

No. 18-1430

---

---

In The  
**Supreme Court of the United States**

—◆—  
REDIGI INC., *et al.*,

*Petitioners,*

v.

CAPITOL RECORDS, LLC, *et al.*,

*Respondents.*

—◆—  
**On Petition For A Writ Of Certiorari  
To The United States Court Of Appeals  
For The Second Circuit**

—◆—  
**MOTION FOR LEAVE TO FILE AND BRIEF  
AMICUS CURIAE ON BEHALF OF OMNIQ  
IN SUPPORT OF PETITIONERS**

—◆—  
JOHN T. MITCHELL  
*Counsel of Record*  
INTERACTION LAW  
1629 K Street NW  
Suite 300  
Washington, DC 20006  
(202) 415-9213  
john@interactionlaw.com

JUNE 11, 2019

*Counsel for Amicus Curiae  
OmniQ*

**MOTION FOR LEAVE TO FILE  
BRIEF *AMICUS CURIAE***

Although Petitioners, ReDigi, Inc., *et al.*, have consented to the filing of this *amicus* brief by OmniQ, Respondent, Capitol Records, Inc., has not. OmniQ therefore moves pursuant to Supreme Court Rule 37.2(b), for leave to file this *amicus curiae* brief in support of Petitioners in the above captioned matter for the following reasons.

OmniQ is the assignee of patent-pending inventions that would rival those of ReDigi, and which provide a technologically different manner of shifting a work from one material object to another without reproduction. OmniQ's method was not before the District Court or the Second Circuit, however, and the Second Circuit's sweeping language threatens to stifle the development of OmniQ's method to the detriment of the public. OmniQ believes it would be helpful for this Court to understand the broader impact of the Second Circuit's holding, and why its error warrants *certiorari*.

OmniQ's patent-pending inventions were developed following extensive legal research, and rely on case law that was never considered below or in the instant Petition. OmniQ can show that the Second Circuit ignored the plain meaning of "reproduction," choosing instead a definition that directly conflicts with the plain language of the Copyright Act (when read as a whole) and the English-language interpretation of "reproduction" adopted by this Court and by the

Supreme Court of Canada (relying, in part, on U.S. case law). Also, OmniQ can demonstrate why the Second Circuit’s decision usurps the role of Congress by baselessly assuming that well-established jurisprudence in the United States and Canada with respect to the “analog” transfer of the fixation of a work from one material object to another would not carry over to a “digital” transfer of the same work from one material object to another. That assumption is in direct contravention of the Copyright Act’s plain language intended to apply to fixation “by any method now known or later developed,” (§ 101 definition of “copies” and “phonorecords”). By holding that established jurisprudence does not apply to this particular method that was later developed, the Second Circuit has, instead, developed a judicial “solution” to a problem best left to Congress, if it exists at all.

OmniQ was established to find a solution to the impact digital technology is having on the public benefits from the “first sale doctrine” and Sections 109 and 202 of the Copyright Act. The partnership includes veterans of the home video rental industry who were seeing the number of films available to the public shrink dramatically as the motion picture industry shifts from rental of physical DVDs (an exercise of the distribution right that is subject to Section 109 and the first sale doctrine) to digital delivery of the same work, but to a material object (e.g., the customer’s computer) owned by the customer, and that is not readily redistributable without parting with the entirety of the

hard drive's library of lawfully made copies of unrelated works.

Recognizing that a “copy and delete” means of transferring a copy from one person to another might infringe the reproduction right, the OmniQ invention navigates the path set out in the U.S. Copyright Act to move the work from one medium to another without reproduction. The result preserves the secondary market available to owners of lawfully made copies created by licensed reproduction to the owner's material object rather than by licensed reproduction to a plastic disc shipped by truck to the new owner.

THEREFORE, OmniQ hereby requests that this Court grant its Motion for Leave to File Brief *Amicus Curiae* and that the Court accept the attached proposed brief *amicus curiae* in support of the position of Petitioners, ReDigi, *et al.*

Respectfully submitted,

JOHN T. MITCHELL  
*Counsel of Record*  
INTERACTION LAW  
1629 K Street NW  
Suite 300  
Washington, DC 20006  
(202) 415-9213  
john@interactionlaw.com

JUNE 11, 2019

*Counsel for Amicus Curiae*  
*OmniQ*

## TABLE OF CONTENTS

	Page
TABLE OF CONTENTS .....	i
TABLE OF AUTHORITIES .....	ii
INTEREST OF <i>AMICUS CURIAE</i> .....	1
SUMMARY OF ARGUMENT .....	4
ARGUMENT .....	5
I. The Second Circuit Judicially Altered the Plain Meaning of “Reproduce” in the Copyright Act .....	5
A. There is no “reproduction” without multiplication of copies .....	5
B. Congress understood “reproduction” to require multiplication. ....	9
II. Digital Fixations Deserve the Same Treatment as Analog Fixations .....	10
III. 1960 Doesn’t Exist on Netflix .....	13
CONCLUSION .....	21

## TABLE OF AUTHORITIES

	Page
CASES	
<i>Bobbs-Merrill Co. v. Straus</i> , 210 U.S. 339 (1908).....	14
<i>CM Paula Company v. Logan</i> , 355 F. Supp. 189 (N.D. Tex. 1973) .....	6, 7
<i>Entertainment Software Association v. Society of Composers, Authors and Music Publishers of Canada</i> , 2012 SCC 34, [2012] S.C.R. 231 .....	12
<i>Théberge v. Galerie d'Art du Petit Champlain Inc.</i> , [2002] 2 S.C.R. 336, 2002 SCC 34 (Can- ada) .....	7, 8, 9
<i>UMG Recordings, Inc. v. Augusto</i> , 628 F.3d 1175 (9th Cir. 2011).....	14
<i>United States v. Cohen</i> , 946 F.2d 430 (6th Cir. 1991) .....	20
<i>United States v. Sachs</i> , 801 F.2d 839 (6th Cir. 1986) .....	20
<i>Walker v. University Books, Inc.</i> , 602 F.2d 859 (9th Cir. 1979).....	13
<i>White Music Publishing Co. v. Apollo Co.</i> , 209 U.S. 1 (1908) .....	5, 6, 7, 10
STATUTES	
17 U.S.C. § 101 .....	9, 10, 12
17 U.S.C. § 106 .....	5, 9, 12
17 U.S.C. § 109 .....	1, 13, 14
17 U.S.C. § 202 .....	1, 13

## TABLE OF AUTHORITIES – Continued

	Page
OTHER AUTHORITIES	
Keith Hirsch, <i>The Edison CD Sampler</i> , KEITH HIRSCH’S CD RESOURCE, March 30, 2008 .....	14
Keith Hirsch, <i>The very rare “red” Bruce Springsteen Born in The U.S.A. CD</i> , KEITH HIRSCH’S CD RESOURCE, March 14, 2015 .....	14
Laura M. Holson, <i>Scarecrow Video Has Survived This Long. Can It Hang On?</i> , NEW YORK TIMES, March 18, 2019.....	15
Testimony of Bonnie J.K. Richardson before the House Commerce Committee Subcommittee on Commerce, Trade and Consumer Protection, May 22, 2001 (prepared statement on behalf of the Motion Picture Association of America) .....	20
Zach Schonfeld, <i>Netflix, Streaming Video And The Slow Death Of The Classic Film</i> , NEWSWEEK (online), Sept. 15, 2017, at 6:10 AM .....	15, 16, 17

**INTEREST OF AMICUS CURIAE**

OmniQ is a partnership among video industry veterans to develop a lawful means fulfilling the purpose and effect of the “first sale doctrine” and Sections 109 and 202 of the U.S. Copyright Act by shifting the fixation of a work from one material object to another without reproduction.<sup>1</sup> To that end, three of the partners have filed patent applications teaching their method (one of which has already been allowed).<sup>2</sup>

These inventions provide a secure way for works fixed in one material object to be un-fixed in the original material object and re-fixed in a new material object, following well established United States case law and Canadian Supreme Court jurisprudence. The inventions prevent the first sale doctrine from becoming a dead letter when lawfully made copies have been distributed on material objects that are no longer in use,<sup>3</sup>

---

<sup>1</sup> Only Petitioners have consented to the filing of this brief. Counsel for a party did not authorize this brief in whole or in part. No person or entity other than *Amicus Curiae* and its partners made a monetary contribution to the preparation or submission of this brief. The parties were notified ten days prior to the due date of this brief of the intention to file.

<sup>2</sup> Application No. 15/130,832, *Digitally Lending Content Without Reproduction*, has been allowed. Application No. 15/130,825, *Digitally Transferring Content Across Media Without Reproduction*, is still pending.

<sup>3</sup> For example, motion pictures fixed on DVDs have been distributed by the millions, and the owners have a right to privately perform them indefinitely, as well as to sell, gift, rent or lend them, but DVD technology is quickly being supplanted by new delivery methods, such that there are now fewer DVD players and reduced ability to acquire or play the DVD. But if the work fixed

or when the “distribution” is carried out by a licensed reproduction, commonly referred to as a “download,” to a material object on which perhaps thousands of other works have been fixed, effectively nullifying the private and public benefits of the first sale doctrine given that the only way to exercise the entitlement in Section 109 to lend, sell, rent or give away a particular lawfully made copy of a movie fixed on a hard drive is to lend, sell, rent or give away all of the thousands of other fixations residing on that hard drive.

The Second Circuit’s decision brings an end to the benefits of the first sale doctrine whenever the lawfully made copies and phonorecords are fixed on a single material object along with the fixation of hundreds or perhaps thousands of other works. By misinterpreting the right to “re-produce” a work in copies and phonorecords in a manner that applies even when no additional copies are created, and by refusing to apply longstanding “analog” jurisprudence to the “digital” environment, as Congress intended, the decision below robs the public of the benefits of digital commerce and secondary sales, and puts the brakes on the progress of science and the useful arts.

Abraham Lincoln could borrow law books when he did not have the means to purchase them at the publisher’s first sale price, requiring only the consent of

---

in a DVD can be moved to a computer hard drive without reproduction, or from one hard drive to another, all of the economic value to the copyright owner is preserved along with the public benefit of secondary dissemination of the work without the copyright owner’s consent.

the owner of the books, and not the consent of the copyright owner. The lender needed only to pluck individual books from his library shelves and lend them to Lincoln. In terms of Article I, Section 8 of the U.S. Constitution, the book owner's freedom to lend his books to Lincoln furthered the interest in wide dissemination of creative works of authorship.

Technological advances have allowed us to compress vast libraries onto a single material object, but in the process has made it untenable to exercise this important entitlement. No doubt Lincoln could not have borrowed those books if the lender was required to part with his entire library for the duration of the single loan.

The outcome of this litigation could have a substantial impact on the public value of the first sale doctrine in advancing the constitutional purpose of the Copyright Act. By preventing the development of technology to safely and securely move a fixation from one material object to another without *re*-producing the work in a copy or phonorecord, the decision below cripples the progress of science and the useful arts. The entitlement of the owner to redistribute lawfully made copies she owns also benefits the person who depends upon secondary markets because the price of a new pristine copy is out of reach. Although the technological advancements at issue here are not, technically, a first sale doctrine issue, OmniQ seeks to keep alive the benefits of the first sale doctrine by simply moving the fixation from one material object to another, *without*

*reproduction*. The Second Circuit’s ruling could outlaw the use of any such technology.



### SUMMARY OF ARGUMENT

The Second Circuit’s holding contributes to a dramatic reduction in the availability of previously distributed and fully paid copies and phonorecords, increases the cost of access – or forecloses it altogether – for those persons most dependent upon secondary markets, such as copies obtained by secondhand sale, lending or gifting.

To arrive at this devastating result, the Second Circuit misconstrued what constitutes a “copy” or “phonorecord,” and ignored the plain meaning of the word “reproduce” – by judicially eliminating the preface “re” – such that *any* fixation counts as a reproduction regardless whether there was any multiplication of copies. It also failed to apply existing jurisprudence allowing the transfer of a fixation from one material object to another, choosing instead to exempt “digital” fixations from established case law, creating *sui generis* treatment in the case of digital fixations.

In the music industry, members of the public are more able to access any music of their choosing, thanks to blanket licensing, statutory royalties and compulsory licensing. Those avenues do not exist for literary or audiovisual works. With respect to the latter, wherein lies OmniQ’s expertise, the public has already lost access to vast libraries of motion pictures and

other audiovisual works, simply because modern technological solutions like the one at issue here are lacking.



## ARGUMENT

### I. The Second Circuit Judicially Altered the Plain Meaning of “Reproduce” in the Copyright Act

Subject to Sections 107-122, Section 106(1) of the Copyright Act grants the author the exclusive right “to reproduce the copyrighted work in copies or phonorecords.” But the Second Circuit in effect substituted “produce” for “reproduce,” skirting the normal English definition of the prefix “re.” That alteration of the English language finds no purchase in the Copyright Act, where Congress clearly understood “reproduce” to mean to make *additional* copies. Plus, it is contrary to this Court’s holding in *White Music Publishing Company v. Apollo Company*, 209 U.S. 1 (1908).

#### A. There is no “reproduction” without multiplication of copies

This Court addressed this question over a century ago in *White Music Publishing*: “What is meant by a copy? We have already referred to the common understanding of it as *a reproduction or duplication* of a thing.” 209 U.S. 1, at 17 (emphasis added). “[I]t seems evident that Congress has dealt with the tangible thing, a copy of which is required to be filed with the

Librarian of Congress, and wherever the words are used (copy or copies) they seem to refer to the term in its ordinary sense of indicating *reproduction or duplication* of the original.” *Id.* at 16 (emphasis added).

Building upon the requirement that there be some additional copies in order to infringe the reproduction right, it has become well established that moving the fixation of a work from one material object to another does not infringe the exclusive right to reproduce the work in copies and phonorecords.

The seminal United States case is *CM Paula Company v. Logan*, 355 F. Supp. 189 (N.D. Tex. 1973), which involved chemically lifting the fixation of an image from a greeting card, and moving it to a ceramic tile, leaving the original material object – the card stock – blank.

The process utilized by defendant that is now in question results in the use of the original image on a ceramic plaque; such process is not a “reproduction or duplication”.

The Court believes that plaintiff’s characterization of the print thus used as a decal is appropriate. Each ceramic plaque sold by defendant with a Paula print affixed thereto requires the purchase and use of an individual piece of artwork marketed by the plaintiff. For example, should defendant desire to make one hundred ceramic plaques using the identical Paula print, defendant would be required to purchase one hundred separate Paula

prints. The Court finds that the process here in question does not constitute copying.

*Id.* at 191. The Supreme Court of Canada has explicitly followed the *Logan* decision while echoing this Court's definition of "reproduce" in *White Music Publishing*: there can be no reproduction if the fixation is simply moved from one material object to another.

My colleague, Gonthier J., takes the position that if the image were transferred from one piece of paper to a different piece of paper with no other "change", there is a new "fixation" and that would be "reproduction". But in what way has the legitimate economic interest of the copyright holder been infringed? The process began with a single poster and ended with a single poster. The image "fixed" in ink is the subject-matter of the intellectual property and it was not reproduced. It was transferred from one display to another. It is difficult to envisage any intellectual content let alone intellectual property embodied in the piece of blank paper peeled away, or in the piece of blank paper substituted for it. When Raphaël's Madonna di Foligno was lifted for preservation purposes from its original canvas in 1799 under the direction of the chemist Berthollet and fixed to a new canvas, the resulting work was considered to be no less an original Raphaël.

*Théberge*, at 338. *Théberge v. Galerie d'Art du Petit Champlain Inc.*, [2002] 2 S.C.R. 336, 2002 SCC 34 (Canada), at ¶ 38.

The historical scope of the notion of “reproduction” under the Copyright Act should be kept in mind. As one would expect from the very word “copyright”, “reproduction” is usually defined as the act of producing additional or new copies of the work in any material form. Multiplication of the copies would be a necessary consequence of this physical concept of “reproduction”.

*Id.* at ¶ 42. Commenting on the U.S. Copyright Act, Justice Binnie noted,

The U.S. legislation expressly incorporates a definition of “derivative work,” as happens for example when a cartoon character is turned into a puppet, or a tragic novel is turned into a musical comedy. In such circumstances there is, in a sense, a “production” rather than a reproduction. However, the examples of what might be called derivative works listed in s. 3(1)(a) to (e) of our Act are consistent with the notion of reproduction because they all imply the creation of new copies or manifestations of the work. In the application of the ink transfer method, however, there is no derivation, reproduction or production of a new and original work which incorporates the respondent’s artistic work.

Even if one were to consider substitution of a new substrate to be a “fixation”, the fact remains that the original poster lives on in the “re-fixated” poster. There is no multiplication and fixation alone is not an infringement of the original work.

*Id.* at ¶¶ 49-50. The court below failed to recognize that the purpose of the reproduction right is solely to prohibit the replication of the work into additional copies without the consent of the copyright owner.

### **B. Congress understood “reproduction” to require multiplication**

Congress did not grant an exclusive right to “produce” copies of a work. The copyright only covers *reproduction*. The definitions contained in § 101 demonstrate that Congress understood “reproduce” to mean an *increase* in the number of copies of the work rather than every fixation of the work in a material object. In defining “copies” as the fixation of a work onto a material object from which the work could be “perceived, reproduced or otherwise communicated,” Congress added an important caveat that was necessary to avoid the untenable result that the distribution right would not apply to the material object bearing the first fixation: “The term ‘copies’ includes the material object . . . in which the work is first fixed.”<sup>4</sup> That enlargement of the reach of “copies” to include the original, un-reproduced fixation, would have been unnecessary if the Second Circuit’s interpretation were correct. The § 106(1) right to “reproduce” the work in copies and phonorecords does not include every fixation of a work in a material object; it only includes every fixation that

---

<sup>4</sup> The definition of “phonorecords” includes that same enlargement of scope to include the original, *un-reproduced*, phonorecord: “The term ‘phonorecords’ includes the material object in which the sounds are first fixed.”

results in an increase in the number of copies. Moving the fixation from one material object to another is permissible. And, although these principles were developed in the world of “analog fixations,” Congress has made clear that “digital fixations” should not be treated any differently.

## **II. Digital Fixations Deserve the Same Treatment as Analog Fixations**

Over a century ago, this Court made clear that courts should not judicially enlarge the scope of the Copyright Act to reach new technologies not specifically addressed by the statute. It determined that although it might make sense for Congress to treat perforated player piano rolls as copies of the musical work, the courts should not simply presume that Congress would have intended the alteration.

It may be true that the use of these perforated rolls, in the absence of statutory protection, enables the manufacturers thereof to enjoy the use of musical compositions for which they pay no value. But such considerations properly address themselves to the legislative, and not to the judicial, branch of the government.

*White Music Publishing Company v. Apollo Company*, 209 U.S. 1, 18 (1908). In § 101 of the current Act, Congress intended to future-proof copyright protection by defining “copies” and “phonorecords” to include material objects in which the works are “fixed by any method now known or later developed,” and from

which the work can be “perceived, reproduced, or otherwise communicated.” Under this approach, Congress intended perforations on paper, grooves in a vinyl record, magnetic impulses on tape, and digital impressions on a digital recording medium, to all be treated the same as ink on paper. In essence, Congress took the same approach as the Supreme Court of Canada took when it upheld the principle of “technological neutrality.”

The Board’s conclusion that a separate, “communication” tariff applies to downloads of musical works violates the principle of technological neutrality. This principle requires that the Act apply equally between traditional and more technologically advanced media forms. There is no practical difference between buying a durable copy of the work in a store, receiving a copy in the mail, or downloading an identical copy using the Internet. ESA has already paid reproduction royalties to the copyright owners for the video games. Absent evidence of Parliamentary intent to the contrary, we interpret the Act in a way that avoids imposing an additional layer of protections and fees based solely on the method of delivery of the work to the end user. To do otherwise would effectively impose a gratuitous cost for the use of more efficient, Internet-based technologies. The Internet should be seen as a technological taxi that delivers a durable copy of the same work to the end user. The traditional balance in copyright between promoting the public interest in the encouragement and dissemination of works

and obtaining a just reward for the creators of those works should be preserved in the digital environment.

*Entertainment Software Association v. Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] S.C.R. 231 at 232. But the Second Circuit departed from this sound approach, plucking the concept of “digital files” out of thin air, and giving them *sui generis* treatment. The Second Circuit’s approach of treating the “digital files” as material objects would be akin to saying that, in the case of a literary work printed on paper, the material object is the ink rather than the paper, and in the case of a sound recording on a vinyl record, it is the grooves that are the material objects, rather than the vinyl disc itself.

For example, the Second Circuit refers to “the resale of digital files containing sound recordings,” Pet. App. at 3a, whereas § 101 defines “sound recordings” as “works that result from the fixation of a series of musical, spoken, or other sounds . . . regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied.” Similarly, the court below proclaims, “Today, Plaintiffs also distribute their music in the form of digital files,” *id.*, despite that the § 106(3) distribution right applies only to copies and phonorecords, not “digital files.” With respect to whether a “digital file” can or cannot be a phonorecord, the Second Circuit observed, “our understanding of the technology is limited, as is our ability to appreciate the economic implications.” *Id.* at 14a, n.10. Although it purported to “rule more narrowly”

because of its limited understanding, *id.*, the reality is that its limited ability to understand the technology or the economic implications impeded its ability to understand that a “digital file” on its own cannot be a phonorecord. At issue is not whether the work was fixed by means of a digital file, but whether the work was fixed in a material object. “A copy must of necessity consist of some tangible material object upon which the work is ‘fixed.’” *Walker v. University Books, Inc.*, 602 F.2d 859, 863 (9th Cir. 1979) (citations omitted).

This Court should grant *certiorari* to address the Second Circuit’s dramatic departure from the text of the Copyright Act and this Court’s long-established explanation that to “copy” requires *re*-production or duplication.

### **III. 1960 Doesn’t Exist on Netflix**

For most of our nation’s history, copyrighted works have typically been published in discrete copies – material objects in which a single work, or a closely related collection of works – were fixed. The Copyright Act’s sharp distinction between the intangible copyrighted work and the tangible copy of the work (§ 202) could be given full effect in commerce, together with the “first sale doctrine” and the Copyright Act’s express limitation on the distribution right (§ 109), which entitles owners of lawfully made copies to redistribute them without the consent of the copyright holder. (Sections 109 and 202 of the Copyright Act of 1976 were

originally *codified together* in § 41 of the Copyright Act of 1909, and in § 27 of the Copyright Act of 1947.)

So-called “digital copies” have been around since the days of the music CD and DAT (digital audio tape). Music CDs have been manufactured commercially in the United States since the September 21, 1984, release of Bruce Springsteen’s *Born in the U.S.A.*, dubbed by CBS as “The First CBS Records Compact Disc Made in the U.S.A.”<sup>5</sup> That same day, *The Edison CD Sampler* was issued from the same plant.<sup>6</sup>

Even back then, *The Edison CD Sampler* betrayed the publisher’s effort to restrict uses that are statutorily placed beyond the copyright owner’s control. The front face of the digital copy (or “digital phonorecord,” to be precise) carried a legal warning resembling the one struck down by the Supreme Court in *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339 (1908): “FOR EDUCATIONAL USE ONLY – NOT FOR SALE.” Although it is lawful for the owner of the CD to ignore the attempted nullification of § 109 with respect to digital copies fixed in discrete material objects (*see, e.g., UMG Recordings, Inc. v. Augusto*, 628 F.3d 1175 (9th Cir. 2011)), the growing preference for copyright holders to deliver the works digitally as reproductions

---

<sup>5</sup> Keith Hirsch, *The very rare “red” Bruce Springsteen Born in The U.S.A. CD*, KEITH HIRSCH’S CD RESOURCE, March 14, 2015, available at <http://www.keithhirsch.com/the-very-rare-red-bruce-springsteen-born-in-the-u-s-a-cd>.

<sup>6</sup> Keith Hirsch, *The Edison CD Sampler*, KEITH HIRSCH’S CD RESOURCE, March 30, 2008, available at <http://www.keithhirsch.com/the-edison-cd-sampler>.

“downloaded” to the copy owner’s own hard drive is already undermining the benefits of the first sale doctrine and its codification since 1909. The delivery technology itself is being used, intentionally or not, to eliminate secondary markets for sales, rentals and gifts that millions of Americans depend upon daily, because they cannot afford the price of a “new” copy.

The Second Circuit’s holding is not limited to phonorecords of sound recordings. Both the Second Circuit’s holding and OmniQ’s patent-pending technology would apply to literary works and audiovisual works as well. With respect to the latter, the public’s access to movies is shrinking dramatically. While there may be enough movies available to find *something* worth watching, the breadth of choice in movies was many times higher 20 years ago than it is today.

In their heyday, neighborhood video stores might have carried tens of thousands of titles. Today, relatively few video rental stores remain. *See, e.g.*, Laura M. Holson, *Scarecrow Video Has Survived This Long. Can It Hang On?* NEW YORK TIMES, March 18, 2019, available at <https://www.nytimes.com/2019/03/18/business/scarecrow-video-seattle.html> (“The store in Seattle has more than 132,000 titles, many of them not available on the internet, or anywhere else.”). Even Netflix, which had been a fierce competitor of local video retailers with its mail order DVD rentals and deep catalog of older movies, has been dramatically cutting back on its selections as it shifts its business model to streaming movies on demand. As observed by Zach Schonfeld, *Netflix, Streaming Video And The Slow*

*Death Of The Classic Film*, NEWSWEEK (online), Sept. 15, 2017, at 6:10 AM, available at <http://www.newsweek.com/2017/09/22/netflix-streaming-movies-classics-664512.html>, “in the vast world of Netflix streaming, 1960 doesn’t exist.” Schonfeld goes on to note that 1960 was the year Alfred Hitchcock’s *Psycho* was released, along with Billy Wilder’s *The Apartment*, and Stanley Kubrick’s *Spartacus*:

There’s one movie from 1961 available to watch (the original *Parent Trap*) and one selection from 1959 (*Compulsion*), but not a single film from 1960. It’s like it never happened. There aren’t any movies from 1963 either. Or 1968, 1955 or 1948. There are no Hitchcock films on Netflix. No classics from Sergio Leone or François Truffaut. When Debbie Reynolds died last Christmas week, grieving fans had to turn to Amazon Video for *Singin’ in the Rain* and *Susan Slept Here*. You could fill a large film studies textbook with what’s not available on Netflix.

*Id.* Of course, Amazon Video has its own limited selection, and having to subscribe to multiple services just to try to cobble together a decent choice is costly to the public, whose local video stores did not charge a monthly admission fee whether they rented anything or not. Schonfeld describes the Netflix selection as “abominable,” noting that, at the time he checked on the ever-rotating selection of titles (due to short-term licensing) on its streaming platform, there were just 43 movies made before 1970. Only 25 movies from the

pre-1950 era were available to the more than 100,000,000 global subscribers.

Stephen Prince, a cinema studies professor at Virginia Tech, observed, “Now we see the danger inherent in this change – an emphasis on mainstream, contemporary movies has replaced what had been a broad archive of world cinema. . . . Convenience biases viewers toward mainstream fare and makes films of the past or from other cultures less visible.” *Id.* “My students are heavily biased toward what’s new and what can be streamed on portable devices,” Prince says. “What isn’t available to stream essentially doesn’t exist.” *Id.* Schonfeld paraphrases the Swedish film scholar, Jan Olsson, “Streaming rights are expensive, and Netflix probably doesn’t think the audience for old films is big enough to make it worthwhile.” *Id.*

Librarian (and writer) Rachel Paige King decried the shift to a system based on contractual permissions rather than the operation law:

So, as the technology to disseminate all kinds of art and information becomes more sophisticated, so too does the means and the motive to restrict access. If entertainment industry executives are smart (and they are) they’ll make sure that streaming video turns out to be a whole lot more expensive for consumers than home DVD rental.

*Id.* And she is right. That is exactly what is happening. “The end result,” says Schonfeld, “is a paltry, pathetic catalog of older films shackled by copyright law. It’s a

strange conundrum: The internet promises a century's worth of multimedia output at your fingertips but ruthlessly privileges whatever got released yesterday. Some films have been left behind in obsolete format hell." *Id.*

As major streaming services become filmmakers in an effort to both compete using "exclusives" and avoid the need to pay licensing fees, many films do not get a theatrical release open to everyone, or even DVD distribution, before being confined to "exclusive" availability on a single streaming service. "Frankly, this is why I'm keeping all my DVDs," says film critic, Leonard Maltin. "And it's a pain in the neck, because they take up space. But I don't trust the cloud. And I don't trust the marketplace to maintain titles that are in some cases obscure or not terribly commercial."

"There are some movies you basically have to break the law to see." *Id.* (quoting classic cinema blogger, Nora Fiore). And *that* is what OmniQ seeks to correct by finding a technological solution to what will otherwise become a broken copyright system. Millions upon millions of movies have already been reproduced in copies, sold, and lawfully distributed or downloaded, and are currently gathering dust in warehouses, basements and living room shelves, or taking up needed space on the owner's hard drive, while the movies that had previously been fixed in DVDs or hard drives cannot be watched on streaming services, or can only be seen by paying the "new" price of a download, if available.

The first sale doctrine is in serious risk of irrelevance if the Copyright Act is interpreted such that the very technology that enables on-demand reproductions (downloads) of works onto the customer's hard drives also allows every copyright holder to require each individual to purchase the "new" copy. The millions of people who depend upon the used, second-hand goods are being left out of the promise of Article I, Section 8 of the U.S. Constitution.

Even the motion picture studios that own the copyrights understand that there is no substantive difference, with respect to their reproduction and distribution rights, between digital delivery and physical delivery. In 2001, when Congress was grappling with the tax consequences of digital delivery, the Motion Picture Association of America addressed the question of whether the delivery of a movie through e-commerce networks (now known as electronic sell-through, or EST) should be considered trade in goods or trade in services, MPAA's Vice President for Trade & Federal Affairs gave the following example:

If a consumer were to place a telephone order for a DVD of the film "Finding Forrester" and have a copy of that DVD delivered to his house on a UPS truck, that is a "goods" transaction. Likewise, if the same consumer ordering a copy of the same DVD on his/her computer and had the same content delivered digitally and downloaded from his computer to a writeable DVD – that is still a "goods" transaction. The only difference is that a digital network

instead of a delivery van provided the transportation from the retailer to the consumer.

Testimony of Bonnie J.K. Richardson before the House Commerce Committee Subcommittee on Commerce, Trade and Consumer Protection, May 22, 2001, prepared statement at 12. Notably, Ms. Richardson referred to the digital delivery as being “of the same DVD” rather than “the same work that was on the DVD.” She is right. As early as 2001, the movie industry already saw “the DVD” almost like the literary world sees “a book”. There is no “book” or “DVD” in the Copyright Act. The value of the literary work of authorship is in the ability to read it, not in the quality of the paper upon which it is printed or whether it is on a Kindle reader. Likewise, “a DVD” tells the consumer that “the movie” is in digital form on a particular type of material object, but for all practical purposes, the consumer will get just as much enjoyment from watching the movie from a DVD inserted into a DVD player as watching it from a computer hard drive. In Copyright Act terms, the UPS delivery involves reproduction onto a medium that has not yet been distributed, whereas digital delivery over the Internet involves reproduction onto a medium that has already been distributed to the person receiving the download.<sup>7</sup>

---

<sup>7</sup> See, e.g., *United States v. Cohen*, 946 F.2d 430, 434 (6th Cir. 1991) (“[C]opyright law does not forbid an individual from renting or selling a copy of a copyrighted work which was lawfully obtained or lawfully manufactured by that individual.” (emphasis added)); *United States v. Sachs*, 801 F.2d 839, 842 (6th Cir. 1986) (same).

It is error, therefore, to give a restrictive interpretation to the Copyright Act, which undermines the freedom of the owner of a lawfully made copy or phonorecords to pass it on to someone else less able to afford the new copy, and without needing permission from the copyright owner to do so. The only certain result of the below is that the progress of science and the useful arts will suffer dramatically.



### CONCLUSION

For the foregoing reasons, this Court should grant the instant petition for *certiorari*.

Respectfully submitted,

JOHN T. MITCHELL

*Counsel of Record*

INTERACTION LAW

1629 K Street NW

Suite 300

Washington, DC 20006

(202) 415-9213

john@interactionlaw.com

*Counsel for Amicus Curiae*

*OmniQ*