, the two leading advocates of strong international intellectual property protection, also disagree on a large variety of copyright issues, such as database protection, the protection of moral rights, fair use, the first sale doctrine, the work-made-for-hire arrangement, and protection against private copying in the digital environment.

Although commentators sometimes attribute extensive copyright piracy to the level of economic development, in particular the pirate countries’ limited financial resources, technological backwardness, undeveloped legal system, and minimal stakes in a healthy global


For discussions of the expediency and constitutionality of U.S. database protection legislation, see generally sources cited supra note 14.

For discussions of the tension between U.S. copyright and moral rights in Europe, see generally sources cited supra note 13.

See generally sources cited supra note 15.


J.H. Reichman, Duration of Copyright, supra note 535, at 631 (noting that “[a] more substantial discrepancy between American copyright law and that of other Berne Union countries stems from the greater reliance of the former on the work-made-for-hire doctrine in general and on the principle of corporate authorship in particular”). See id. at 631-33 (discussing the United States’ distinctive reliance on the work-made-for-hire doctrine and corporate authorship).

intellectual property system, their attribution is unjustified. Economic development explains a lot about our need for diversity and sensitivity in developing the international intellectual property system, but very little about the cause of extensive copyright piracy.

In fact, however poor and backward they are, less developed countries have strong incentives to develop a strong, robust, and dynamic copyright regime. Such a regime will promote modernization and economic development, attract foreign investment, and create new jobs. It also will facilitate transfer of knowledge and

572 See ASSAFA ENDESHAW, INTELLECTUAL PROPERTY POLICY FOR NON-INDUSTRIAL COUNTRIES 47 (1996) (arguing that less developed countries may be able to modernize if "they manage to grasp the internal dynamic that operates in each of them and devise appropriate economic and technological polices, without neglecting social and political aspects"); id. at 98-142 (outlining a proposal for an intellectual property system in non-industrial countries); LESTER C. THUROW, BUILDING WEALTH: THE NEW RULES FOR THE INDIVIDUALS, COMPANIES, AND NATIONS IN A KNOWLEDGE-BASED ECONOMY 128 (1999) (arguing that countries with different levels of economic development desire, need, and should have different intellectual property systems); Chiappetta, supra note 569 (arguing that countries must "agree to disagree" during their negotiation of a multilateral intellectual property regime); Correa, supra note 561, at 129 ("Differentiation . . . looks desirable in that it permits countries in the Latin tradition to retain a system that responds to their own cultural perceptions of creation and protects the moral and economic rights of all interested parties."); Janet H. MacLaughlin et al., The Economic Significance of Piracy, in INTELLECTUAL PROPERTY RIGHTS: GLOBAL CONSENSUS, GLOBAL CONFLICT? 89 (R. Michael Gadbaw & Timothy J. Richards eds., 1988) (examining whether intellectual property protection is of net benefit to less developed countries); Oddi, supra note 555, at 866-74 (outlining a proposal for a patent system in less developed countries); Robert M. Sherwood et al., Promotion of Inventiveness in Developing Countries through a More Advanced Patent Administration, 39 IDEA 473 (1999) (explaining how to restructure the patent administration in ways that can maximize the contribution of inventors to economic growth and sustained development); Sherwood, Why a Uniform Intellectual Property System Makes Sense, supra note 528, at 68 ("The first characteristic of the uniform system being proposed is that the specific intellectual property systems of individual countries need not be identical."); David Silverstein, Intellectual Property Rights, Trading Patterns and Practices, Wealth Distribution, Development and Standards of Living: A North-South Perspective on Patent Law Harmonization, in INTERNATIONAL TRADE AND INTELLECTUAL PROPERTY: THE SEARCH FOR A BALANCED SYSTEM 156 (George R. Stewart et al. eds., 1994) ("[A] truly successful IP system must be culturally-specific and responsive to the different economic and social realities of each country."); id. at 171 ("[I]t cannot be taken for granted that a Western IP system will be either beneficial to or successful in other countries with different cultures.").

573 See Sherwood, Why a Uniform Intellectual Property System Makes Sense, supra note 528, at 83 ("Strong intellectual property safeguards seem likely to speed rather than retard progress toward world-class achievement."); Yu, From Pirates to Partners, supra note 8, at 174 (noting the importance of intellectual property rights to a country’s strategy of economic development); Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 62 (arguing that China overlooked the importance of intellectual property rights to its economic development).

574 See Yu, From Pirates to Partners, supra note 8, at 192; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 62.

575 See Thomas Lagerqvist & Mary L. Riley, How to Protect Intellectual Property Rights in China, in PROTECTING INTELLECTUAL PROPERTY RIGHTS IN CHINA, supra note 269, at 7, 9; Yu, From Pirates to Partners, supra note 8, at 192 (noting that effective intellectual property protection can create jobs); Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 63 (same). See also PRICEWATERHOUSECOOPERS, CONTRIBUTION OF THE SOFTWARE INDUSTRY TO THE CHINESE ECONOMY 4 (1998) (estimating that a 60% decrease in piracy would translate into more
technology,576 promote indigenous authorship and creation,577 and generate considerable tax revenues for the country.578

3. Political System

Copyright protection goes hand in hand with the freedom a government gives its citizenry to express opinion. Societies that have no respect for individual rights are unlikely to tolerate private expressions or expressive activities.579 Thus, authoritarian societies have very limited need for an effective copyright system, as they do not need to provide incentives for people to create expressions. Indeed, commentators have noted "an intimate link" between a country's respect for individual rights and its respect for a copyright system that values and promotes an individual's creative achievement.580 As Professor Marci Hamilton pointed out, one must accept, at least, some version of individualism, reward, and commodification to believe in intellectual property rights.581

Consider, for example, China, which has been widely criticized for its lack of intellectual property protection and its authoritarian rule. Since its establishment in 1949, China has exercised very strict control over the dissemination of information and the distribution of media products,582 which it considered instruments of political indoctrination than 79,000 jobs).

576 Although technology transfer is always mentioned alongside patent protection, technology can be transferred via books, videos, and computer software. See Yu, From Pirates to Partners, supra note 8, at 192; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 63.

577 See Yu, From Pirates to Partners, supra note 8, at 192-93; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 63.

578 See Yu, From Pirates to Partners, supra note 8, at 193; Yu, Piracy, Prejudice, and Perspectives, supra note 8, at 63-64.


If foreign governments do not seek to protect basic human rights, they are more likely to ignore or circumvent other basic laws of great commercial relevance, such as those that protect intellectual property rights, combat corruption, and mandate the disclosure of critical financial information. If the arrogance of governments that oppress their people transfers easily to other areas.

Jeffrey E. Garten, Business and Foreign Policy, FOREIGN AFF., May/June 1997, at 67, 75.

580 Hamilton, TRIPS Agreement, supra note 238, at 618. See also Ringer, Two Hundred Years of American Copyright Law, supra note 36, at 118 ("[W]e know, empirically, that strong copyright systems are characteristic of relatively free societies.").

581 See Hamilton, TRIPS Agreement, supra note 238, at 617 ("Individualism, as captured in the Western intellectual property system, is the sine qua non for a society to recognize and honor personal liberty.").

582 See YUEZHI ZHAO, MEDIA, MARKET, AND DEMOCRACY IN CHINA: BETWEEN THE PARTY
and mass mobilization. Today, the media business and the publishing industry remain the most heavily regulated businesses in the country. One can find severe restrictions on imported films, books and audiovisual products, and the Internet. Due to these restrictions, many media products are unavailable despite heavy demand, and consumers have to settle for black market products or pirated goods, which are often inferior to, and are sometimes indistinguishable from, genuine products.

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See Lee, Censorship and Approval Process, supra note 584, at 148; Riley, Regulation of the Media, supra note 584, at 377.


See Butterton, supra note 8, at 1105-06 (noting that the film import quota has “been a fertile ground for pirate practices”); Derek Dessler, Comment, CHINA’S INTELLECTUAL PROPERTY PROTECTION: PROSPECTS FOR ACHIEVING INTERNATIONAL STANDARDS, 19 FORDHAM INT’L L.J. 181, 232 (1995) (“Commentators argue that... market access barriers facilitate intellectual property piracy and impede enforcement.”); Frost, supra note 588, at 132 (“The United States claims that this limitation produces a vacuum effect which creates a large demand for pirated films.”).
As time passes, the Chinese market becomes saturated with infringing substitutes, and foreign manufacturers and distributors have a difficult time entering the market, even if restrictions are finally removed, or relaxed. Under this theory, one therefore would expect government censorship to promote piracy. As one commentator acknowledged:

It is laughable to hear excuses from Beijing that they can’t control the 50 pirate CD factories. If they were turning out thousands of copies of the BBC documentary on the Tiananmen Square protest—rather than bootleg copies of “The Lion King”—the factory managers would be sharing a cell with other dissidents in a heartbeat.

While government censorship in general encourages piracy, the converse is not necessarily true. Piracy can flourish equally in a free society, in which regulation is limited and citizens are free to commit piracy acts. The textbook example of a free society with a significant piracy problem is the Internet. The Internet is “rudderless, decentralized, and transnational,” and its architecture and structural resistance has made government regulation difficult. It is therefore understandable why the entertainment industry is very concerned about piracy on the Internet.

Moreover, we should not ignore the effectiveness of authoritative governments in controlling social problems, including copyright piracy. In the early 1990s, the Chinese authorities—to the dismay of human rights advocates—enlisted the help of some of their toughest law enforcers to clean up pirate factories.

To create a deterrent effect and to demonstrate to the West their eagerness in eradicating piracy, the

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591 See Netanel, Cyberspace 2.0, supra note 361, at 448.
592 See Alford, Making the World Safe for What?, supra note 8, at 143.
Chinese authorities also imposed the death penalty and life imprisonment on infringers in severe cases.\textsuperscript{595}

Indeed, commentators have expressed concerns over the deterioration of intellectual property protection after China’s accession to the WTO.\textsuperscript{596} In the post-WTO environment, China can no longer use traditional barriers and measures to protect its economy—for example, restrictions on export privileges will be greatly reduced. As a result, pirates and counterfeiters might trade more aggressively with markets that have “a strong appetite for low-priced counterfeit goods,” such as Southeast Asia and Eastern Europe.\textsuperscript{597} Thus, although the country has fewer restrictions and barriers as a result of its entry to the WTO, intellectual property protection in China might not necessarily improve.

4. Historical Practice

Unlike the first three factors, historical practice was rarely used to account for the cause of extensive copyright piracy. Rather, it has been applied retroactively to explain why a country failed to protect intellectual property in the past or why a country should be entitled to lower intellectual property protection in the future. For example, developed countries, in particular the United States, have used historical practice to explain why its past as a pirating nation should be ignored.\textsuperscript{598} Likewise, less developed countries have used the same factor to explain why it is unreasonable to expect drastic and immediate changes in their attitudes toward intellectual property rights or to expect a sudden emergence of institutions that are needed to support and nurture those attitudes.\textsuperscript{599} In particular, these countries have used the historical...

\textsuperscript{595} See ALFORD, supra note 8, at 91 (stating that China had imposed death penalty on at least four individuals, life sentences on no fewer than five others, and imprisonment on some 500 people for trademark violations); Korski, China Sentences Three to Life, supra note 10.\textsuperscript{596} For discussions of China’s entry into the WTO, see generally GORDON G. CHANG, THE COMING COLLAPSE OF CHINA (2001); NICHOLAS R. LARDY, INTEGRATING CHINA INTO THE GLOBAL ECONOMY (2002); SUPACHAI PANITCHPAKDI & MARK CLIFFORD, CHINA AND THE WTO: CHANGING CHINA, CHANGING WORLD TRADE (2002); Yu, Ramifications of China’s Entry into the WTO, supra note 315; Symposium, China and the WTO: Progress, Perils, and Prospects, 17 Colum. J. Asian L. (forthcoming 2004).\textsuperscript{597} CHOW, supra note 317, at 254; Yu, supra note 8, at 31.\textsuperscript{598} Even though the United States’ historical indifference to foreign intellectual property rights does not necessarily justify China’s abuse of intellectual property rights, “an appreciation of [the] nation’s own ‘sins’ would temper the moralism that infuses governmental and industry rhetoric about Chinese infringement and inflames passions in both nations about the other’s intentions and integrity.” Alford, Making the World Safe for What?, supra note 8, at 147.\textsuperscript{599} Alford, How Theory Does—and Does Not—Matter, supra note 565, at 21. See Carole Ganz Brown & Francis W. Rushing, Intellectual Property Rights in 1990s, in INTELLECTUAL PROPERTY RIGHTS IN SCIENCE, TECHNOLOGY, AND ECONOMIC PERFORMANCE: INTERNATIONAL COMPARISONS 1, 14 (Francis W. Rushing & Carole Ganz Brown eds., 1990) (“[I]ncreased protection is not to be expected tomorrow, and the movement will be evolutionary...
practice argument to justify the need for extension of the transitional period. As they argue, these transitional periods are important to less developed countries, because they will enable them to attain the economic level needed to make copyright protection a cost-effective and sound governmental policy.\footnote{Consider for example Professor’s Endeshaw’s historical argument: “Historically, each of the advanced countries today was determined to industrialize first before either ‘opening up’ to forces and interests that they might previously have dreaded and before calling for a stronger international IP system.” ENDESHAW, INTELLECTUAL PROPERTY POLICY FOR NON-INDUSTRIAL COUNTRIES, supra note 572, at 120.}

While it is true that civilization progresses and economy advances, copyright problems do not diminish with the passage of time. Indeed, historical practice is of very limited relevance, as new copyright problems emerge as society progresses and as new technologies are developed.\footnote{Consider for example Professor’s Endeshaw’s historical argument: “Historically, each of the advanced countries today was determined to industrialize first before either ‘opening up’ to forces and interests that they might previously have dreaded and before calling for a stronger international IP system.” ENDESHAW, INTELLECTUAL PROPERTY POLICY FOR NON-INDUSTRIAL COUNTRIES, supra note 572, at 120.} Consider the United States, for example. In their defense of the country’s past as a pirating nation, commentators often point to the differences between the United States today and what it was two centuries ago. According to these commentators, one should not hold the country’s past against it, because times have changed and the country’s past is irrelevant. As they explain, the country’s unfortunate past as a pirating nation was more a reflection of the \textit{zeitgeist} of that era, rather than a historical proof that piracy is a natural—and legitimate—course of development for a less developed country.\footnote{See sources cited supra note 69.} After all, it would be unfair and unappealing to argue that the United States should stop complaining about slavery and human trafficking today because of its prior acceptance of such an inhumane practice.

When the United States was a less developed country, countries did not offer copyright protection to foreign authors and did not regard piracy of foreign works as unfair or immoral.\footnote{See LITMAN, supra note 450, at 35-69; Litman, Copyright Legislation, supra note 548.} Indeed, “[s]ome countries . . . openly countenanced piracy as contributing to their educational and social needs and as reducing the prices of books for their citizens.”\footnote{But see ENDESHAW, INTELLECTUAL PROPERTY POLICY FOR NON-INDUSTRIAL COUNTRIES, supra note 572, at 120 (noting that “[h]istorically, each of the advanced countries today was determined to industrialize first before either ‘opening up’ to forces and interests that they might previously have dreaded and before calling for a stronger international IP system”).} Nevertheless, it is still disturbing to find that the United States did not offer reciprocal protection to foreign authors when

rather than revolutionary. Strategies to advance protection should take long-range approaches, say, a five to ten year time frame.”\footnote{See LITMAN, supra note 450, at 35-69; Litman, Copyright Legislation, supra note 548.}; Brauchli & Kahn, \textit{supra} note 180, at 1 (“[Building a copyright system is] like building a house. . . . You have the house structure all set up, very beautiful. But then, you need electricity and water pipes. That takes more time.”) (quoting Li Changxu, head of China United Intellectual Property Investigation Center). See also TRIPs Agreement, \textit{supra} note 172, arts. 65-66, 33 I.L.M. at 1222 (providing a five-year transitional period for developing countries and an 11-year transitional period for the least developed countries).
others began to do so in the mid-nineteenth century. It is also troubling to find that the United States did not participate in the international intellectual property regime until after the Second World War.

Even for those who find the historical practice argument convincing, this argument has been significantly weakened by recent developments concerning MP3 piracy in the United States.\footnote{As far as MP3 piracy is concerned, the United States is not that much different from a less developed country or from the country itself two centuries ago.} As far as MP3 piracy is concerned, the United States is not that much different from a less developed country or from the country itself two centuries ago.

Like MP3, software piracy is extensive in the United States. A recent study by the Business Software Alliance indicated that the U.S. software industry had lost $1.96 billion in United States alone in 2002, an amount slightly lower than the total retail software revenue lost in China during the same period.\footnote{The study also noted that pirated products constituted close to a quarter of all computer software in use in the United States.} While one understandably might be skeptical of figures supplied by a self-interested industry, few people would deny that there is a serious piracy problem on the Internet. Copyright piracy not only occurred in the past. It is a significant problem today.

5. Type of Reprographic Technology

The copyright regime always lags behind the development of new technology, be it radio, talking machines, television, cable television, satellite communications, or the Internet.\footnote{Thus, commentators sometimes attribute the piracy problem to the emergence of new technology and call for the development of new paradigms, responses, and regulatory measures to address the new technological development. Recent enactments include the DMCA, the EU Database Directive,\footnote{Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the Legal Protection of Databases, 1996 O.J. (L 77) 20.} the EU Information Society Directive,\footnote{EU Information Society Directive, \textit{supra} note 571.} and the 1996 WIPO Internet...}
As the U.S. copyright history informs us, copyright law always catches up with the development of technology, especially if high stakes are involved. As Professor Jessica Litman pointed out:

"[T]he contours of [the dispute about intellectual property rights in the digital environment] don’t look very different from the shape of very similar disputes that arose in the 1980s, when the gods invented personal computers; or the 1970s, when they invented videocassette recorders; or the 1960s, when they invented cable television; or the 1920s, when they invented commercial broadcasting and talkies."

Most of the time, the entrepreneurial developers of the new media would start “outside” the copyright regime, as they “concentrate on getting market share first, and worry about profits—and the rules for making them—later.” Thus, copyright law can stifle innovation, rather than be influenced by new technology.

A case in point is digital audio reproduction technology, which provides consumers with an innovative technology that reproduces sound recordings with virtually perfect fidelity. In light of the threat posed by the repeated home reproduction of sound recordings, the music industry successfully lobbied Congress to enact the Audio Home Recordings Act of 1992. As a result of this statute and the consumers’ uncertainty over the evolution of audio reprographic technology, copyright law successfully prevented a revolutionary change by digital audio recording equipment and technology.

In fact, if one looks back a few centuries ago, the first modern copyright law was developed as a reaction to the emergence of a new reprographic technology, the printing press. Since the enactment of the first copyright statute in the United States in 1790, which protected books, pamphlets, maps, and charts, copyright has been extended to different technologies, including radio, talking machines, television, cable television, satellite communications, and finally the Internet. While technology might explain the speed at which the piracy problem grows, it says very little about the cause of extensive copyright piracy.

People sometimes assume that piracy will naturally occur

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612 See LITMAN, supra note 450, at 35-69; Litman, Copyright Legislation, supra note 548.
613 Litman, Revising Copyright Law, supra note 507, at 22.
614 Id. at 30.
615 Id. at 29-30 ("A variety of new media flourished and became remunerative when people invested in producing and distributing them first, and sorted out how they were going to protect their intellectual property rights only after they had found their markets.").
616 See discussion supra Part III.
617 See, e.g., GOLDSTEIN, supra note 13, at 39-40.
618 See discussion supra Part I (discussing the 1790 Act).
whenever new technologies emerge. This assumption is wrong. Piracy is the unauthorized reproduction and distribution for commercial purposes of a copyrighted work as prohibited under copyright law. It depends on the interpretation of the copyright statute. Although copyright law has recently been expanded to cover new technological media, there is no guarantee that the new technological media will necessarily fall within the scope of copyright protection. Until it does so, the reproduced version of the copyrighted work might not constitute an actionable copy, and the reproduction of a copyrighted work in the new medium might not be actionable.

In fact, there are strong historical precedents supporting this argument. A case in point is *White-Smith Publishing Co. v. Apollo Co.* In *White-Smith Publishing*, the United States Supreme Court was asked to determine whether a player piano roll was a “copy” of the music composition it represented within the scope of the copyright statute. As the Court reasoned:

Various definitions [of the word “copy”] have been given by the experts called in the case. The one which most commends itself to our judgment is perhaps as clear as can be made, and defines a copy of a musical composition to be “a written or printed record of it in intelligible notation.” It may be true that in a broad sense a mechanical instrument which reproduces a tune copies it; but this is a strained and artificial meaning. When the combination of musical sounds is reproduced to the ear it is the original tune as conceived by the author which is heard. These musical tones are not a copy which appeals to the eye. In no sense can musical sounds which reach us through the sense of hearing be said to be copies as that term is generally understood, and as we believe it was intended to be understood in the statutes under consideration. A musical composition is an intellectual creation which first exists in the mind of the composer; he may play it for the first time upon an instrument. It is not susceptible of being copied until it has been put in a form which other can see and read. The statute has not provided for the protection of the intellectual conception apart from the thing produced, however meritorious such conception may be, but has provided for the making and filing of a tangible thing, against the publication and duplication of which it is the purpose of the statute to protect the composer.

The Court therefore held that player piano rolls did not constitute “copies within the meaning of the copyright act” and therefore did not qualify for copyright protection. Indeed, Congress had to “correct”

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619 209 U.S. 1 (1908).
620 *Id.* at 17.
621 The Court nonetheless was concerned about the free-riding problem the decision might create:

It may be true that the use of these perforated rolls, in the absence of statutory
the *White-Smith Publishing* Court's interpretation by creating a special statutory provision subjecting “mechanical” reproductions of musical works to a compulsory license.622

Similarly, the Court rejected the extension of the public performance right to cable system operators. When television was first developed, people relied on television antennae to pick up over-the-air signals. If the antennae were not strong enough, viewers would receive no or very poor reception.623 In the 1960s, Community Antennae Television (“CATV”) emerged by passing signals on through wires to individual homes and began the era of cable television. Copyright holders asserted that cable system operations were unauthorized public performance of creative works. In a pair of cases, *Fortnightly Corp. v. United Artists Television, Inc.*624 and *Teleprompter Corp. v. Columbia Broadcasting System, Inc.*625 the Court ruled otherwise. The Court held that cable system operators did not engage in the public performance of the transmitted works. As the Court reasoned, a CATV system is similar to a “reception service” and “falls on the viewer’s side of the line. Essentially, a CATV system no more than enhances the viewer’s capacity to receive the broadcaster’s signals; it provides a well-located antenna with an efficient connection to the viewer’s television set.”626 The Court therefore did not find copyright infringement.

Copyright holders constantly claim that new technologies will destroy their market. In a widely-cited quote, Jack Valenti, the longtime motion picture industry lobbyist, stated that the videocassette recorder “is to the American film producer and the American public as the Boston Strangler is to the woman alone.”627 By now, it is quite clear

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622 See Act of March 4, 1909, § 1(e), Ch. 320, 1(e), 35 Stat. 1075 (1909).
626 *Fortnightly Corp.*, 392 U.S. at 399. As the Court explained:

It is true that a CATV system plays an “active” role in making reception possible in a given area, but so do ordinary television sets and antennae. CATV equipment is powerful and sophisticated, but the basic function the equipment serves is little different from that served by the equipment generally furnished by a television viewer. If an individual erected an antenna on a hill, strung a cable to his house, and installed the necessary amplifying equipment, he would not be “performing” the programs he received on his television set. The result would be no different if several people combined to erect a cooperative antenna for the same purpose. The only difference in the case of CATV is that the antenna system is erected and owned not by its users but by an entrepreneur.

627 Adam Liptak, *Is Litigation the Best Way to Tame New Technology?*, N.Y. TIMES, Sept. 2,
that Valenti was wrong; videocassettes have transformed the motion picture industry, bringing to it new revenue and business opportunities. In fact, commentators have noted other precedents:

In 17th century England, the emergence of lending libraries was seen as the death knell of book stores; in the 20th century, photocopying was seen as the end of the publishing business, and videotape the end of the movie business. Yet in each case, the new development produced a new market far larger than the impact it had on the existing market. Lending libraries gave inexpensive access to books that were too expensive to purchase, thereby helping to make literacy widespread and vastly increasing the sale of books. Similarly, the ability to photocopy makes the printed material in a library more valuable to consumers, while videotapes have significantly increased viewing of movies. But the original market in each case was also transformed, in some cases bringing a new cast of players and a new power structure.

6. Type of Copyright Sector

Commentators sometimes differentiate the piracy problem based on the copyright sectors in which the industries are involved. For example, some pointed out that extensive copyright piracy on the Internet occurs primarily to sound recordings and audio-visual works, rather than books. After all, many consumers are not interested in reading books on the Internet due to a lack of user-friendly equipment and technology. However, this argument ignores the varying living standards around the world and the demand created by consumers. Textbook piracy remains a key problem in Africa, Asia, and South America.

Even in the developed world, piracy in the print media remains a significant problem. A recent example concerns the latest novel in 2000, at B9.

628 DIGITAL DILEMMA, supra note 332, at 78-79 (citations omitted).

629 As a recent study by the National Research Council explained:

The problem ... has hit music first for a variety of reasons. First, files containing high-fidelity music can be made small enough that both storage and downloading are reasonable tasks. ... Second, access to digitized music is abundant, and demand for it is growing rapidly. ... [Third,] music is popular with a demographic group (students in particular, young people generally), many of whom have easy access to the required technology, the sophistication to use it, and an apparently less than rigorous respect for the protections of copyright law. ... Fourth, music can be enjoyed with the existing technology: Good speakers are easily attached to a computer, producing near-CD quality sound, and a variety of portable players (e.g., the Rio from Diamond Multimedia) are available that hold 30 minutes to an hour of music.

630 DIGITAL DILEMMA, supra note 332, at 77-78.

the Harry Potter series, which became number one on the Amazon.com bestseller list even before the book appeared on the market. Shortly after the book was released, pirated versions of *Harry Potter and the Order of the Phoenix* appeared on the Internet.\(^{631}\) Although people generally consider electronic books difficult to read, they have particular appeal for experienced file swappers, as the book files are smaller in size and therefore faster to download than most music or movie files.

In fact, "[b]ooks and movies have begun to feel the effects. Electronic books are appearing, with several Web sites selling full-length books in digital form, while others offer reloadable book-sized portable display hardware."\(^{632}\) As Professor Peter Menell pointed out:

[U]ltimately the publishing industry may be the most vulnerable content industry to unauthorized reproduction and distribution because the content (text) will always be directly perceptible (and hence subject to copying, even if through scanning or re-typing). Furthermore, libraries have become interested in distributing eBooks through their websites. . . . Whereas music and audiovisual content can be encrypted in such a way that the user cannot see the content without authorization, the essence of books (the text) will always be available to the extent that the books are sold in hard copy form. Therefore, would-be copyists will be in a position to scan such content into digital form within hours of a book’s release.\(^{633}\)

Likewise, although movies were thus far relatively immune from widespread piracy because of their large size and the long downloading time, the increase of bandwidth and the emergence of more advanced compression technologies will soon make movie downloading as commonplace as music downloading.\(^{634}\) Nonetheless, because of

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632 DIGITAL DILEMMA, supra note 332, at 94.

633 Menell, supra note 333, at 129-30.

634 See DIGITAL DILEMMA, supra note 332, at 95. As the study described:

Movies in digital form are currently saved from widespread illegal copying because of their large size, but this barrier is likely to be overcome before too long. A number of sites have begun already to sell full-length movies in digital form, but at upwards of 200 megabytes for a (compressed) movie, and 5 megabytes for even a trailer, the space requirements and download times are still quite substantial. Others are exploring the possibility of Internet distribution of movies. Digital movie piracy has also appeared; in 1999 pirated copies of “The Blair Witch Project,” “The Matrix,” and “American Pie” were all available online. These copies are relatively low-quality, still sizable to download and store, and not easy to find (they are generally traded in low-profile news groups and chat rooms). But the struggle over digital movies has clearly arrived and will grow worse as storage capacity and transmission speeds increase.
differences between the film industry and the sound recording industry, the movie industry might be less vulnerable to unauthorized distribution. In fact, "digital technology may significantly improve the film industry’s delivery and revenue models" by reducing the costs borne by consumers in renting and purchasing movies.

In sum, although we might be able to infer the extent and seriousness of the copyright piracy problem by looking at the copyright sector, we will not be able to account for the cause of the piracy problem. As the costs of creation vary with the types of work created, the scale of the piracy problem might differ with respect to the type of industries involved. It would take less than a million dollars to record a major-label album, but millions or even hundreds of millions of dollars to make a motion picture.

*Id.* (footnote omitted).

635 Menell, *supra* note 333, at 123. As Professor Menell explained:

Thus far, the time to download feature films as well as the generally poor quality of the first wave of online copies distributed has not significantly affected the market for film products. Relatively few consumers have the bandwidth, storage capacity, expertise, and patience to acquire film content in this way. In fact, online availability of poor quality versions may help to promote consumer interest. Furthermore, even as bandwidth and memory storage expand, the fact that consumers do not tend to view films repeatedly in the way that they listen to music suggests that archiving will not play the same role in film as it does in music.

Most importantly, the film industry can still control the important first waves of distribution without significant leakage in unauthorized channels. They continue to hold tight controls over theatrical release, pay-per-view, and premium channel distribution. Such versioning strategies will continue to work into the digital future. Moreover, the video market is already built upon an encrypted format, which will hinder, although not entirely defeat, unauthorized distribution of films. Furthermore, competitive pricing of DVDs and the potential for directors’ cuts (with previously unreleased scenes), behind-the-scenes footage, game and merchandising tie-ins, and other added features will keep many consumers within the legitimate market for content. As bandwidth and memory capacity expand and new devices, such as DVD burners, become more widely diffused, the film industry will experience somewhat greater competition for the video market as well as marginal effects on what they can charge for theatrical release, but the multi-faceted nature of its business model will be able to adapt reasonably effectively.

*Id.* at 123-25.

636 *Id.* at 125.

637 See Breyer, *supra* note 330, at 351 ("One must know facts about a particular industry before one can accurately weigh the various costs and benefits associated with copyright protection."); Ku, *supra* note 331, at 305 ("[T]he costs associated with creation vary depending upon the kind of work, [and] copyright may play a different role with respect to music than it does with motion pictures or other works.").

638 "By one estimate, the typical major-label artist spends $100,000 to $200,000 on studios, musicians, and other production costs to record an album." Ku, *supra* note 331, at 306 (citing Jon Healey, *Breaking Down the Cost of Compact Discs* ¶ 13, at http://www.0.mercurycenter.com/svtech/news/inddepth/docs/cd09032000.htm (Sept. 2, 2000).

639 "According to the MPAA, the average major studio film in 1999 cost $55 million to produce." *Id.* (citing Jack Valenti, *Copyright & Creativity—The Jewel in America’s Trade Crown: A Call to the Congress to Protect and Preserve the Fastest Growing Economic Asset of the United States* ¶ 2, available at http://www.mpaa.org/jack/2001/01_01_22b.htm (Jan. 22,
C. Bridging the Copyright Divide

To help bridge the copyright divide, this Section outlines four areas on which policymakers—be they government leaders, intergovernmental agencies, or industry executives—can focus their remedial efforts.

1. Educating Nonstakeholders

Policymakers must educate the nonstakeholders about the copyright system. They need to make the nonstakeholders understand what copyright is, how it is protected, and why they need to protect such property. Policymakers also need to show the nonstakeholders the benefits of copyright protection—how such protection can help them and how the lack thereof can hurt them.

One might still remember the controversial "just say yes" to licensing campaign outlined in the Information Infrastructure Task Force White Paper released by the Clinton administration.\(^640\) As the White Paper explained:

Certain core concepts should be introduced at the elementary school level—at least during initial instructions on computers or the Internet, but perhaps even before such instruction. For example, the concepts of property and ownership are easily explained to children because they can relate to the underlying notions of property—what is "mine" versus what is "not mine," just as they do for a jacket, a ball, or a pencil.\(^641\)

Although commentators severely criticized this campaign,\(^642\) the

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\(^{640}\) See NII WHITE PAPER, supra note 507, at 208.

\(^{641}\) Id. at 205. Some commentators doubted about the appropriateness of this extensive campaign. As they explained:

One concern is that a federal government requirement for copyright education in schools would raise the issues of whether federal funds should be allocated for such a purpose and whether the federal government should encourage specific content to be included in curricula (which is traditionally determined at the local level). Having the federal government pay for the campaign would raise concerns, because it would likely be seen as a subsidy of the information industries. Why should taxpayers grant such a subsidy? Other government-funded public education campaigns are motivated by issues of public health and safety, which are clearly not at issue here.

\(^{642}\) See, e.g., Peter Jaszi, Caught in the Net of Copyright, 75 OR. L. REV. 299, 299 (1996) (noting that the copyright awareness section in the White Paper "is an excellent example of a good idea gone wrong"); Litman, Copyright Noncompliance, supra note 510 (criticizing the
White Paper underscored the need and importance of education in the intellectual property arena. This need was recently reemphasized by a study conducted by the National Research Council. As the study stated: "A better understanding of the basic principles of copyright law would lead to greater respect for this law and greater willingness to abide by it, as well as produce a more informed public better able to engage in discussions about intellectual property and public policy."

In recent years, the copyright industries have been very active in educating the consuming public. For example, the Business Software Alliance "has an ongoing campaign that includes spot radio announcements, aimed primarily at software users in institutional environments (in both the public and private sector)." The recording industry set up the "Byte Me" Web site to stem the distribution of illegal copies of popular music in MP3 format. In addition, "[e]ntertainment groups have sent thousands of letters to colleges and corporations, alerting them to infringements," and celebrities like the Dixie Chicks and Missy Elliott appear on MTV and BET to relay artists' concerns. The FACE Initiative of the Copyright Society of the U.S.A. also brings together copyright holders, copyright lawyers, and their representatives to educate primary and secondary school students across the country about copyrights. Even Madonna chastised her fans for downloading an illegal copy of her single.

As the National Research Council stated in its recent study:

[T]o be effective, a program of copyright education must clearly communicate that the law is, in its intent and spirit, attempting a fundamentally fair and equitable balancing of interests. The program should emphasize the core goal of IP law, namely, the improvement

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White Paper).

643 DIGITAL DILEMMA, supra note 332.
644 Id. at 17.
645 Id. at 308 n.3.
646 Id.
647 Entertainment Industry Widens War, USA TODAY, Feb. 13, 2003, at 9D.
648 FACE stands for "Friends of Active Copyright Education." The Web site of the FACE Initiative is available at http://www.face-copyright.org/. Professor David Lange believe it is "fundamentally wrong to insist that children internalize the proprietary and moral values of the copyright system." David Lange, The Public Domain: Reimagining The Public Domain, 66 LAW & CONTEMP. PROBS. 463, 471 (2003). As Professor Lange explained:

It is wrong to challenge school children with responsibility for copyright. Wrong for copyright to intrude into private lives. Wrong to measure creativity by the standards of copyright. Wrong to lay impediments (moral, intellectual, legal) before exercises of the imagination, whether great or small. Wrong, in short, to rob us of this vital aspect of our citizenship: the right to think as we please and to speak as we think.

We must learn to reimagine the public domain. We must learn to ask questions from within the province of that new status, a status like citizenship, measured by creativity and the imagination, and invoked by an exercise of either.

Id. at 482-83.
649 Grossman, It's All Free!, supra note 447.
of society through the advancement of knowledge; should describe
the difficult balance between control and dissemination; and should
make clear that, in the long term, all intellectual property becomes a
part of the shared intellectual heritage, available to everyone. Such a
program would describe both the rights granted exclusively to
creators and the limits on those rights. The program should include
an introduction to fair use and other limitations on copyright law,
and their role in accomplishing the larger purpose of the law.650

It is important not to oversimplify the copyright message, for an
oversimplified message "will obscure the genuine and legitimate debate
about how far copyright law extends."651 The educational program also
must acknowledge the existing difference between "the law as it
appears on the books and the law as it is actually carried out."652 To
some extent, copyright law is similar to the laws concerning speed
limits and jaywalking. The law that appears on the books is very
different from the law that is actually carried out.

"Respect for copyrights is not an inherent or natural part of the
cultural infrastructure," but something that is acquired through a
learning process.653 Education therefore is very important. By creating
social and peer pressure, education also will help persuade others away
from conducting infringing activities.654 Indeed, education is essential
in less developed countries, especially those in lack of a copyright
tradition, a sophisticated legal system, and respect for the rule of law.
Unfortunately, neither the governments of industrialized countries nor
multinational corporations were interested in funding and organizing
these awareness and educational campaigns in those countries.655 Their
lack of efforts may be attributable to two reasons.656 First, the political
system tends to reward short-term results, rather than long-term results.
Thus, policymakers, including CEOs of major corporations, are
reluctant to focus on long-term policies such as providing education at

650 DIGITAL DILEMMA, supra note 332, at 216.
651 Id. at 309.
652 Id. at 305.
653 Bartow, supra note 497, at 23. See also Sheldon W. Halpern, Copyright Law in the Digital
Age: Malum in se and Malum Prohibitum, 4 MARQ. INTELL. PROP. L. REV. 1, 11 (2000)
(suggesting that copyright law might not have a normative role). As Professor Halpern elaborated:
Individual determinations of moral and ethical conduct require a moral and ethical
context. The problem for intellectual property law in general, and the law of copyright
in particular, is the lack of such an underlying clear context. The nature of American
copyright law makes it difficult, if not impossible to find or to construct an
unambiguous moral compass.
Sheldon W. Halpern, The Digital Threat to the Normative Role of Copyright Law, 62 OHIO ST.
654 DIGITAL DILEMMA, supra note 332, at 305.
655 See sources cited supra note 295.
656 See Yu, From Pirates to Partners, supra note 8, at 223.
the grassroots level. Second, education is a public good. Most governments and companies tend to free ride on each other’s efforts without incurring any substantial investment.

2. Creating Stakeholders

Policymakers need to help the nonstakeholders develop a stake in the system and understand how they can protect their products and receive royalties. For example, they need to help the nonstakeholders develop their own industry, such as a software industry or a recording industry. By doing so, they will be able to transform the nonstakeholders into stakeholders or potential stakeholders.

So far, companies in less developed countries are reluctant to protect intellectual property rights of their foreign joint venture partners, because they have a limited understanding of intellectual property and are suspicious of the intentions behind what their foreign partners are attempting to do. Once they learn more about intellectual property and understand their stakes within the copyright system, they will change their perception and position.

A case in point is a U.S.-China joint venture, whose Chinese partner was unwilling to allocate a portion of the joint venture profits to the foreign partner for design fees. The reaction of the Chinese partner was natural and understandable; it understood neither intellectual property protection nor the foreign partner’s intentions. However, once the foreign partner explained to the Chinese manufacturer that it could charge separately for its design work and helped the manufacturer determine the cost of its own design processes, the Chinese partner became receptive to the idea of allocating profits for intellectual property. It even actively lobbied the local regulators for the right to design fees.

So far, the entertainment industry has had a difficult time explaining why the general public has a stake in the copyright system. True, the industry has repeatedly extolled the benefits of strong copyright protection and how such protection can induce artists to create music, movies, and other projects that entertain the general public. However, the industry’s rhetoric was lost on most consumers. Fortunately, the industry has begun to adopt other strategies to attract consumers. For example, some software manufacturers offer post-sale benefits that are not available to purchasers of counterfeit goods, such as warranty service, replacement part guarantees, free upgrades, and

Some music publishers also include special photos, files, and interviews on their Web sites that are made only accessible to purchasers of legitimate CDs.

A good illustration of this strategy is the change of Warner Brothers' changing attitudes toward Harry Potter fan sites. A while ago, Warner Brothers threatened to sue a 15-year old English schoolgirl over her Web site and domain name, www.harrypotterguide.co.uk. The studio eventually backed down, after she organized a boycott of Potter merchandise in protest through another Web site, potterwar.org.uk. Even today, one can visit the Potter War Web site to see the remnant of this infamous war. Since the Potter War, Warner Brothers has changed its position toward fan sites. Instead of threatening legal action to take over or shut down these Web sites, it has created a Webmaster Community page in its official Web site, thus allowing webmasters to enroll their unofficial web sites and to download official banners, shields, and seals. It has even attempted to entice younger fans by offering to link a selected number of unofficial Web sites to its official Web page.

Copyright holders sometimes assume that no one will voluntarily choose to pay for copyrighted content if given the opportunity to free ride on the content. Thus, "most consumers... will infringe copyrights at every opportunity unless they are dissuaded from doing so by the fear of punishment." Although it is understandable why copyright holders adopt this position, their perception is far from the reality. Indeed, anybody who has tried to download music from pirated Web sites knows how time-consuming and frustrating it could be to locate what one wants in those Web sites. Just think about the typos you have to

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658 As one commentator recounted:

One joint venture publishing company which publishes popular comics chose to compete directly against their pirates. Beyond wrapping the magazine in hard-to-reproduce plastic, the company has continuously upgraded the quality of the comic’s graphics and paper relative to pirate editions, and included inexpensive, educational prizes with each issue. These gambits have worked. Despite being significantly more expensive than the pirated version, this popular comic book has seen increasing subscriptions and readership, and the company is planning to expand its operations.

Donaldson & Weiner, supra note 657, at 432. See also Doris Estelle Long, China’s IP Reforms Show Little Success, IP WORLDWIDE, Nov.-Dec. 1998, at 6 (arguing that post-sale benefits would create incentives for the Chinese to buy legitimate products).


660 See James Norman, Copyright Issues Become Kids’ Stuff, AGE (Melbourne), May 7, 2002, at 3.

661 See id.

662 Bartow, supra note 497, at 62.

663 As a recent study by the National Research Council described:

The [noncommercial] service is terrible and the experience can be extraordinarily frustrating. Search engines can assist in finding songs by title, performer, and so on,
make to find music you like, the "Host not responding" messages, and the slow connection speeds between the host and your computer!

In April 2003, Apple Computer unveiled a new online music service, the iTunes Music Store, offering low-priced music downloads from the five major record companies. Customers seem to be happy about the service, and initial sales appear encouraging. As one customer praised the service, "It’s solved all my problems. It’s so fast, and there’s no guilt, no recriminations." Notwithstanding the service’s early popularity, it remains interesting to see how the service will develop. Unless record companies are willing to provide content, the Apple service eventually might end up with the same fate as other subscription-based services like Rhapsody and PressPlay, which has now become part of the new Napster service.

3. Strengthening Laws and Enforcement Mechanisms

It is important for policymakers to help develop intellectual property laws and strengthen enforcement mechanisms. Commentators have discussed at length the importance of intellectual property laws and enforcement mechanisms. In fact, two of the main goals of the TRIPs Agreement are to transform the international trading system from a coercion-based environment to a rule-based system and to institute

but you have to know how to look: Can’t find what you’re looking for when you type in “Neil Young”? Try “Niel Young.” In any collection, quality control is a problem; when the data are entered by thousands of individual amateurs, the problem is worse.

When the links are found, the next question is, How long are you willing to keep trying, when receiving responses such as “Host not responding,” “Could not login to FTP server; too many users—please try again later,” and “Unable to find the directory or file; check the name and try again”? The computers containing the files are often personal machines that are both unreliable and overloaded.

Even once connected, the speedy download times cited earlier are ideals that assume that both the computer on the other end and its connection to the Internet are up to the task. The real-world experience is often not so good: Creating a Web site with a few music files is easy; providing good service on a site with hundreds or thousands of songs is not: The hardware and software requirements are considerably more complex.

DIGITAL DILEMMA, supra note 332, at 80-81.

664 Laurie J. Flynn, Apple Offers Music Downloads with Unique Pricing, N.Y. TIMES, Apr. 29, 2003, at C2 (reporting that Apple Computer plans to offer individual songs for $0.99 each and most albums for $9.99 each).

665 Amy Harmon, In Fight over Online Music, Industry Now Offers a Carrot, N.Y. TIMES, June 8, 2003, § 1, at 1 (reporting that “[i]n just over a month, the [Apple Music] service has sold more than 3 million tracks, far exceeding the record industry’s expectations”).

666 Id.

667 As Professors Dreyfuss and Lowenfeld described:

[One of the major breakthroughs in the Uruguay Round] was agreement on a strict and binding system of dispute settlement and enforcement. Under the earlier GATT dispute settlement mechanisms, parties to disputes could frustrate the system both at the beginning and at the end. In contrast, the new Understanding on Dispute
a mechanism through which countries can resolve international trade disputes before seeking retaliation.668

Today, most countries have intellectual property laws that comply with international standards. However, very few of these countries provide strong enforcement of intellectual property laws. Thus, policymakers need to work with their counterparts in these countries to strengthen intellectual property laws and develop effective enforcement mechanisms. While the U.S. government has used coercive tactics in the past to induce—and perhaps compel—foreign countries to change their laws in the American image, past experience suggests that such changes will not be complete and sustainable until these countries

Settlement, to which all members of the World Trade Organization (WTO) are required to belong, precludes objection by a potential defendant to initiation of a case beyond a short delay, and precludes veto of a decision made by a panel, or, if that decision is appealed, by the Appellate Body. There is also a complex system of enforcement, complete with fairly short deadlines and provision for retaliation, in case a member state does not comply with a decision.

Rochelle Cooper Dreyfuss & Andreas F. Lowenfeld, Two Achievements of the Uruguay Round: Putting TRIPS and Dispute Settlement Together, 37 VA. J. INT'L L. 275, 276-77 (1997). See also William J. Davey, Dispute Settlement in GATT, 11 FORDHAM INT'L L.J. 51, 76-78 (1987) (discussing how an adjudicative system would better promote compliance with GATT rules than would a negotiation/consensus system). Professor John Jackson argued that the rule-based system is particularly important for the governance of international economic affairs:

Economic affairs tend (at least in peace time) to affect more citizens directly than may political and military affairs. Particularly as the world becomes more economically interdependent, more and more private citizens find their jobs, their businesses, and their quality of life affected if not controlled by forces from outside their country's boundaries. Thus they are more affected by the economic policy pursued by their own country on their behalf. In addition, the relationships become increasingly complex—to the point of being incomprehensible to even the brilliant human mind. As a result, citizens assert themselves, at least within a democracy, and require their representatives and government officials to respond to their needs and their perceived complaints. The result of this is increasing citizen participation, and more parliamentary or congressional participation in the processes of international economic policy, thus restricting the degree of power and discretion which the executive possess.

This makes international negotiations and bargaining increasingly difficult. However, if citizens are going to make their demands heard and influential, a "power-oriented" negotiation process (often requiring secrecy, and executive discretion so as to be able to formulate and implement the necessary compromises) becomes more difficult, if not impossible. Consequently, the only appropriate way to turn seems to be toward a rule-oriented system, whereby the various citizens, parliaments, executives and international organizations will all have their inputs, arriving tortuously to a rule—which, however when established will enable business and other decentralized decision makers to rely upon the stability and predictability of governmental activity in relation to the rule.


668 But see ROBERT E. HUDEC, ENFORCING INTERNATIONAL TRADE LAW: THE EVOLUTION OF THE MODERN GATT LEGAL SYSTEM 364 (1993) ("[I]f the major GATT countries are not ready to change their behavior, these stronger demands will only produce more visible and dramatic legal failures. And if that were to happen, the credibility of GATT legal obligations would almost certainly plunge.").
consider themselves stakeholders or potential stakeholders in the international intellectual property system.\textsuperscript{669}

Moreover, digital rights management tools could be employed to help promote enforcement of intellectual property laws. When the Internet was first developed, commentators discussed how the new environment allowed for the creation of a "celestial jukebox,"\textsuperscript{670} which Professor Paul Goldstein defined as "a technology-packed satellite orbiting thousands of miles above Earth, awaiting subscriber's order—like a nickel in the old jukebox, and the punch of a button—to connect him to any number of selections from a vast storehouse via a home or officer receiver." Although this jukebox never materialized in the form commentators envisioned and the Internet has made enforcement difficult at times, new communications technologies provide effective ways for copyright holders to monitor uses, track users, enforce rights, and collect royalties.

4. Developing Legitimate Alternatives

Policymakers, in particular those in the copyright industries, should help develop legitimate alternatives for the local people where products are needed, yet unaffordable. As Gene Hoffman, the CEO of Emusic, Inc. said: "We think the best way to stop piracy is to make music so cheap it isn't worth copying."\textsuperscript{671} Indeed, it would be hard to imagine why a foreign national who earns fifty dollars a month would spend half of his or her monthly salary to buy a single book.\textsuperscript{672} It is also disturbing to find that American software is more expensive abroad—and often in less developed countries—than it is in the United States.\textsuperscript{673}

Fortunately, many companies already understand this problem and have used bargain pricing to fight piracy.\textsuperscript{674} For example, to make their

\textsuperscript{669} See \textit{Sell}, supra note 553, at 13 (noting the sharp distinction between overt coercion and persuasion in the American foreign intellectual property and antitrust policies); Yu, \textit{From Pirates to Partners}, supra note 8, at 207-11; Yu, \textit{Piracy, Prejudice, and Perspectives}, supra note 8, at 71-72.

\textsuperscript{670} \textit{GOLDSTEIN}, supra note 13, at 199.

\textsuperscript{671} \textit{DIGITAL DILEMMA}, supra note 332, at 80.

\textsuperscript{672} See Alford, \textit{How Theory Does—and Does Not—Matter}, supra note 565, at 13 (emphasizing how unlikely a Chinese person "earning fifty dollars a month would be to fork out more than a month's salary to buy even such an outstanding work as Melville Nimmer and Paul Geller's treatise on worldwide copyright"). \textit{See also RYAN}, supra note 551, at 80 ("Chinese officials defended the book piracy by claiming that people are too poor to pay for Western books, 'yet we must obtain this knowledge that we can develop our economy.").

\textsuperscript{673} HO, supra note 233 ¶ 2.6 (noting that legitimate copies of software are 20% more expensive in Hong Kong than they are in the United States).

\textsuperscript{674} See \textit{RYAN}, supra note 551, at 81. \textit{See also Donaldson & Weiner}, supra note 657, at 433 (asserting that one approach to stop piracy is to offer the affected people a legitimate way to earn a living).
products affordable, some movie studios have released audiovisual products dubbed in the local language or with added foreign-language subtitles.\textsuperscript{675} On the one hand, these bargain products provide an affordable alternative that accommodates local needs. On the other hand, by dubbing the original products in the local language or including subtitles, the studios successfully make the discounted products unappealing to consumers in the English-speaking world. This strategy therefore successfully prevents the bargain products from entering the country as parallel imports.\textsuperscript{676}

In theory, if policymakers focus on these four areas, they can bridge the copyright divide. In reality, however, it is not easy to transform the nonstakeholders into stakeholders or potential stakeholders. Even if policymakers were able to devise a comprehensive strategy, the process might be further complicated by the existence of the diverse interests of the various stakeholders. As commentators noted:

The debate over intellectual property includes almost everyone, from authors and publishers, to consumers (e.g., the reading, listening, and viewing public), to libraries and educational institutions, to governmental and standards bodies. Each of the stakeholders has a variety of concerns... that are at times aligned with those of other stakeholders, and at other times opposed. An individual stakeholder may also play multiple roles with various concerns. At different times, a single individual may be an author, reader, consumer, teacher, or shareholder in publishing or entertainment companies; a member of an editorial board; or an officer of a scholarly society that relies on publishing for revenue. The dominant concern will depend on the part played at the moment.\textsuperscript{677}

\textsuperscript{675} Don Goves, \textit{Warner Bros., MGM Dips into China Vid Market}, \textit{DAILY VARIETY}, Feb. 21, 1997, at 1 (stating that Warner Bros. and MGM have entered a licensing deal with a Chinese government-owned conglomerate to release low-priced video products dubbed in Mandarin).


\textsuperscript{677} \textit{Digital Dilemma}, \textit{supra} note 332, at 51. As the study elaborated:

[Stakeholders include] the computer owner (i.e., music consumer), computer manufacturers (of both hardware and software), music publishers, and performers. Consumers have expectations about the ability to share and the ongoing use of content, publishers are concerned about the overall market, and performers are concerned about
In today’s political reality, the United States likely will run into a chicken-and-egg problem. As the U.S. copyright history has taught us, the copyright industries always actively lobby for legislation that helps protect their economic interests. Because they are eager to maximize profits for their shareholders, it is unlikely that they will lobby for a regime that protects the nonstakeholders. However, as Professor Jessica Litman pointed out, unless the nonstakeholders have power to lobby for legislation that suits their needs, they will have a very difficult time getting the legislation they want. In the end, the nonstakeholders will not become stakeholders or potential stakeholders, and they will have no incentives whatsoever to support stronger copyright protection. Unless U.S. policymakers are able to change the way copyright laws are made and ensure that the lawmaking process consider the interests of the nonstakeholders just as they would consider the interests of the stakeholders, the United States likely will face a vicious cycle.

Ironically, this chicken-and-egg problem will be absent from, or largely reduced in, a command economy, notwithstanding our general aversion toward authoritarian rule and the general belief that copyright piracy flourishes in authoritarian societies. In a command economy, the government can decide the type of economic policy it desires, the type of resources it wants to allocate, or even whether the government wants to use copyright piracy as a competitive strategy. Indeed, many industry executives were amazed by the efficiency the Chinese authorities showed when they closed down pirate factories. How happy the recording industry would be if copyright owners could close down MP3.com, Napster, and KaZaA without long and arduous legal battles! Notwithstanding these differences, command economy exists more in name than in practice today. Even China, one of the very few remaining Communist countries in the world, has recently joined the WTO and is making the transition from a command economy to a market economy.

V. THE LIMITS OF COERCION

The above “action plan” suggests four different areas on which policymakers should focus their remedial efforts. So far, none of them

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their audience and royalties. Getting significant content protection machinery in place and widely distributed would require a concerted and coordinated effort, yet each of the players has its own goals and aims that may not necessarily align.

Id. at 88 (citation omitted).

678 See generally LITMAN, supra note 450.
679 See discussion Part IV.A.3.
680 See generally sources cited supra note 596.
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touches on the international harmonization process and the coercive efforts made by copyright holders.

As the world becomes increasingly globalized, harmonization is badly needed to provide stability, certainty, and efficiency. In the past decade, the international community, in particular the European Union and the United States, has devoted substantial efforts to harmonizing its intellectual property laws.\(^{681}\) Unfortunately for many countries, especially those in the less developed world, harmonization efforts have led to the development of one-size-fits-all templates that ignore local needs and variations.\(^{682}\)

Even worse, policymakers who are driving the harmonization process at times have lost sight of the public interest and other important social goals. By ignoring the needs of less developed countries, they enlarged the gap between developed and less developed countries\(^{683}\) and created tension and conflict within the international community.\(^{684}\) The harmonization process also took away possibilities for legal experimentation and innovation by fostering uniformity and reducing interjurisdictional competition.\(^{685}\)

When developing countries signed on to the WTO Agreements a decade ago, they were divided and unclear as to what they wanted. Some of the issues involved in the Agreements, such as intellectual property rights, were relatively new, and arguably of low priority, to these countries. These days, however, less developed countries have become more vigilant, organized, and sophisticated. Led by such heavyweights as Brazil, China, and India, these countries have a better sense of what they want.\(^{686}\) They now understand the importance of the WTO bargains and are willing to take a more aggressive collective stance.

The leading example of international harmonization effort in the intellectual property field is the TRIPs Agreement. As commentators pointed out, the TRIPs Agreement was designed not only to correct the international balance of trade or to lower customs trade barriers, but to “remake international copyright law in the image of Western copyright

\(^{681}\) See TRIPs Agreement, supra note 172.


\(^{683}\) See Peter K. Yu, Dis-networking Rules in the Networked World, STS NEXUS, Spring 2003, at 6 (Supp.).


law."\textsuperscript{687} Thus, many have considered the TRIPs Agreement "coercive" and "imperialistic."\textsuperscript{688}

People sometimes assume coercion is needed to induce compliance. After all, pirates are business people who are motivated by profits and who monitor the market for business opportunities.\textsuperscript{689} In mathematical terms, "the total cost of the crime includes the cost of producing and distributing the fakes and the cost of paying penalties, weighed against the embarrassment of being caught, the probability of being convicted, and the severity or inconvenience of any non-monetary penalties that are likely to be imposed."\textsuperscript{690} Thus, coercion is needed to dissuade pirates from unauthorized copying.

However, coercion is of limited use, as it neither transforms social norms nor engenders respect for copyrights.\textsuperscript{691} As Confucius, the Chinese philosopher, explained in the \textit{Analects} millennia ago: "Govern the people by regulations, keep order among them by chastisements, and they will flee from you, and lose all self-respect. Govern them by moral force, keep order among them by ritual and they will keep their self-respect and come to you of their own accord."\textsuperscript{692} Consider, for example, the file-swapping community:

When 30 million people exchange music files over the Internet,


\textsuperscript{688} See Yu, \textit{Toward a Nonzero-sum Approach}, supra note 535, at 580.

\textsuperscript{689} Lagerqvist & Riley, supra note 575, at 17. \textit{See also} Bartow, supra note 497, at 62 (noting that "[l]arge-scale content owners seem to hold the view that most consumers... will infringe copyrights at every opportunity unless they are dissuaded from doing so by the fear of punishment"); Robert Cooter, \textit{Do Good Laws Make Good Citizens? An Economic Analysis of Internalized Norms}, 86 VA. L. REV. 1577, 1591 (2000):

Insofar as the bad man obeys the law, he does so for instrumental reasons. Thus the bad man treats law as "external" in the sense of being outside of his own values. Economic models of law typically accept the "bad man" approach and add an element to it: rationality. A bad man who is rational decides whether or not to obey the law by calculating his own benefits and costs, including the risk of punishment. The rational bad man breaks the law whenever the gain to him exceeds the risk of punishment. Law and economics scholars typically make the rational bad man into the decisionmaker in their models. For the bad man, law is a constraint and not a guide.

\textsuperscript{690} Id.

\textsuperscript{691} \textit{See} Bartow, supra note 497, at 61-63. \textit{See also} \textit{DIGITAL DILEMMA}, supra note 332, at 59-60 (noting that legal solutions "should take account of psychology and sociology; they must ultimately be viewed as fair and pragmatic by the majority of citizens").

\textsuperscript{692} \textit{The Analects of Confucius}, bk. II, ¶ 3 (Arthur Waley trans., Vintage 1989) (footnote omitted). \textit{See also} \textit{ALBERT EINSTEIN, THE EXPANDED QUOTABLE EINSTEIN} 206 (Alice Calaprice ed., 2000), \textit{quoted in} Bartow, supra note 497, at 56 n.138 ("A man’s ethical behavior should be based effectually on sympathy, education, and social ties and needs; no religious basis is necessary. Man would indeed be in a poor way if he had to be restrained by fear of punishment and hope of reward after death."); Yu, \textit{Piracy, Prejudice, and Perspectives}, supra note 8, at 32-34 (discussing the Chinese concept of \textit{li} and \textit{fa}).
federal judges can rule that the file trading infringes copyrights and they can enjoin online services and technologies that facilitate the file trading. What these jurists cannot accomplish, however, is to make those 30 million people "obey" the copyright laws, at least not as a matter of collective conscience. Even more problematically, neither Congress nor the courts can seem to articulate in a meaningful way what it means for an individual consumer to respect copyrights. There is a growing disjuncture between the Copyright Act, copyright case law and the ways individuals (in their consumptive capacities) have traditionally used, and would prefer to continue to use, copyrighted content.693

Even worse, "[h]eavy-handed rhetoric and enforcement practices bred less respect for the law, not more, and left people feeling justified in flouting the law."694

Nevertheless, coercion is sometimes needed for two reasons. First, coercion might be needed to alleviate the influence of those individual factors that militate against intellectual property law reforms. Consider, for example, the coercive U.S. foreign intellectual property policy in the late 1980s and early 1990s. This coercive policy provided the needed foreign pushes to strengthen intellectual property protection in China. For example, the 1992 MOU and 1995 Agreement were instrumental in establishing a new intellectual property regime in China and the institutional infrastructure needed to protect and enforce rights created under that regime.695 The trade threats and coercive tactics also increased the awareness of intellectual property rights among the Chinese people, in particular government officials.696 In addition, the U.S. tactics put intellectual property at the forefront of the U.S.-China bilateral trade agenda, thus attracting the interests of Chinese leaders in implementing legal reforms in the area697 while providing the reformist leaders with the needed push that helped reduce resistance from their conservative counterparts.698
Second, coercion is needed to prevent the development of, or even dismantle, an entrenched pirate industry. Once entrenched, that pirate industry will lobby the local government actively against stronger copyright protection even if such protection would be in the country’s interest. For example, in 1987, Thai Prime Minister Prem Tinsulanond’s administration was ousted in a no-confidence vote after it attempted to strengthen the country’s copyright laws, which arguably would destroy a burgeoning pirate industry. After all, it is logical for stakeholders to protect themselves against disenfranchisement.

Notwithstanding these benefits, coercive efforts will be of limited use once the reform barriers are removed or the pirate industry substantially undermined. In the case of China, most of the things that could be accomplished through a coercive bilateral policy have already been achieved. A continuation of such a policy would only be ineffective and futile.

In retrospect, it is not surprising that the U.S.-China policy in the early 1990s had led to a now-famous “cycle of futility”:

The United States begins by threatening China with trade sanctions. In response, China retaliates with countersanctions of a similar amount. After several months of bickering and posturing, both countries come to an eleventh-hour compromise by signing a new

bolster China’s reform leadership against powerful hard-liners. International institutions can tie the hands of leaders in ways that the ineffectual bilateral relationship is not able to do so.”; Yu, From Pirates to Partners, supra note 8, at 196 (arguing that greater economic integration will result in stronger intellectual property protection). But see James Mann, Our China Illusions, AM. PROSPECT, June 5, 2000, at 22 (“[H]elping the reformers’ is a poor basis for American policy. It is too risky. It plays into (and, indeed, accentuates) China’s internal political tensions.”).

699 Kitch, supra note 541, at 178. As Professor Kitch explained:

[A] country that has not fully participated in the international system creates incentives among its own citizens to engage in activities that depend upon their ability to ignore patent rights. If patent protection is weak or non-existent, industries will develop that rely for their existence on their ability to ignore the international patent system. Once these industries have developed, they have an interest in resisting any change in the rules. Although it may be in the overall, long run interest of the country to participate in both form and substance in the international patent system, the adversely affected industries will have incentives to expend their political capital to keep that from happening. Thus even if full participation is as a theoretical matter the optimum strategy in the long run, once a country departs from that strategy it may find that internal political forces block a return to the optimum. Outsiders can play a constructive role by insisting that the issues be addressed within a larger and principled framework.

Id.

700 Sell, supra note 553, at 192.

701 See Yu, From Pirates to Partners, supra note 8, at 140-51, 153-54 (discussing the cycle of futility). See also Gregory S. Feder, Note, Enforcement of Intellectual Property Rights in China: You Can Lead a Horse to Water, but You Can’t Make It Drink, 37 VA. J. INT’L L. 223, 242 (1996) (noting the emergence of a cycle); Editorial, Surprise! A Deal with China, WALL ST. J., June 18, 1996, at A22 (“One of the Clinton Administration’s specialties is threatening a trade war and then striking a deal at the 11th hour.”).
intellectual property agreement. While intellectual property protection improves during the first few months immediately after the signing of the agreement, the piracy problem revives once international attention is diverted and the foreign push dissipates. Within a short period of time, American businesses again complain to the U.S. government, and the cycle repeats itself.\textsuperscript{702}

As a result of these repeated episodes, the United States gradually lost its credibility, fostered resentment among the Chinese people, and made the Chinese government more reluctant to adopt Western intellectual property law.

Even worse, the U.S.-China policy jeopardized the United States' longstanding interests in other areas, such as international trade and human rights.\textsuperscript{703} The United States also wasted its hard-earned political capital that could have been used to deal with other difficult cross-border issues, such as terrorism, nuclear nonproliferation, illegal arms sales, environmental degradation, drug trafficking, refugees, illegal immigration, bribery and corruption.

To some extent, the recording industry is making the same mistake today as the Clinton administration in the mid-1990s. The industry fails to understand the limits of coercion. To be fair, legal action is needed to protect the industry against egregious offenders who will not feel guilty about what they have done even if they know what they are doing was illegal. However, an overuse of heavy-handed tactics and aggressive lawsuits will eventually backfire on the industry.

Instead of bringing file swappers into the fold, the industry has antagonized consumers by fighting battles everywhere—against legal scholars, college researchers, universities, students, cryptographers, technology developers, civil libertarians, hackers and ultimately consumers.\textsuperscript{704} What began as a war on piracy has now become a war against the whole world!\textsuperscript{705}

Like the U.S. government a decade ago, the RIAA’s tactics have alienated its major supporters. Although the recording industry was able to solicit support from the computer and consumer electronics industries in their support of the DMCA, these industries soon expressed regret and disappointment over the development and interpretation of the statute.\textsuperscript{706} Even Congress, which is known for

\textsuperscript{702} Yu, Toward a Nonzero-sum Approach, supra note 535, at 624 n.461. See Yu, From Pirates to Partners, supra note 8, at 154 for a discussion of this cycle.

\textsuperscript{703} See Yu, From Pirates to Partners, supra note 8, at 174 (arguing that the coercive U.S.-China intellectual property policy “backfires and jeopardizes the United States' longstanding interests in promoting human rights and civil liberties in China”).

\textsuperscript{704} Yu, The Escalating Copyright Wars, supra note 1.

\textsuperscript{705} Cf Eric Hobsbawm, On the Edge of the New Century 49 (2000) (cautioning that it is "a dangerous gamble" and "a mistake" for a single power, however great and powerful it is, to control world politics).

\textsuperscript{706} DRM Foes Turn Aside Hollywood Peace Gestures, WASH. INTERNET DAILY, Aug. 5, 2002.
being protective of the entertainment industry, is losing patience. Most recently, Senator Norm Coleman called for congressional hearings to investigate the recording industry’s enforcement tactics and to examine whether the RIAA had abused the subpoena power granted under the DMCA in its pursuit of individual pirates.\footnote{Amy Harmon, \textit{In Court, Verizon Challenges Music Industry’s Subpoenas}, N.Y. TIMES, Sept. 17, 2003, at C2 (reporting that Senator Coleman had scheduled a congressional hearing to privacy issues as well as the broader effect of technology on copyright enforcement). As Senator Coleman noted: “If you’re taking someone else’s property, that’s wrong, that’s stealing. But in this country we don’t cut off people’s hands when they steal. One question I have is whether the penalty here fits the crime.” Amy Harmon, \textit{Efforts to Stop Music Swapping Draw More Fire}, N.Y. TIMES, Aug. 1, 2003, at C1.}

Senator Coleman’s action was understandable, given the wide implications of RIAA’s lawsuits on privacy and civil liberties,\footnote{See Sonia K. Katyal, \textit{A War on CD Piracy, a War on Our Rights}, L.A. TIMES, June 27, 2003, at 17.} two areas that are of great interest and importance to the American public (and their legislators!).

More problematically, the RIAA’s tactics would backfire on the constituents the trade group was charged to protect—record companies, musicians, artists, songwriters, and retailers. Although the industry intended to coerce egregious offenders into submission, the industry’s action eventually would drive pirates underground.\footnote{See Saul Hansell, \textit{Crackdown on Copyright Abuse May Send Music Traders into Software Underground}, N.Y. TIMES, Sept. 15, 2003, at C1.} Today, there already exist a large variety of technologies that enable users to cover their identity. For example, Freenet allows file swappers to encrypt their download requests by passing requests from one computer to another in a way that makes it very difficult for copyright holders to determine when and how a file was obtained.\footnote{See Riehl, \textit{supra note 415}, at 1779-87 (describing Freenet).} File swappers therefore will remain anonymous, as no one knows what files are on a given computer.

To some extent, the RIAA’s approach is similar to the futile cat-and-mouse chase between the Chinese authorities and online dissidents in China. No doubt, the Chinese authorities have created a significant deterrent by cracking down repeatedly on cyber cafés, handing out heavy jail sentences to online dissidents, and implementing new and restrictive laws and regulations.\footnote{See generally Nina Hachigian, \textit{China’s Cyber-Strategy}, FOREIGN AFF., Mar./Apr. 2001, at 118; Qiu, \textit{supra note 587}, Jiang-yu Wang, \textit{The Internet and E-Commerce in China: Regulations, Judicial Views, and Government Policies}, COMPUTER & INTERNET LAW., Jan. 2001, at 12; Yu, \textit{Barriers to Foreign Investment}, \textit{supra note 587}.} However, the heavy-handed tactics used by the Chinese authorities have heightened the cautiousness and sophistication of Chinese netizens. These tactics also have led to the proliferation of anti-monitoring technologies and an increased reliance of Chinese users on proxy servers, offshore Web sites, and encrypted peer-to-peer file sharing systems to avoid detection.
If the RIAA are to avoid the difficulty confronting the Chinese authorities, it will be important for the recording industry to reassess its enforcement strategy and think hard about its long-term goal. If the industry fails to do so, in the very near future the RIAA not only will have to deal with KaZaA, Grokster, iMesh, and Gnutella, but also proxy servers, offshore Web sites, and encrypted peer-to-peer file-sharing systems, as well as angry legislators and the computer and consumer electronics industries.

CONCLUSION

Today, a copyright divide exists between the stakeholders and nonstakeholders in the copyright system. While copyright holders are eager to protect what they have, many users neither understand copyright law nor believe in the copyright system. As a result, copyright piracy is rampant, and illegal file sharing has become the norm, rather the exception—especially among teenagers and college students. As this Article contends, extensive copyright piracy can be seen as a battle between the stakeholders and nonstakeholders over the change and retention of the status quo. Unless the nonstakeholders understand why copyright needs to be protected and until they become the stakeholders or potential stakeholders, they will not be eager to abide by copyright laws or consent to stronger copyright protection.

The problem today is not new, as extensive copyright piracy has taken place in eighteenth- and nineteenth-century America and in China a decade ago. Although commentators rarely analyze the three piracy stories together, this Article brings them together for the first time using a cross-cultural, cross-systemic, cross-temporal, and cross-sectoral approach. This Article argues that there are striking similarities among the three stories and that these similarities will provide insight into the war on piracy, intellectual property law reforms, and international harmonization efforts.

From time to time, commentators have emphasized various individual factors to distinguish one piracy story from another. This Article argues that none of these factors alone accounts for the problem, although some of these factors at times are more influential and determinative than others. Rather, all the different factors contribute to the creation and enlargement of the copyright divide, and they should be considered as contributing factors. Until policymakers can develop a comprehensive approach that targets the various factors, as compared to a piecemeal policy that focuses on one or two exaggerated factors, the extensive piracy problem will remain.

First, the stakeholders must educate the nonstakeholders about the
They need to make the nonstakeholders understand what the copyright system protects and how the system can benefit the nonstakeholders in the long run. Second, the stakeholders need to help the nonstakeholders develop a stake in the system and understand how the nonstakeholders can get their products protected and receive royalties. By doing so, the stakeholders can transform the nonstakeholders into stakeholders or potential stakeholders. Third, it is important for the stakeholders to help strengthen intellectual property laws and develop enforcement mechanisms. Finally, if products are needed, yet unaffordable by the majority users, the stakeholders should develop legitimate alternatives.

Two centuries ago, the United States was one of the biggest pirating nations in the world. By not granting copyright protection to foreign authors, the United States successfully rode freely on the creative efforts of others, in particular the British and the French. Today, however, the United States has become the champion of literary and artistic property and one of the predominant powers advocating strong intellectual property protection around the world. If the stories of twentieth-century China and twenty-first-century cyberspace play out like the story of eighteenth- and nineteenth-century America, we will be looking at a very happy ending in which piracy will be greatly reduced and creative works will enjoy their well-deserved copyright protection. While the good news is that both story plots seem to be developing in that direction, the bad news is that it will still take quite a while for the ending to be written. Hopefully, the understanding of the copyright divide will help accelerate this plot-writing process.