

## REMOTE DELETION TECHNOLOGY, LICENSE AGREEMENTS, AND THE DISTRIBUTION OF COPYRIGHTED WORKS

*Joseph E. Van Tassel\**

### INTRODUCTION

**I**N July 2009, Amazon Kindle users who had purchased and downloaded a particular version of George Orwell's novel *1984* discovered that this e-book had been remotely deleted from their devices.<sup>1</sup> Amazon claimed it was protecting the intellectual property of the rights holders because the copies were improperly added to the Kindle Store by individuals that did not have distribution rights to the novel.<sup>2</sup> The company refunded the purchase price of the book, but at first end-users had no opportunity to refuse the refund and retain their copies of the e-book. The recall was instantaneous and complete.

Customers expressed anger and surprise about Amazon's action.<sup>3</sup> Two Kindle owners even filed a class-action lawsuit seeking injunctive relief that would prevent Amazon from deleting content from Kindles in the future and seeking damages for those who lost work from the incident.<sup>4</sup> Technology columnist David Pogue also found the incident unsettling, calling it "Big Brotherish" and

---

\* J.D. 2011, University of Virginia School of Law. I would like to thank Professor Christopher Sprigman and the members of the Virginia Law Review for their helpful comments and suggestions.

<sup>1</sup> Brad Stone, Amazon Erases Two Classics From Kindle. (One Is '1984.'). N.Y. Times, July 18, 2009, at B1, available at <http://www.nytimes.com/2009/07/18/technology/companies/18amazon.html>. The article notes the irony that Orwell's *1984* was the target of the deletion efforts, referencing the incineration chute called the "memory hole" described in the novel.

<sup>2</sup> Id.

<sup>3</sup> See Mysterious George Orwell Refunds, Amazon Kindle Community Message Board, <http://www.amazon.com/forum/kindle/Tx1QUP1NLUY4Q5M/1> (last visited Mar. 2, 2011).

<sup>4</sup> Complaint at 17, *Gawronski v. Amazon.com, Inc.*, No. 2:09-cv-01084-JCC (W.D. Wash. July 30, 2009).

“[s]cary.”<sup>5</sup> He also repeated the comment of a reader who likened the incident to “Barnes & Noble sneaking into our homes in the middle of the night, taking some books that we’ve been reading off our nightstands, and leaving us a check on the coffee table.”<sup>6</sup>

This incident illustrates a new development in the business of distributing copyrighted works—the possibility of remote deletion. Remote deletion describes the ability of a distributor to wirelessly remove content from a consumer’s possession without that consumer’s consent at the time the deletion occurs. Remote deletion can be performed with or without the distributor providing a refund for the deleted content.

When works are distributed on physical media and widely disseminated amongst the public, it is very difficult, if not impossible, to recall these copies if the distribution is later deemed to be improper. Now, many works are distributed electronically to devices that remain in contact with the distributor.<sup>7</sup> The combination of this communicative link plus the licensing of digital copies (as opposed to an outright sale) allows distributors to maintain control over the content stored on consumers’ devices. With remote deletion technology, the entity that controls the device has the ability to achieve instant and perfect recall of copies at minimal cost.

One customer who had his version of *1984* deleted stated, “I never imagined that Amazon actually had the right, the authority or even the ability to delete something that I had already purchased.”<sup>8</sup> Amazon’s technological ability to remotely delete content from linked Kindle devices is clear; its “right” or “authority” to do so is not. The license agreement that purported to give Amazon permission to remotely delete content from Kindle devices contained contradictory language with respect to ownership of downloaded content.<sup>9</sup> Even if the license agreement language had

---

<sup>5</sup> David Pogue, *Some E-Books Are More Equal than Others*, (July 17, 2009, 12:57 PM), <http://pogue.blogs.nytimes.com/2009/07/17/some-e-books-are-more-equal-than-others/>.

<sup>6</sup> *Id.*

<sup>7</sup> Stone, *supra* note 1.

<sup>8</sup> *Id.*

<sup>9</sup> Amazon Kindle: License Agreement and Terms of Use (Feb. 9, 2009), <http://web.archive.org/web/20100910201511/http://www.amazon.com/gp/help/customer/display.html?nodeId=200144530> [hereinafter *Kindle License Agreement*] (stating that the digital content is “deemed licensed” to Kindle users but also granting users the right

been more carefully worded—clearly granting Amazon the unilateral authority to remotely delete content—the validity of such remote deletion terms would still be questionable. This Note argues that when there are adequate alternatives for securing permanent ownership of copies of a work—that is, copies not subject to potential remote deletion—license agreements granting this power should be respected. When a copyrighted work is distributed solely through a license agreement which enables remote deletion and there are no adequate alternative means to acquire permanent ownership of this work, however, courts should find such license agreements preempted by the Copyright Act.

Part I examines the more traditional methods of controlling and “deleting” distributed works, including both judicial impoundment and destruction of infringing works as well as methods of extrajudicial recall. As the cases cited will demonstrate, these traditional deletion methods are very limited, both by judicial restrictions and functional considerations. Part II introduces the copyright preemption doctrine, under which private contracts can be found to be contrary to the purpose or function of the Copyright Act and thus can be preempted. In order for remote deletion to be permissible, and not an improper conversion of another’s property, the license agreement must be deemed to be a true license and not a transfer of ownership. Part III then offers a series of cases illustrating different methodologies courts have used in evaluating whether license agreements that potentially conflict with copyright’s first sale doctrine should be preempted or should be respected. Finally, Part IV proposes a rule courts should follow when evaluating license agreements containing terms that enable remote deletion. It explains why the availability or absence of adequate alternatives to obtain permanent copies of a work is the crucial factor in determining whether such license agreements should be preempted.

#### I. TRADITIONAL “DELETION” METHODS

The technology that makes remote deletion possible has been widely available and commercially viable for only a short amount of time. Prior to the advent of this technology, recalling and de-

---

to keep a “permanent copy” of applicable digital content). These license terms will be discussed in greater detail in Section III.D, *infra*.

stroying copies of copyrighted works that already had been distributed to the public was an arduous, if not impossible, task. Legal and practical limitations restricted the copyright owner's or distributor's ability to recall and destroy distributed works. The public has developed an intuitive set of expectations based on these traditional distribution methods and limitations that remote deletion would likely upset.

This Part examines these traditional "deletion" methods, as well as their limitations, in order to contrast them with the relative ease, speed, and comprehensiveness afforded by remote deletion. Section A examines the mechanisms for judicial impoundment and destruction of infringing copies under 17 U.S.C. § 503. Section B considers several cases involving extra-judicial methods of recall and destruction attempted by third parties.

#### *A. Judicial Impoundment and Destruction*

The judicial realm's closest analog to the power to remotely delete works is the power to order the impoundment and destruction of copies that infringe on the exclusive rights of copyright holders. These remedies are granted under Section 503 of the Copyright Act. Section 503(a) states "[a]t any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable, of all copies or phonorecords claimed to have been made or used in violation of the copyright owner's exclusive rights."<sup>10</sup> Impoundment may be a permanent or preliminary remedy.<sup>11</sup> It is particularly analogous to a content distributor's remote deletion power, because Section 503(a) impoundments may be made *ex parte*—that is, not requiring prior notice and assent of the copy-owner.<sup>12</sup> Furthermore, Section 503(b) states that a court may order the destruction of all copies or phonorecords that are found to infringe the copyright owner's exclusive rights.<sup>13</sup> Upon a

---

<sup>10</sup> 17 U.S.C. § 503(a) (2006).

<sup>11</sup> Bruce P. Keller, Jeffrey P. Cunard & Robert Spoo, *Impoundment and Destruction*, P.L.I. Copyright Law § 12:11.4 (2010).

<sup>12</sup> David A. Kessler, *Illusion of Privacy: The Use and Abuse of Ex Parte Impoundment in Computer Software Copyright Cases*, 7 Alb. L.J. Sci. & Tech. 269, 274 (1997) ("An essential aspect of Section 503(a) is that it does not prohibit a court from ordering impoundment *ex parte* . . .").

<sup>13</sup> 17 U.S.C. § 503(b) (2006).

finding of infringement, courts will often exercise this power in addition to granting other remedies made available by the Copyright Act.<sup>14</sup>

Examined more closely, however, the analogy between judicial impoundment and destruction and remote deletion begins to break down. The power of impoundment and destruction is limited through a judicial interpretation of the 1976 Copyright Act in light of the prior 1909 Act. Section 101(c) of the 1909 Copyright Act stated that “[i]f any person shall infringe the copyright . . . such person shall be liable” for certain remedies including impoundment.<sup>15</sup> In *Societe Civile Succession Richard Guino v. International Foundation for Anticancer Drug Discovery*, the District Court of Arizona stated, “The words ‘such person’ were interpreted to permit the impoundment of an infringing work only when it was possessed by a defendant who had himself infringed the plaintiff’s copyright.”<sup>16</sup> Although the words “such person” were omitted from the current version of the impoundment remedy in Section 503(a), a court found that the structure, legislative history, and other judicial interpretations of the modern statute made it clear that it “does not permit the impoundment of infringing items in the hands of innocent purchasers who are not themselves liable for infringement.”<sup>17</sup> Thus, Section 503(a) does not permit the impoundment remedy to be imposed on noninfringers (that is, mere purchasers of infringing materials) directly.<sup>18</sup> Again, this additional limitation on the statutory impoundment remedy contrasts with the essentially

---

<sup>14</sup> See, e.g., *Disney Enters., Inc. v. Farmer*, 427 F. Supp. 2d 807, 819–20 (E.D. Tenn. 2006) (ordering the destruction of all infringing copies of the motion pictures in the defendant’s possession, as well as statutory damages, attorneys’ fees, and future injunctive relief).

<sup>15</sup> 17 U.S.C. § 101(c) (1970) (amended 1976).

<sup>16</sup> 460 F. Supp. 2d 1105, 1107 (D. Ariz. 2006).

<sup>17</sup> *Id.* at 1110–12; see also 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 14.07[B][1] (Matthew Bender rev. ed. 2009) (1963) (“Congress can scarcely have intended, for example, that everyone who has purchased and possesses at home a copy of a plagiarizing novel becomes liable to surrender that copy for impoundment.”).

<sup>18</sup> Some courts have asserted the power to order infringing defendants to make reasonable efforts to recall infringing items from noninfringing purchasers, accomplishing indirectly what they may not accomplish directly. See, e.g., *Yamate USA Corp. v. Sugerman*, No. 89-763 (HAA), 1991 U.S. Dist. LEXIS 20701, at \*46 (D.N.J. Mar. 5, 1991).

unfettered ability of content distributors to remotely delete materials lawfully purchased by end-users.

Furthermore, a judicial order of impoundment is a government action, which means such orders are subject to due process requirements. The most basic of these procedural safeguards is the fact that the authority under the copyright law to order an impoundment exists only when a copyright action is pending.<sup>19</sup> The plaintiff must also meet other procedural burdens to obtain this *ex parte* impoundment.<sup>20</sup> Because a distributor who controls the remote deletion technology, such as Amazon, is not a state actor, it is not required to provide these due process protections. Distributors have the power to delete content for good reasons, poor reasons, or no reason at all.

### *B. Extra-Judicial Recall and Destruction*

Two recent attempts at private recall of published works illustrate the difficulties inherent in such a strategy, absent remote deletion capability.

First, in 2007 Sheikh Kalid bin Mahfouz, a wealthy Saudi businessman, sued Cambridge University Press (“CUP”) for allegedly libelous statements in the book *Alms for Jihad* linking him to the financing of terrorism.<sup>21</sup> As part of a settlement agreement for this British libel suit, the publisher agreed to destroy all unsold copies of the book, to pay damages, and to contact libraries worldwide to ask them to remove the book from their shelves.<sup>22</sup> This result was met with widespread criticism and resistance. In particular, the American Library Association’s Office of Intellectual Freedom stated that absent a U.S. court order, the British settlement is unenforceable in the United States, and “libraries are under no legal

---

<sup>19</sup> 4 Nimmer & Nimmer, *supra* note 17, § 14.07[A][1].

<sup>20</sup> See, e.g., *Warner Bros., Inc. v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1124 (2d Cir. 1989) (applying the relatively more permissive Supreme Court Rules pursuant to § 25(e) of the Copyright Act of 1909); *Paramount Pictures Corp. v. Doe*, 821 F. Supp. 82, 88 (E.D.N.Y. 1993) (requiring the posting of a bond, a showing of a likelihood of success on the underlying merits of the infringement action, a showing of the particular circumstances justifying an *ex parte* proceeding, and a prompt post-seizure hearing).

<sup>21</sup> Rachel Donadio, *Libel Without Borders*, N.Y. Times, Oct. 7, 2007 (Book Review), at 43.

<sup>22</sup> David Glenn, *Alms for Libel*, *Chron. Higher Educ.*, Aug. 10, 2007, at A12.

obligation to return or destroy the book. Libraries are considered to hold title to the individual copy or copies, and it is the library's property to do with as it pleases."<sup>23</sup> If libraries chose not to pull the book off their shelves, they were asked as an alternative to insert an errata sheet inside the front cover.<sup>24</sup>

There are several key differences between this event and Amazon's remote deletion of Orwell's *1984*. Libraries were asked to remove the book from their shelves, but the ultimate choice as to whether to comply remained theirs. In the *1984* incident, the content owners had no such choice. Moreover, in the *Alms for Jihad* settlement, there was no attempt to recall sold copies of the book outside of the library setting. The focus was on ending future sales of the book.<sup>25</sup> In the *1984* incident, the solution for an improper publication was not simply a cessation of future distribution and damages but also the retroactive deletion of past sales.

A more recent episode also demonstrates the practical difficulties involved in recalling a printed book.<sup>26</sup> In the fall of 2010, the Department of Defense negotiated a deal to buy the entire first printing—about 10,000 copies—of *Operation Dark Heart*, a memoir authored by a former Defense Intelligence Agency (“DIA”) officer recounting his experiences in Afghanistan.<sup>27</sup> The Army Reserve had reviewed and cleared the book for publication, but after an initial printing, the DIA and other intelligence agencies identified security concerns with respect to certain passages.<sup>28</sup> The Pentagon planned to destroy the initial print run and also convinced the publisher to exclude the disputed passages from the new print run,

---

<sup>23</sup> Cambridge Contacts U.S. Libraries over *Alms for Jihad*, American Library Association (Aug. 17, 2007), <http://www.ala.org/ala/alonline/currentnews/newsarchive/2007/august2007/almsjihad.cfm>.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.* The original version of *Alms for Jihad* is still available for sale, however, by third parties on Amazon.com, although it is quite expensive. See *Alms for Jihad*, <http://www.amazon.com/dp/052167395X/> (last visited Apr. 9, 2011).

<sup>26</sup> Peter Finn & Greg Miller, Pentagon Aims to Buy up Book, Wash. Post, Sept. 10, 2010, at A24; see also Claire McCormack, Franzen to Destroy U.K. Copies of *Freedom* After Printing Error, Time Newsfeed (Oct. 10, 2010), <http://newsfeed.time.com/2010/10/01/franzen-to-destroy-u-k-copies-of-freedom-after-printing-error/>.

<sup>27</sup> Finn & Miller, *supra* note 26.

<sup>28</sup> *Id.*

but several dozen copies of the first edition had already been distributed to media outlets and were not destroyed.<sup>29</sup>

Again, the contrast between this episode and the 1984 remote deletion is stark. First, there is the difference in cost. In the *Operation Dark Heart* episode, the Pentagon agreed to purchase the entire first printing at a price that would cover the costs of the publisher.<sup>30</sup> In the 1984 incident, Amazon merely had to remove the improper copy of 1984 from its server—an action that cost essentially nothing.<sup>31</sup> When copies have been made but still remain in the publisher's control, this cost difference merely reflects the different cost structures associated with print and digital distribution.

Once copies of the work have been distributed, though, the differences between the two incidents become attributable to remote deletion. In the *Operation Dark Heart* suppression there was no attempt to purchase the first-edition books with the controversial passages, which were then widely dispersed and beyond the publisher's control. The Pentagon's actions actually made these remaining first editions quite valuable; reports told of copies being sold for hundreds or even a few thousand dollars apiece.<sup>32</sup> In comparison, e-books on Kindle readers are never beyond Amazon's control with remote deletion. Amazon had the power to instantly delete all the unauthorized copies of 1984. Moreover, because the deletion was comprehensive, there were no remaining copies of the e-books left on any device. Thus, there are no copies of this version of 1984 that have enjoyed a similar rise in value due to a recall-related scarcity.<sup>33</sup>

---

<sup>29</sup> Id.

<sup>30</sup> Tom Gjelten, Pentagon Seeks to Buy up Copies of Afghan War Book, National Public Radio, Sept. 10, 2010, available at <http://www.npr.org/templates/story/story.php?storyId=129780876>.

<sup>31</sup> Amazon did refund consumers the purchase price of the e-book that was removed. Since the marginal cost of selling and distributing an additional e-book is essentially zero, Amazon arguably bore the cost of lost sales and lost profits. If, however, these sales should not have been made in the first place, these sales and profits should not be considered truly "lost." It is as if they never happened from Amazon's perspective.

<sup>32</sup> John Schwartz, A Stimulus Plan, Disguised as Censorship, N.Y. Times, Oct. 10, 2010, at BU13.

<sup>33</sup> It should be noted that it is unclear if the improper version of 1984 that was deleted is any different from the authorized versions, meaning that if any of the unauthorized versions remained they still might not have experienced a similar inflation in



In summary, traditional “deletion” methods, whether carried out through a judicial proceeding or outside the courtroom, are quite different in their expense, reach, and effectiveness from the newly available remote deletion power. With remote deletion capability, even widely disseminated works no longer truly pass beyond the distributor’s reach. When works are deleted remotely, the action is instantaneous, inexpensive, and complete. Finally, there are few if any restrictions on the use of this remote deletion power. Distributors need not get the end-user’s consent nor seek the approval of a court to carry out this action. In the future, if more and more works are distributed subject to potential remote deletion, this will upset the traditional norms and expectations developed by distributing content on physical media, potentially confusing and angering consumers,<sup>34</sup> as well as potentially undermining important public interests protected under the Copyright Act.

## II. LICENSE AGREEMENTS AND COPYRIGHT PREEMPTION

For the removal of digital content from content-reading devices to be legal, this content must be licensed rather than sold to device users and the distributor must retain ownership. Otherwise, the remote deletion of such content likely would result in a cause of action for conversion, trespass to chattels, and other similar claims.<sup>35</sup> The intuition of the consumer quoted in the introduction would be correct—it would indeed be similar to a bookseller entering your home, removing the book from the shelf, and simply leaving a refund behind.<sup>36</sup> Thus, digital content subject to remote deletion is invariably distributed under a license agreement. The key question is whether the courts should respect agreements that grant remote deletion capability.

Under copyright preemption doctrine, courts have the power to rule that a state law claim, such as a contract claim, is preempted by the Copyright Act by means of the Supremacy Clause of the

---

value like the first editions of *Operation Dark Heart*. Amazon also limits the ability of Kindle users to re-sell e-books.

<sup>34</sup> See Mysterious George Orwell Refunds, *supra* note 3.

<sup>35</sup> See, e.g., Complaint, *supra* note 4, at 13–14.

<sup>36</sup> See *supra* text accompanying note 6.

United States Constitution.<sup>37</sup> Courts have frequently held that the Copyright Act preempts non-contract state law claims but have been less receptive to claims of state law contract preemption.<sup>38</sup> Nonetheless, some courts have held that the Copyright Act preempts some license agreements, such as those that restrict the right of resale.<sup>39</sup> Because of their potential to alter the balance of rights and benefits created by the Copyright Act, license agreements that grant remote deletion ability are also candidates for possible preemption.

This Part introduces the copyright preemption doctrine, which courts apply when making an evaluation of whether a private license agreement should be respected or invalidated. Section A describes the sources of the preemption power, which include an express statutory grant of power under the Copyright Act and a court's ordinary conflict preemption power. Section B then explains why courts rarely find license agreements preempted under the express preemption provision. Finally, Section C presents arguments why courts should be more active in preempting license agreements under ordinary conflict preemption principles, and Section D briefly explains a proposed approach to preemption based on the law governing the waiver of statutory rights.

#### *A. Sources of Preemption Power*

There are two sources for a court's power to declare a state law or private contract preempted by the Copyright Act: an express preemption provision included in the Copyright Act and generally applicable conflict preemption principles. The express preemption provision is codified at Section 301:

---

<sup>37</sup> U.S. Const. art. VI, cl. 2. ("This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land."); see 1 Nimmer & Nimmer, *supra* note 17, § 1.01[B].

<sup>38</sup> Christina Bohannon, *Copyright Preemption of Contracts*, 67 Md. L. Rev. 616, 617 (2008).

<sup>39</sup> Some courts have held license agreements that restrict the right of resale to be preempted by the first sale doctrine, embodied in § 109 of the Copyright Act. See Part III, *infra*, for a more detailed discussion of the first sale doctrine and cases interpreting its scope.

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.<sup>40</sup>

Thus, two conditions must be met for Section 301 to apply: “(1) the work is within the scope of the ‘subject matter of copyright,’ as specified in 17 U.S.C. §§ 102, 103 [the ‘subject matter requirement’]; and, (2) the rights granted under state law are equivalent to any exclusive rights within the scope of federal copyright as set out in 17 U.S.C. § 106 [the ‘equivalency requirement’].”<sup>41</sup> The subject matter requirement can be important for certain types of cases, but for present purposes—determining the effect of remote deletion terms in the licensing of content such as e-books—I will assume that the content in questions fulfills this condition.

The equivalency requirement, however, remains pertinent. In determining whether a claim is equivalent to a federal copyright infringement action, many courts have employed the “extra element” test, which declares “[a] state law claim is equivalent to a federal copyright infringement action if it contains no extra elements beyond those required to show copyright infringement.”<sup>42</sup> For example, the court in *Wrench* found that the extra element in the state law contract claim was the promise to pay for use of the work. The court found that a promise to pay is a required element of a breach of contract claim, but the right to be paid for the use of a work is not one of the rights protected under Section 106.<sup>43</sup>

---

<sup>40</sup> 17 U.S.C. § 301(a) (2006).

<sup>41</sup> *Wrench, LLC v. Taco Bell Corp.*, 256 F.3d 446, 453 (6th Cir. 2001).

<sup>42</sup> Bohannon, *supra* note 38, at 627; see, e.g., *Carson v. Dynegy, Inc.*, 344 F.3d 446, 456 (5th Cir. 2003).

<sup>43</sup> *Wrench*, 256 F.3d at 456 (“An extra element is required instead of or in addition to the acts of reproduction, performance, distribution or display, in order to constitute the state-created cause of action. . . . This extra element does change the nature of the action so that it is qualitatively different from a copyright infringement claim.”).

The second source of power to preempt state law claims under the Copyright Act is the general conflict preemption doctrine. The existence of an express preemption provision in a federal statute does not necessarily impede the application of “ordinary conflict pre-emption principles.”<sup>44</sup> Under the ordinary conflict preemption doctrine, the court must determine whether state law “stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress”<sup>45</sup> as expressed in federal law. If state law creates such a conflict with federal law, the state law is preempted.

*B. “Extra Elements” Are Nearly Always Present in Contract Claims*

Courts have been rather categorical in their denial of preemption for breach of contract claims.<sup>46</sup> This is because most license agreements contain “extra elements” outside the scope of the rights of reproduction, distribution, and display granted by Section 106, which means that most contract claims will fail the equivalency requirement of Section 301 and not be preempted. For example, in an Eighth Circuit case, a contractual limitation prohibiting the processing of data for third parties was found to constitute an extra element “that makes this cause of action qualitatively different from one for copyright.”<sup>47</sup> Likewise, the copyright laws did not preempt a contract with a noncompete clause forbidding the plaintiff from representing a competing company prior to termination.<sup>48</sup> “This action for breach of contract involves an element in addition to mere reproduction, distribution or display: the contract . . . made by [the plaintiff], therefore, is not preempted.”<sup>49</sup>

In *ProCD v. Zeidenberg*,<sup>50</sup> Judge Easterbrook interpreted these cases and expanded their reasoning to cover nearly all contracts.

---

<sup>44</sup> Geier v. Am. Honda Motor Co., 529 U.S. 861, 871 (2000).

<sup>45</sup> Hines v. Davidowitz, 312 U.S. 52, 67 (1941); see also *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480 (1974) (asserting that if a state law protecting trade secrets conflicts with federal patent law, then the state law must be declared invalid).

<sup>46</sup> Bohannon, *supra* note 38, at 629.

<sup>47</sup> *Nat'l Car Rental Sys., Inc. v. Computer Assocs. Int'l, Inc.*, 991 F.2d 426, 433 (8th Cir. 1993), cert. denied, 510 U.S. 861 (1993) (finding that the contractual restriction on the use of the programs constituted an extra element).

<sup>48</sup> *Teledyne Monarch Rubber v. Taquino*, 893 F.2d 1488, 1501 (5th Cir. 1990).

<sup>49</sup> *Id.*

<sup>50</sup> 86 F.3d 1447 (7th Cir. 1996).

The case involved a shrinkwrap license for a CD-ROM containing a compilation of thousands of telephone listings, which limited the use of the application program and listings to noncommercial purposes.<sup>51</sup> Judge Easterbrook argued that rights arising out of contracts are inherently different from copyrights, meaning contract rights are hardly ever “equivalent” to any of the exclusive rights arising in copyright. Thus, contracts will seldom be preempted under Section 301. In other words, under the *ProCD* interpretation, “the mutual promise required to make a contract is itself an ‘extra element’ that defeats preemption.”<sup>52</sup> *ProCD* has been followed by several other courts and is “generally regarded as the leading case on this issue.”<sup>53</sup>

In any event, a remote deletion term is clearly an “extra element” that changes the nature of the contract claim to something that is qualitatively different from a copyright infringement claim. This is true both under the broad *ProCD* interpretation and the more limited *National Car Rental* and *Taquino* interpretations of Section 301 express preemption. The right granted under a license to remotely delete content “is not abridged by an act which in and of itself would infringe one of the exclusive rights granted by § 106” such as acts of reproduction, distribution, or display.<sup>54</sup> Thus, a license that allows remote deletion would fail the equivalency requirement of Section 301 and would not be preempted under this section.

### *C. Contracts Upset the “Delicate Balance” Created by the Copyright Act*

A number of copyright scholars have criticized *ProCD*’s failure to satisfactorily address the ordinary conflict preemption issues

---

<sup>51</sup> Id. at 1449–50.

<sup>52</sup> Bohannon, *supra* note 38, at 631.

<sup>53</sup> Id. at 633.

<sup>54</sup> *Wrench, LLC v. Taco Bell Corp.*, 256 F.3d 446, 456 (6th Cir. 2001); see also David A. Rice, *Public Goods, Private Contract and Public Policy: Federal Preemption of Software License Prohibitions Against Reverse Engineering*, 53 U. Pitt. L. Rev. 543, 576 (1992) (“Section 301(a) does not generally preempt enforcement of contract rights.”).

raised by many license terms.<sup>55</sup> They argue courts should examine these contract terms in light of the purposes and objectives of Congress and more vigorously apply conflict preemption principles.<sup>56</sup> One argued the Copyright Act has created a “delicate balance” between competing interests and “[a]llowing private parties to avoid the effects of intellectual property law would undermine that balance.”<sup>57</sup> Furthermore, this balance of intellectual property rights arguably already skews in favor of the copyright holder, so courts should be wary of further curtailment of users’ rights through the use of license agreements.<sup>58</sup>

That said, the “delicate balance” approach, while enjoying academic support, has not gained widespread, explicit acceptance by the courts. For example, following *ProCD* the Federal Circuit ruled in *Bowers v. Baystate Technologies* that a shrinkwrap license that prohibited the reverse engineering of the drafting software in question was not preempted by the Copyright Act, even though the court had previously found reverse engineering to be a fair use.<sup>59</sup> The dissent argued for a result rooted more in conflict preemption principles, contending:

A state law that allowed a copyright holder to simply label its products so as to eliminate a fair use defense would “substantially impede” the public’s right to fair use and allow the copyright holder, through state law, to protect material that the Congress has determined must be free to all under the Copyright Act.<sup>60</sup>

---

<sup>55</sup> See 1 Nimmer & Nimmer, *supra* note 17, § 3.04[B][3][a] (“[T]he limitation of the question to application of Section 301 of the Act ignores a large part of the pre-emption inquiry.”).

<sup>56</sup> See *id.* (“Because previous cases have held contract causes of action different in kind from copyright cases, Section 301 is not necessarily the optimal vehicle to reach a pre-emption holding. Instead, the more straightforward inquiry should proceed under general principles of conflict pre-emption . . .”).

<sup>57</sup> Mark A. Lemley, *Intellectual Property and Shrinkwrap Licenses*, 68 S. Cal. L. Rev. 1239, 1278 (1995).

<sup>58</sup> *Id.* at 1282.

<sup>59</sup> *Bowers v. Baystate Techs., Inc.*, 320 F.3d 1317, 1324–26 (Fed. Cir. 2003), cert. denied, 539 U.S. 928 (2003). The *Bowers* court did not overturn its prior decision which found reverse engineering to be a fair use, it simply upheld this contractual provision denying reverse engineering rights.

<sup>60</sup> *Id.* at 1336 (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989)).

A “delicate balance” principle has been adopted by some courts in some cases, however. For example, in a subsequent Federal Circuit case involving a contract that attempted to prohibit fair uses of a copyrighted work in the absence of any feared improper uses, the court did find that such a contract term was prohibited under the copyright law.<sup>61</sup> This seeming vindication of the dissent’s argument in *Bowers* could portend a shift to greater acceptance of the “delicate balance” approach adopted by the Federal Circuit.<sup>62</sup> Likewise, as will be discussed in greater detail below,<sup>63</sup> some courts on the Ninth Circuit have found contracts that purport to license content to the end-user and restrict his ability to resell this content to be invalid. These courts did not explicitly refer to a “delicate balance” created by copyright law, but the reasoning and disposition of these cases implicitly communicate a concern for preserving the proper balance of rights between copyright holders and consumers.

#### *D. Proposed Waiver of Statutory Rights Approach*

Professor Bohannon has proposed another approach to contract preemption under the Copyright Act. She argued courts should draw on the law related to “contractual waiver of statutory rights,” which “governs the extent to which individual waivers of statutory rights are enforceable.”<sup>64</sup> Under this body of law, “[a] waiver [of a statutory right] is enforceable only if (1) it is ‘clear and unmistakable,’ and (2) it waives a statutory right designed to protect the interests of individual parties rather than the public.”<sup>65</sup> She argued this approach is superior to either of the more categorical approaches because it provides a better balance between freedom of contract interests and federal copyright policy, only preempting

---

<sup>61</sup> *Chamberlain Grp., Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1202 (Fed. Cir. 2004) (“Copyright law itself authorizes the public to make certain uses of copyrighted materials. Consumers who purchase a product containing a copy of embedded software have the inherent legal right to use that copy of the software. What the law authorizes, [the licensor] cannot revoke.”).

<sup>62</sup> On the other hand, it still appears that most courts are unlikely to find license agreements to be preempted. See 1 *Nimmer & Nimmer*, supra note 17, § 1.01[B][1][a][iii] (asserting that other courts appear to be continuing to rarely find preemption of contract terms).

<sup>63</sup> See infra Section III.B.

<sup>64</sup> Bohannon, supra note 38, at 649.

<sup>65</sup> *Id.* at 649–50.

contract terms which call for a waiver of rights granted for the benefit of the public rather than for the individual licensee.<sup>66</sup>

In short, there is no clear consensus on the proper application of the copyright preemption doctrine to private license agreements. The next Part examines a particular application of the copyright preemption doctrine. It covers how courts have evaluated the legitimacy of license agreements that restrict licensees' right of resale to illustrate the different interpretative approaches available to courts. The courts will have to apply one or more of these interpretive methodologies when they are eventually called upon to determine the enforceability of license agreements that permit remote deletion.

### III. ESSENTIALISM VERSUS FORMALISM IN INTERPRETING AND ENFORCING LICENSE AGREEMENTS

As discussed above, remote deletion is only acceptable through the use of license agreements. The distributor must retain ownership of the content and ensure title is not transferred to the end-user. Otherwise, the act of a remote deletion would be an unlawful conversion and destruction of another's property. Courts have addressed the issue of whether a license agreement is a license or is actually a transfer of ownership in numerous cases involving license agreements that restrict the right of resale by end-users. The issue in these cases is whether such restrictions conflict with copyright's first sale doctrine.

Courts have used both essentialist and formalist approaches when interpreting such license agreements. This Part presents several cases from the Ninth Circuit involving the first sale doctrine, demonstrating the differences between these two methods. Section A briefly introduces copyright's first sale doctrine. Section B then presents cases that demonstrate the essentialist approach to license agreements; Section C offers cases that illustrate the formalist approach. Finally, Section D applies the tests derived under both approaches to license agreements containing remote deletion terms.

---

<sup>66</sup> *Id.* at 650–52.



*A. First-Sale Doctrine and Transfers of Ownership Versus  
“Mere License”*

Section 106(3) of the Copyright Act gives copyright owners the exclusive right to “distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.”<sup>67</sup> This right, however, is tempered by Section 109, which states “[n]otwithstanding the provisions of [S]ection 106(3), the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.”<sup>68</sup> Thus, under the first sale doctrine, “[w]hile the proprietor’s other copyright rights (reprinting, copying, etc.) remain unimpaired, the exclusive right to vend the transferred copy rests with the vendee, who is not restricted by statute from further transfers of that copy, even though in breach of an agreement restricting its sale.”<sup>69</sup>

Note that Section 109 only expressly addresses the subsequent sale or disposal of a lawfully obtained copy of a work. It does not explicitly address any right of ownership of a copy of a copyrighted work. “Mere possession” of a copy does not necessarily grant the possessor an ownership interest and the attendant first sale rights.<sup>70</sup> The first sale doctrine applies only when there has been a transfer of title of the copy.<sup>71</sup>

Cases interpreting the first sale doctrine’s application to licensing agreements are useful for our purposes for this reason. As with terms that place limits on a user’s resale rights, terms that create remote deletion privileges are permitted only when the distributor retains title to the copy. The issue remains the same: how should a court distinguish between mere licenses and agreements where title is actually transferred? In other words, when should a court respect

---

<sup>67</sup> 17 U.S.C. § 106(3) (2006).

<sup>68</sup> 17 U.S.C. § 109(a) (2006).

<sup>69</sup> *United States v. Wise*, 550 F.2d 1180, 1187 (9th Cir. 1977).

<sup>70</sup> *In re Valley Media, Inc.*, 279 B.R. 105, 135 (Bankr. D. Del. 2002) (“[M]ere legal or authorized possession, such as in the case of a bailee or consignee, does not grant the requisite authority to make the first sale and will not protect the bailee or subsequent sellers from infringement actions.”).

<sup>71</sup> 2 Nimmer & Nimmer, *supra* note 17, §8.12[B][1][a].

the form of the agreement and when should it step in and declare it to be, in reality, something different?

*B. An Essentialist Approach—United States v. Wise and UMG Recordings*

In *United States v. Wise*,<sup>72</sup> the defendant was charged with criminal copyright infringement for allegedly selling copies of feature films he did not lawfully own. The court noted that the studios “generally do not sell films” but rather “license their use for limited purposes and for limited periods of time.”<sup>73</sup> There were six license agreements at issue. While they were not identical, all were termed “licenses,” most expressly reserved title to the film prints with the movie studio, and most required the return of the film to the movie studio after the expiration of the contract term. Many of the licenses also prohibited the licensee from copying or duplicating the film prints.<sup>74</sup> Wise argued these license agreements were, in reality, sales which had transferred ownership of the film prints and triggered the first sale doctrine.

The court analyzed each agreement separately to determine whether each should be considered a sale, considering both the form of the agreement—whether it was phrased in terms of a license—and the substantive terms of the agreement. The court affirmed that most of the agreements were not first sales, finding that “both on their face and by their terms they were restricted licenses and not sales.”<sup>75</sup> For two agreements, however, the court reached the opposite conclusion, finding that the government could not establish the absence of a first sale and transfer of ownership. In an agreement covering a copy of the film *Funny Girl*, the court placed much weight on the fact that the licensee, the American Broadcasting Company, had the option to purchase the print and retain the copy indefinitely.<sup>76</sup> In another agreement with the actress Vanessa Redgrave, the license included a provision that Ms. Redgrave pay for the cost of the print and a provision that allowed her to retain

---

<sup>72</sup> 550 F.2d 1180, 1183 (9th Cir. 1977).

<sup>73</sup> Id. at 1184.

<sup>74</sup> Id. at 1190.

<sup>75</sup> Id.

<sup>76</sup> Id. at 1191–92.

the copy indefinitely but restricted its use for personal purposes. The court found this agreement “reveals a transaction strongly resembling a sale with restrictions on the use of the print.”<sup>77</sup>

*Wise* illustrates an essentialist approach to contract interpretation and enforcement. The court looked beyond the form of the agreements. It delved into the substantive terms with an eye toward how the terms interact and the “reality” or essence of the agreement. The essentialist approach consumes more judicial resources but offers the potential advantages of greater accuracy in decisions and greater protection for the rights of consumers of copyrighted works.

A more recent district court decision interpreting a purported license agreement also employed an essentialist approach. In *UMG Recordings, Inc. v. Augusto*,<sup>78</sup> the court held that the shrinkwrap licensing terms imprinted on promotional CDs did not create a license. The subsequent resale of these distributed copies was therefore protected by the first sale doctrine. The court found that the plaintiffs transferred title to the CDs when they gave them to music industry insiders. The court stated, “[i]n determining whether a transaction is a sale or a license, courts must analyze the ‘economic realities’ of the transaction.”<sup>79</sup> Moreover, it said “the fact that the agreement labels itself a ‘license’ . . . does not control [the court’s] analysis.”<sup>80</sup> The court cited UMG’s lack of intent and inability to regain possession of the CDs and the absence of a recurring benefit to UMG as evidence of a transfer of ownership rather than a license.<sup>81</sup> Finally, the court also stated that the only obvious benefit for UMG in attempting to license this content was to restrain trade in its music, which was an unprotected purpose.<sup>82</sup>

The license agreement at issue in *Augusto* was a shrinkwrap license. Likewise, most of the license agreements that accompany

---

<sup>77</sup> Id. at 1192.

<sup>78</sup> 558 F. Supp. 2d 1055 (C.D. Cal. 2008).

<sup>79</sup> Id. at 1060.

<sup>80</sup> Id. (quoting *Microsoft Corp. v. DAK Indus.*, 66 F.3d 1091, 1095 (9th Cir. 1995)). But see *Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1114 (9th Cir. 2010) (claiming that the case the *UMG* court relied upon in formulating the “economic reality” test, *Microsoft v. DAK*, was an interpretation of the Bankruptcy Code and not the first sale doctrine and therefore was inapplicable).

<sup>81</sup> *UMG*, 558 F. Supp. 2d at 1060–61.

<sup>82</sup> Id. at 1061–62.

the purchase of digital content today are shrinkwrap or browser-wrap licenses. These types of contracts are arguably more threatening to the “delicate balance” created by copyright law because (1) “shrinkwrap licenses do not require traditional forms of assent, [and so] they are less likely to represent a true meeting of the minds between the contracting parties”; and (2) shrinkwrap “licenses are typically used on mass-marketed products, [so] they threaten to displace copyright legislation more than other types of contracts do.”<sup>83</sup> Therefore, the increased expenditure of judicial resources through the use of an essentialist approach may be particularly justified in cases involving the interpretation and enforcement of shrinkwrap and browserwrap license agreements.

*C. A Formalist Approach—The “MAI trio” and Vernor*

The “MAI trio”<sup>84</sup> of cases addressed the issue of whether a license actually transfers ownership in the context of the essential step defense, which allows the “owner of a copy of a computer program” to make a copy of that program without authorization of the copyright holder if making such a copy is essential to use the program or the copy is made for archival purposes.<sup>85</sup> The software was distributed in these cases pursuant to restrictive licensing agreements, and the courts held the defendants were licensees and not owners of the software and thus were not eligible to invoke the essential step defense.<sup>86</sup>

The MAI trio illustrated the formalist approach in interpreting license agreements. In these cases, the court was much more deferential to the terms and definitions supplied by the copyright holder—essentially concluding the software was licensed because the form of the transfer was a license. Unlike in *Wise*, there was no searching inquiry into the particular terms of the license agreement to determine the true nature of the transfers. The court in *Wall Data* said, “[g]enerally, if the copyright owner makes it clear that she or he is granting only a license to the copy of software and im-

---

<sup>83</sup> Bohannon, *supra* note 38, at 658–59.

<sup>84</sup> MAI Sys. Corp. v. Peak Computer, Inc., 991 F.2d 511 (9th Cir. 1993); Triad Sys. Corp. v. Se. Express Co., 64 F.3d 1330 (9th Cir. 1995); Wall Data, Inc. v. L.A. County Sheriff’s Dep’t, 447 F.3d 769 (9th Cir. 2006).

<sup>85</sup> 17 U.S.C. § 117(a) (2006).

<sup>86</sup> MAI, 991 F.2d at 518–19 & n.5; Triad, 64 F.3d at 1333; Wall Data, 447 F.3d at 785.

poses significant restrictions on the purchaser's ability to redistribute or transfer that copy, the purchaser is considered a licensee, not an owner, of the software."<sup>87</sup>

The Ninth Circuit also employed a formalist approach in its most recent case addressing the issue of whether to enforce a restrictive license agreement dealing with copyrighted content. In the case of *Vernor v. Autodesk, Inc.*,<sup>88</sup> the court had to determine whether Autodesk transferred ownership of packages of AutoCAD (Automated Computer Aided Drafting) software to a direct customer, who sold them to declaratory judgment plaintiff, Vernor. Vernor argued that his resale of these used copies was protected by the first sale doctrine. The court said it was reconciling the *MAI* trio and *Wise*, holding that "a software user is a licensee rather than an owner of a copy where the copyright owner (1) specifies that the user is granted a license; (2) significantly restricts the user's ability to transfer the software; and (3) imposes notable use restrictions."<sup>89</sup> The court then found that Autodesk's license agreement met these criteria, meaning the users of this software were licensees and not entitled to invoke the first sale doctrine or the essential step defense.<sup>90</sup>

In so holding, the Ninth Circuit rejected the reasoning of the district court, which had found the *MAI* trio and *Wise* irreconcilable. The district court had followed the *Wise* precedent. It interpreted *Wise* as standing for the proposition that for an agreement to be a "mere license" as opposed to a transfer of ownership, the copyright holder is required to retain some means of regaining possession of the copy and must not allow the consumer's indefinite possession.<sup>91</sup>

---

<sup>87</sup> *Wall Data*, 447 F.3d at 785.

<sup>88</sup> 621 F.3d 1102, 1106 (9th Cir. 2010).

<sup>89</sup> *Id.* at 1111.

<sup>90</sup> *Id.* Earlier in the opinion the court found that the license agreement (1) "states that the customer has a nonexclusive and nontransferable license to use Release 14," (2) "imposes transfer restrictions, prohibiting customers from renting, leasing, or transferring the software without Autodesk's prior consent," and (3) "imposes significant use restrictions" such as forbidding modification, reverse-engineering, removing proprietary marks or notices, using the software outside the Western Hemisphere, attempting to defeat copy-protection, and so forth. *Id.* at 1104.

<sup>91</sup> *Id.* at 1113; see *Vernor v. Autodesk, Inc.*, No. C07-1189RAJ, 2009 WL 3187613, at \*10 (W.D. Wash. Sept. 30, 2009) ("Merely labeling a transaction as a lease or license does not control. If a transaction involves a single payment giving the buyer an unlimited period in which it has the right to possession, the transaction is a sale.") (quoting

The Ninth Circuit also rejected the idea that the court should look to the “economic realities” of the situation—for example, whether the licensor allows its customers to possess the copy of the software indefinitely and whether the licensor requires recurring license payments—to determine when there has been a transfer of ownership.<sup>92</sup>

The *Vernor* court clarified the law in the Ninth Circuit covering when a software license agreement actually transfers ownership. The test appears to be much more accommodating of license agreements, whereas some prior decisions revealed a more skeptical, essentialist outlook, viewing many agreements as sales in disguise. In reconciling the *MAI* trio and *Wise*, the court tilted strongly toward the formalist methodology, essentially placing dispositive weight on the form of the license.

The formalist approach to license enforcement has the advantage of being much easier to administer, which conserves judicial resources. But the approach has its disadvantages as well. These drawbacks include the potential for abuse by licensors, an insufficient concern for consumers’ and public rights, and a greater incidence of overly harsh or inaccurate judicial results which ignore the realities of a transaction.<sup>93</sup>

While the *Vernor* opinion expressly recognized that both the parties and amici raised important policy considerations, it failed to incorporate these policy considerations into its formalistic test. The court stated that judicial enforcement of license agreements “allows for tiered pricing for different software markets, . . . lowers prices for all consumers by spreading costs among a large number of purchasers[,] . . . [and] reduces the incidence of piracy.”<sup>94</sup> On the other hand, the court acknowledged that the decision potentially could lead to certain harms including: not vindicating the law’s aversion to restraints on alienation of personal property, forcing buyers of copyrighted content to trace the chain of title to confirm a first sale occurred, ignoring the economic realities of the transaction, making preservation efforts more difficult, and eliminating re-

---

*SoftMan Prods. Co., LLC v. Adobe Sys., Inc.*, 171 F. Supp. 2d 1075, 1086 (C.D. Cal. 2001)).

<sup>92</sup> *Vernor*, 621 F.3d at 1114.

<sup>93</sup> But see *infra* note 129 and accompanying text.

<sup>94</sup> *Vernor*, 621 F.3d at 1114–15.

sale markets.<sup>95</sup> The court acknowledged these competing policy considerations but stated it was Congress's role to amend the Copyright Act if it felt the court had improperly balanced these policy concerns.<sup>96</sup>

*D. Applying These First Sale Doctrine Precedents to License Agreements with Remote Deletion Terms*

When one applies the tests for license agreements containing a restriction on the right of resale to license agreements containing a remote deletion term, there is an odd result—both would nearly always return a result for the licensor. Both tests would result in a finding that license agreements with remote deletion terms are mere licenses and not transfers of ownership and the license agreements should thus be enforced.

For example, when the formalist *Vernor* standard is applied to the Kindle license agreement<sup>97</sup> under which the remote deletion of 1984 occurred, the Kindle license likely achieves its aim of relegating users into the category of licensees rather than owners of the digital content. First, the agreement specifies that the user is granted a license. The document is titled “Amazon Kindle: License Agreement and Terms of Use” and states that “[d]igital [c]ontent will be deemed licensed to you by Amazon under this Agreement unless otherwise expressly provided by Amazon.”<sup>98</sup> Second, the agreement significantly restricts the user's ability to transfer the content. The agreement states “[u]nless specifically indicated otherwise, you may not sell, rent, lease, distribute, broadcast, sublicense or otherwise assign any rights to the Digital Content or any portion of it to any third party.”<sup>99</sup> Finally, the agreement imposes notable use restrictions. It states that digital content is only authorized for personal, noncommercial use; prohibits the removal of any proprietary notices or labels on the digital content; forbids attempts to bypass, modify, defeat, or circumvent the security features that protect the digital content; and terminates the license

---

<sup>95</sup> Id. at 1115.

<sup>96</sup> Id.

<sup>97</sup> Kindle License Agreement, *supra* note 9.

<sup>98</sup> Id. § 3 (Digital Content).

<sup>99</sup> Id.

upon the user's failure to comply with the terms of the agreement.<sup>100</sup> Thus, the Kindle license agreement appears to meet all three prongs of the generally formalist *Vernor* test.

Because this decision is so recent, some uncertainty remains as to how the test would apply, if at all, to the Kindle license. First, the Kindle agreement also states that "Amazon grants you the non-exclusive right to keep a permanent copy of the applicable Digital Content and to view, use, and display such Digital Content an unlimited number of times."<sup>101</sup> The agreement then places further restrictions on this right, including limiting use of the content "solely on the Device or as authorized by Amazon as part of the Service."<sup>102</sup> The language that grants the user a "permanent copy" and unlimited number of uses evokes a notion of sale rather than license. It is unclear how the *Vernor* test would apply to such an agreement with contradictory terms. A court applying a purely formalist approach would declare this contradictory language irrelevant, simply looking for the terms that suffice to meet the three prongs and not examining the "economic realities" of the transaction. On the other hand, the *Vernor* test, by its own terms, does not necessarily require a purely formalist approach. A court inclined to employ an essentialist methodology could assert that the requirement that the use restrictions be "notable" allows it to consider all the terms of the agreement and their interactions. A court could use the "notable" caveat as a backdoor means of examining the economic realities of the agreement.

Furthermore, the *Vernor* standard nominally applies only to software licenses and not licenses covering other copyrighted material.<sup>103</sup> It might not apply to cases of other digital content such as e-books. In spite of these uncertainties in the future application of *Vernor*'s particular language and holding, it is likely that if a court followed the formalist tenor of the *Vernor* court, it would result in

---

<sup>100</sup> Id. § 5 (General).

<sup>101</sup> Id. § 3 (Digital Content).

<sup>102</sup> Id.

<sup>103</sup> *Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1111 (9th Cir. 2010). Although the *Vernor* court did expressly state that it was reconciling the *MAI* trio and *Wise* precedents, as described above, the *Wise* case dealt with license agreements for copies of films, not software license agreements.



a finding that the Kindle agreement is a license and not a transfer of ownership.

Oddly, when applying an essentialist test, one still finds the license agreements with remote deletion should be respected. The essentialist tests from these cases all placed great emphasis on whether the buyer was granted an unlimited period during which he has the right of possession and whether the copyright holder has some means to regain possession of the copy.<sup>104</sup> If the distributor did not have any means to regain possession and the buyer was granted a right of indefinite possession, the court labeled the transaction a sale rather than a license. The basic purpose of remote deletion is to give the distributor the means of regaining possession over distributed copies. Thus, license agreements that create the ability for the licensor to remotely delete content—at least agreements without contradictory terms like those found in the Kindle license agreement—would not trigger these essentialist safeguards and would be considered mere licenses.

So, under either the formalist or essentialist test, a license agreement with remote deletion would not be preempted. This result is odd because remote deletion ability has much greater potential to upset the balance of rights and privileges created by copyright law than do restrictions on the right of resale. Remote deletion has the potential to damage fundamental copyright interests beyond the first sale doctrine. It has the potential to weaken the public domain and undermine the requirement that copyrights be limited in duration. The potential for significantly greater harm suggests that a different test is needed for evaluating whether a license agreement enabling remote deletion should be respected or whether it should be preempted. The next Part presents a proposed test for evaluating remote deletion agreements and explains how this new test demands at least a partially essentialist approach.

#### IV. THE SELECTIVE PREEMPTION OF LICENSE AGREEMENTS THAT ENABLE REMOTE DELETION

The ability to remotely control and delete widely distributed content is a new development that potentially threatens the fun-

---

<sup>104</sup> See, e.g., *Vernor v. Autodesk, Inc.*, No. C07-1189RAJ, 2009 WL 3187613, at \*8 (W.D. Wash. Sept. 30, 2009).

damental structure of the copyright system. The magnitude of this potential threat to the copyright system demands that courts evaluate license agreements that enable remote deletion with some skepticism and care. On the other hand, courts should also attempt to avoid inhibiting, through the creation of unwarranted legal barriers, the development of new content distribution technology and generally attempt to respect agreements between consenting parties.

This Part proposes a rule that balances these competing interests for determining when a license agreement that enables remote deletion should be preempted. Section A presents the details of this suggested rule. Section B explains why it is necessary for courts to consider what alternatives are available for securing permanent ownership of a particular work, and Section C describes how courts are safe in adopting a more formalist, license-friendly approach once they have determined that there are adequate alternatives available. Finally, Section D points out a number of strengths and weaknesses of the proposed rule.

*A. Proposed Rule for Evaluating when Remote Deletion  
Agreements Should Be Preempted*

In order to properly balance the competing interests between the protection of user and public rights created by the Copyright Act and the avoidance of placing unnecessary burdens on technological development and contract formation, courts should adopt the following approach. Courts should look beyond the terms of the contract and inquire into the alternative methods under which a particular copyrighted work is distributed. Specifically, the court should ask whether there are adequate alternative means for consumers to secure permanent ownership of copies of a particular work, which are not subject to the possibility of future remote deletion.

This inquiry should lead to one of two outcomes. First, if a work is distributed exclusively under license agreements that enable remote deletion and there are no adequate alternatives to secure permanent ownership of a copy of this work, such license agreements would be preempted. Absent alternatives for securing permanent ownership, remote deletion poses too great a threat to fundamental public rights granted under the Copyright Act. On the

other hand, if there are sufficient alternatives that allow consumers to secure permanent ownership of a copy of a copyrighted work, remote deletion no longer poses this grave threat to the public interest. The mere fact that a subset of distributed copies are subject to possible remote deletion is now of little consequence. Under these circumstances, the license agreement terms that allow remote deletion should be respected.

For example, when this rule is applied to the *1984* remote deletion incident, a court would find that the Kindle license should be respected. Alternatives for securing permanent ownership of distributed copies include physical media such as printed books or CDs as well as digital copies of works that are not subject to remote deletion agreements, such as e-books distributed by Project Gutenberg.<sup>105</sup> Because there are numerous copies of the print version of *1984* available for purchase and many such permanent copies are already in circulation, the proposed test is easily met. Contrast this result with a hypothetical, newly-written novel that is distributed exclusively as a Kindle e-book. This distribution would fail the test for adequate permanent alternatives, and the rule would call for preemption of the license agreement for this particular work.

In the case where there is no printed version of the book available but multiple distributors offer electronic versions of the work, the proposed rule would have courts look at the license terms of all the distributors. For example, if a work was distributed as an e-book on both the Amazon Kindle and the Barnes & Noble Nook, courts should look at both devices' content license agreements to determine whether or not they permit remote deletion. If they both do, then both agreements would be preempted for this particular work. If just one does not permit remote deletion—imagine that the Nook agreement does not—then Amazon could point to this fact as a reason why the Kindle agreement, which permits remote deletion, should be respected for this particular work. Under this hypothetical, the Nook version of the e-book would be considered a “permanent” copy of the work.

---

<sup>105</sup> Project Gutenberg, [http://www.gutenberg.org/wiki/Main\\_Page](http://www.gutenberg.org/wiki/Main_Page) (last visited Jan. 6, 2011).

The proposed rule takes an essentialist approach, but the 1984 hypothetical above demonstrates a difference between this rule and the essentialist tests articulated in *Wise* and *UMG Recordings* for the agreements that restrict the right of resale. In the first sale essentialist tests, the court attempted to divine the true nature of the agreement by examining the economic reality created by the license terms themselves. Thus, a particular license agreement would either be preempted or respected in all of its applications. On the other hand, the proposed rule is based on factors that exist outside of the license agreement—that is, the nature of competition between distribution methods for a particular work. Under this rule, a remote deletion license agreement, such as the Kindle agreement, may be acceptable for one work but preempted for another work. In this manner, the proposed rule creates a way to challenge a license agreement as applied, whereas the essentialist first sale doctrine tests were more akin to facial challenges to agreements.

An essentialist approach is effectively mandated by the fundamental threat unfettered licensing and remote deletion pose to the copyright system. A purely formalist test could allow licensors to undermine the Copyright Act to such a degree it would be absurd to think that Congress would permit the courts to adopt such an approach. The next section describes how remote deletion in the absence of adequate alternatives for permanent copy ownership threatens the copyright system.

*B. Why Adequate Alternatives for Securing Permanent Ownership of Copies Are Necessary*

The Supreme Court stated in *Sony v. Universal* that “[copyright] protection has never accorded the copyright owner complete control over all possible uses of his work.”<sup>106</sup> Sound policy demands that copyright holders be prevented “from using contract to extend their control over the use of their works in a way that was arbitrary or went well beyond the scope of their copyright protections.”<sup>107</sup> The exclusive use of license agreements to give copyright owners

---

<sup>106</sup> *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 432 (1984).

<sup>107</sup> Kathleen K. Olson, *Preserving the Copyright Balance: Statutory and Constitutional Preemption of Contract-Based Claims*, 11 *Comm. L. & Pol’y* 83, 125–26 (2006).

and content distributors a complete and perpetual control over disseminated works through remote deletion is well beyond the scope of the distribution right granted under Section 106(3). Remote deletion combined with unchecked licensing has the potential to damage fundamental components of the copyright system including the first sale doctrine and the public domain. This threat is present when there are no alternatives available for consumers to secure permanent ownership of copies of copyrighted works. Under these conditions, such license agreements should be preempted under ordinary conflict preemption principles.

First, remote deletion in the absence of permanent ownership alternatives undermines the balance of rights created by the first sale doctrine. The right and ability to achieve an instantaneous, retroactive, and absolute recall of previously disseminated copies of works is unprecedented. Before the advent of remote deletion technology, a clear division existed between the time before distribution and the time after.<sup>108</sup> As Victor Hugo put it:

Before the publication, the author has an undeniable and unlimited right. Think of a man like Dante, Molière, Shakespeare. Imagine him at the time when he has just finished a great work. His manuscript is there, in front of him; suppose that he gets the idea to throw it into the fire; nobody can stop him. Shakespeare can destroy Hamlet, Molière Tartufe, Dante the Hell. But as soon as the work is published, the author is not any more the master. It is then that other persons seize it; call them what you will: human spirit, public domain, society.<sup>109</sup>

This idea is reflected in the first sale doctrine, in which the distribution right of the copyright holder is exhausted,<sup>110</sup> and a kind of public domain is created in the distributed work. Before remote deletion, the copyright owner had control over all copies of the work only prior to distribution. After distribution, the copyright owner

---

<sup>108</sup> Jonathan L. Zittrain, *The Future of Internet and How to Stop It* 107 (2008) (“Under the old regime, . . . the older work has been released to the four winds and cannot be recalled.”).

<sup>109</sup> Victor Hugo, as chair of *l'Association Littéraire Internationale* during the 1870s, available at [http://www.cpaglobal.com/newlegalreview/widgets/notes\\_quotes/more/1301/thoughts\\_from\\_the\\_author\\_of\\_les\\_miserables](http://www.cpaglobal.com/newlegalreview/widgets/notes_quotes/more/1301/thoughts_from_the_author_of_les_miserables). (last visited Nov. 10, 2010).

<sup>110</sup> Michael Seringhaus, *E-Book Transactions: Amazon “Kindles” the Copy Ownership Debate*, 12 *Yale J.L. & Tech.* 147, 160–61 (2009).

had control over only future copies of the work. The copies that were distributed had passed beyond the control of the copyright owner, if not expressly under the text of Section 109, then at least functionally due to the practical impossibility of gathering and maintaining knowledge about all the nonpublic uses of a widely distributed work.<sup>111</sup> Plus, “[h]istorically, . . . Congress and the courts have hesitated to extend copyright into the privacy of the home.”<sup>112</sup> Remote deletion, in the absence of permanent alternatives, functionally expands the reach of copyright beyond those rights granted under Section 106 to a right to control the use and possession of all distributed copies. This would constitute a significant disruption of the balance of rights established by the first sale doctrine.<sup>113</sup>

In fact, it appears the closest any nation comes to providing such a right is France’s *droit de retrait* or right of recall, which grants an author the right to retract a work from publication.<sup>114</sup> Even this right does not grant any control over distributed copies, however. Instead, it applies to an author who has assigned his copyright to another, reconsiders the transfer, and then wishes to regain ownership of the copyright.<sup>115</sup> In France this right is subject to broad limitations, such as unavailability for software copyrights, and it is rarely exercised.<sup>116</sup> It appears the furthest any nation has come to

---

<sup>111</sup> For example, in *Vernor*, where the AutoCAD software was distributed under a restrictive license, the software manufacturer had little effective control over the non-public use of the copy. Had Vernor sold his copy of AutoCAD to his neighbor instead of posting it on eBay, Autodesk almost certainly would have had no knowledge of the violation of the license agreement and the litigation likely never would have happened. See *Vernor v. Autodesk, Inc.*, 621 F.3d at 1103–04 (9th Cir. 2010). Note that this reasoning may not hold for single issue distributed copyrighted works such as original paintings or sculptures.

<sup>112</sup> Paul Goldstein, *Copyright’s Highway: From Gutenberg to the Celestial Jukebox* 23 (Stanford Univ. Press 2003) (1994).

<sup>113</sup> This is especially true given the fact that licenses containing remote deletion terms are most often browserwrap agreements, as opposed to more traditional bargained-for contracts. See Bohannon, *supra* note 38, at 658–59; Lemley, *supra* note 57, at 1264; David Nimmer et al., *The Metamorphosis of Contract into Expand*, 87 Cal. L. Rev. 17, 19 (1999).

<sup>114</sup> Jean-Luc Piotraut, *An Authors’ Rights-Based Copyright Law: The Fairness and Morality of French and American Law Compared*, 24 *Cardozo Arts & Ent. L.J.* 549, 608 (2006).

<sup>115</sup> *Id.*

<sup>116</sup> See *id.* Some commentators argue that U.S. copyright law does provide a method for the termination of licenses, which is similar to the right of recall under certain circumstances. Like the French right, this provision appears to be rarely, if ever, used for

accommodating an author's change of heart after publication is a right to regain ownership of an assigned copyright and thus regain control over future distributions. There is still no right to a "do-over" of past distributions. Again, the grant of such a right by recognizing a remote deletion power when works are exclusively distributed under such licenses would disrupt the balance of rights created under the copyright law.

Remote deletion in the absence of permanent alternatives threatens a fundamental element of the copyright law, namely, the constitutional requirement that grants of copyrights be temporary.<sup>117</sup> It also endangers the viability of an important part of the public domain. To see how this is the case, imagine the following scenario: when a work distributed exclusively subject to a license agreement that enables remote deletion nears the end of its copyright term, the copyright holder seeks to extend his exclusive rights. The copyright holder could reach out and remotely delete all old versions of this work, while at the same time issuing an "updated" version of the work that is sufficiently changed to secure a new copyright, restarting the clock on his exclusive rights. With remote deletion, the copyright holder now has the ability to prevent the old version from entering the public domain and competing with the updated version of the work.

There is a need for permanent ownership of copyrighted works, which prevents such abuses and protects the proper functioning of the public domain. The public domain serves public interests in the access, preservation, and archiving of copyrighted works.<sup>118</sup> One can view "creation [as] a system in which inputs feed a creator, who in turn generates outputs that become inputs for another's creation. So if one could not gain access to and use inputs, one's ability to engage in a process of creation . . . would be limited."<sup>119</sup> Preser-

---

such a purpose. See *id.*; Michael B. Gunlicks, A Balance of Interests: The Concordance of Copyright Law and Moral Rights in the Worldwide Economy, 11 *Fordham Intell. Prop. Media & Ent. L.J.* 601, 648 (2001).

<sup>117</sup> U.S. Const. art. I, § 8, cl. 8 (giving Congress the power to promote authorship by granting exclusive rights for "limited [t]imes").

<sup>118</sup> American Library Association, Digital Rights Management (DRM) & Libraries, <http://www.ala.org/ala/issuesadvocacy/copyright/digitalrights/index.cfm> (last visited Nov. 20, 2010).

<sup>119</sup> Deven R. Desai, Property, Persona, and Preservation, 81 *Temp. L. Rev.* 67, 107 (2008).

vation is necessary to assure long-term access.<sup>120</sup> Remote deletion threatens these interests by eliminating the permanence required for preservation. The modern counterparts of Shakespeare, Molière, or Dante, to borrow from Victor Hugo, could now have the ability to eliminate any trace of their previously released works, thus depriving future authors of these raw materials for their own creations.

Furthermore, there is also public interest in less-than-perfect enforcement of the copyright law. Perfect enforcement can result in an amplification and lock-in of mistakes in interpreting the law.<sup>121</sup> Perfectly enforced legal judgments can have too powerful and too permanent an effect. By way of example, Professor Zittrain wrote: “Imagine a world in which all copies of once-censored books like *Candide*, *The Call of the Wild*, and *Ulysses* had been permanently destroyed at the time of the censoring and could not be studied or enjoyed after subsequent decision-makers lifted the ban.”<sup>122</sup> “Analog safety valves,” where content is also distributed and stored on physical, analog formats, cannot be relied upon moving into the future to protect against these mistakes as society continues to migrate to purely digital formats.<sup>123</sup> Professor Zittrain’s analysis of the danger of mistaken judgments is correct, but the key distinction for guarding against this harm is not between analog and digital distribution but rather between impermanent distribution where copies are subject to possible remote deletion and distribution where permanent copies are available.

*C. Courts Should Generally Respect License Agreements When Alternatives for Securing Permanent Copies of Works Are Available*

When there are adequate alternatives available for consumers to obtain permanent ownership of copies of a copyrighted work, however, the danger posed to the first sale doctrine and the public

---

<sup>120</sup> *Id.*

<sup>121</sup> Zittrain, *supra* note 108, at 114–16.

<sup>122</sup> *Id.* at 116; see also Farhad Manjoo, *Why 2024 Will Be Like Nineteen Eighty-Four: How Amazon’s Remote Deletion of E-Books from the Kindle Paves the Way for Book-Banning’s Digital Future*, *Slate* (July 20, 2009), <http://www.slate.com/id/2223214/> (quoting Professor Zittrain and expressing worry about the effects of this technology in an all-digital future).

<sup>123</sup> Zittrain, *supra* note 108, at 115.



domain is relieved. The existence of widely distributed, permanent copies would make the hypothetical strategy described above for perpetuating one's exclusive rights in a work much more difficult, if not impossible. Such a strategy hinges on control over and destruction of all copies of the work. When permanent copies are present, the situation becomes more like the familiar, traditional, and difficult "deletion" methods described in Part I.

Because the potential harm to the copyright system is removed in circumstances where there are adequate permanent alternatives available, courts should generally respect terms that allow for remote deletion. Freedom of contract supporters argue that property rights, whether they be in intellectual or tangible property, "set the stage for contracts; they do not prevent contracts."<sup>124</sup> From this standpoint, copyright does not create a delicate balance of rights but instead sets the ground rules from which private contracts can deviate. A remote deletion term is just one such deviation, to which both parties have assented. From this perspective, one would consider "[t]he domain of copyright [as] vast. The most anyone can hope for in a law is to create a framework—that is, to endow authors with a set of property rights—and let people work out the details for themselves."<sup>125</sup>

Remote deletion is not categorically harmful to consumers or damaging to the copyright system. In many instances, it can be thought of in a more innocuous manner. For example, a remote deletion term that allows a distributor to remove content without providing a refund could be viewed simply as an agreement to rent the content to the user for an indefinite time frame. The distribution right of Section 106(3) grants the copyright holder the right to distribute copies of the work via rental,<sup>126</sup> and it is difficult to see how the purpose of the Copyright Act is offended by the fact that the rental term is indefinite, especially considering that indefinite rental terms are allowed in other property contexts.<sup>127</sup> So long as

---

<sup>124</sup> Frank H. Easterbrook, *Contract and Copyright*, 42 *Hous. L. Rev.* 953, 964 (2005).

<sup>125</sup> *Id.* at 961.

<sup>126</sup> 17 U.S.C. § 106(3) (2006).

<sup>127</sup> See 2 *Powell on Real Property* §16.03[1] (Michael Allan Wolf ed., LexisNexis Matthew Bender 2008) (1949) (stating that periodic tenancies, tenancies at will, and tenancies at sufferance all have indefinite durations); Lawrence R. McDonough, *Wait A Minute! Residential Eviction Defense in 2009 Still Is Much More Than "Did You Pay the Rent?"*, 35 *Wm. Mitchell L. Rev.* 762, 773 (2009) ("A tenancy at will has an

the duration is not unreasonable—such as having a user pay for and download content followed by nearly instantaneous deletion—this characterization of the license appears much more palatable.

Similarly, a remote deletion term that provides for a refund of the purchase price could be characterized as merely a right of return reserved by the seller. While this is unusual—since return rights, when granted at all, are typically held by the buyer<sup>128</sup>—it is not manifestly unreasonable. This is especially true if the presence of a remote deletion term allows a distributor to lower prices for content.

This same point is made more broadly by Judge Easterbrook regarding all contract terms:

If [sellers] continue to use “inferior” terms, they lose out. Self-interest aligns their behavior with consumers’ interests. . . . So when a court comes along and “fixes” what it deems to be an inappropriately pro-seller term, what it is usually doing is compelling the seller to supply something that is worth less to the consumer than the marginal cost of its provision. . . . The price must rise, and by more than the consumers’ benefit. The consumers have been made worse off.<sup>129</sup>

Thus, despite the seemingly pro-distributor character of remote deletion terms, proponents can argue that consumers are actually made better off,<sup>130</sup> and such terms should not be preempted.

Amazon’s actions following the remote deletion of 1984 demonstrate this principle. There was an uproar among consumers and

---

uncertain term and is created where the parties agree to a tenancy without a fixed term . . .”).

<sup>128</sup> See Jason Scott Johnston, *The Return of Bargain: An Economic Theory of How Standard-Form Contracts Enable Cooperative Negotiation Between Businesses and Consumers*, 104 *Mich. L. Rev.* 857, 873–76 (2006).

<sup>129</sup> Easterbrook, *supra* note 124, at 969; see also Randal C. Picker, *From Edison to the Broadcast Flag: Mechanisms of Consent and Refusal and the Propertization of Copyright*, 70 *U. Chi. L. Rev.* 281, 295 (2003) (discussing how lowered transaction costs allow small charges for small uses, allowing greater exploitation of the value of a work).

<sup>130</sup> See Goldstein, *supra* note 112, at 23 (describing the virtues of the “celestial juke-box” or pay-per-use model, including reduced infringement, lower transaction costs, lower prices, and greater accessibility). In order for the pay-per-use model to function, there must be some means of controlling the content accessed by users. Remote deletion is one such form of control.

commentators following the deletion, and two individuals, as representative plaintiffs, filed a class action suit against Amazon.<sup>131</sup> Amazon issued an apology for the incident, in which CEO Jeff Bezos called the deletion “stupid, thoughtless, and painfully out of line with our principles.”<sup>132</sup> Amazon later emailed all affected Kindle users, giving them the option of re-delivery of the deleted e-book or a check or gift card in the amount of thirty dollars.<sup>133</sup> Finally, Amazon reached a settlement agreement in the class action, in which the company agreed not to remotely delete or modify content purchased and used in the United States unless:

(a) the user consents to such deletion or modification; (b) the user requests a refund for the Work or otherwise fails to pay for the Work (e.g., if a credit or debit card issuer declines to remit payment); (c) a judicial or regulatory order requires such deletion or modification; or (d) deletion or modification is reasonably necessary to protect the consumer or the operation of a Device or network through which the Device communicates (e.g., to remove harmful code embedded within a copy of a Work downloaded to a Device).<sup>134</sup>

This change to the Kindle remote deletion policy likely reflects Amazon’s sense of a market determination that the old policy was “inferior” to this new policy. When there are adequate alternatives for permanent ownership available, the courts should generally respect these market determinations, because that approach arguably leads to more accurate results and certainly conserves judicial resources. This market check on license terms, however, occurs only

---

<sup>131</sup> See supra notes 3–6 and accompanying text; see also Geoffrey A. Fowler, *Lawsuit: Amazon Ate My Homework*, Wall St. J. Blog (July 30, 2009, 6:26 PM) <http://blogs.wsj.com/digits/2009/07/30/lawsuit-amazon-ate-my-homework/> (recounting how high school student Justin Gawronski’s notes on the *1984* novel were rendered useless when the file with which they were associated was deleted).

<sup>132</sup> Jeffrey P. Bezos, *An Apology from Amazon* (July 23, 2009), <http://www.amazon.com/forum/kindle/Tx1FXQPSF67X1IU>.

<sup>133</sup> Geoffrey A. Fowler, *Amazon Offers Redelivery or \$30 to People Who Lost ‘1984’*, Wall St. J. Blog (Sept. 4, 2009, 6:55 AM), <http://blogs.wsj.com/digits/2009/09/04/amazon-offers-redelivery-or-30-to-people-who-lost-1984/>.

<sup>134</sup> Stipulation of Settlement and [Proposed] Order of Dismissal at 4, *Gawronski v. Amazon.com, Inc.*, No. 09-cv-01084-JCC (W.D. Wash. Sept. 25, 2009); see also Order of Dismissal, *Gawronski v. Amazon.com, Inc.*, No. 09-cv-01084-JCC (W.D. Wash. Oct. 7, 2009).

when there is effective competition. If a particular work is distributed exclusively under licenses that allow for remote deletion, the copyright owner has the potential ability to extend the duration of the copyright, preventing it from entering the public domain and eliminating this source of competition. So, when adequate alternatives for permanent ownership do not exist, the competitive pressure that aligns a licensor's self-interest with the consumers' interest is diminished. Under these circumstances, the courts must take a more active role in protecting the public interest.

This distinction matches the reasoning behind the proposed statutory waiver approach to copyright preemption.<sup>135</sup> When there are adequate permanent alternatives to obtain copies of a work, a license agreement that enables remote deletion is only a waiver of individual rights and should be respected. When there are not adequate alternatives available, then the license agreement is a waiver of rights meant to protect public interests as well—the public interest in having copyrights expire and enter the public domain—and should be preempted.

#### *D. Strengths and Weaknesses of the Proposed Rule*

The primary strength of the proposed rule is that its focus on the availability of adequate alternatives for securing permanent ownership of copies is well-tailored to the harm it is meant to prevent. A formalistic, categorical rule allowing remote deletion in all cases would present too great a danger of undermining significant components of the copyright system. On the other hand, a rule categorically preempting all license agreements that enable remote deletion would be overly burdensome.

The essentialist approach of the rule does mean that courts must devote more attention and resources to its application. In many, if not most, cases the burden of establishing that there are adequate permanent ownership alternatives available should be minimal. It would not be difficult to establish that there are many printed versions of *1984* available, for example. As digital distribution and the licensing of content become more prevalent, however, establishing the availability of permanent copies may become more challenging, especially for smaller, less well-known works. On the other hand,

---

<sup>135</sup> See *supra* Section II.D.

there might not be a large divergence between a distributor's current and future ability to establish that permanent copies are available since the present adoption of the proposed rule would affect the trajectory of future content distribution.

The proposed rule also uses the caveat that there must be "adequate" alternatives for permanent ownership. This qualifier is used in order to prevent licensors from eluding the rule by making a token offering of permanent ownership of a copy of a work, either by offering just a tiny number of copies for permanent ownership or by charging an exorbitantly greater amount for permanent copies than for copies subject to remote deletion licenses. This caveat, though, will force courts to confront line-drawing issues regarding the price and scope of distribution.

Focusing on the availability of permanent copies also reduces the impact of courts on the development of new distribution methods. For example, the 1984 e-book version that was deleted was distributed through Amazon's digital self-publishing feature.<sup>136</sup> Absent the potential protections from liability offered by remote deletion, Amazon might not have chosen to offer this service at all. This possible outcome would have hurt Amazon in the form of lost royalties, authors through a lost forum for their works, and the public through the absence of this new distribution channel.

Also, instant digital distribution of copyrighted content can amplify the effect of small mistakes. One can easily imagine a situation in which the wrong file is selected or the wrong button is pressed, accidentally releasing an improper version to the public. When content is distributed on physical media, the distribution to the public is not instantaneous, creating more time for such mistakes to be discovered. When the potential harm to copyright is small because of the presence of adequate permanent alternatives, remote deletion could be justified on the theory that distributors should have the ability to correct these ordinary, understandable mistakes, and grants of this power should not be preempted.<sup>137</sup>

---

<sup>136</sup> See Stone, *supra* note 1; Amazon Kindle Direct Publishing Support: Support Home, <http://forums.kindledirectpublishing.com/kdpforums/index.jspsa> (last visited Nov. 22, 2010).

<sup>137</sup> This rationale does not necessarily justify an unlimited right of remote deletion, however. Instead, it seems better suited for excusing a restricted right to find and correct errors over a limited period of time, for instance, thirty days.

Although the proposed rule does impose a lighter burden on the development of new technology than would a categorical rule denying remote deletion, it should be noted the rule still impedes some progress in this area. For example, under this rule, a distributor like Amazon might want to keep its e-book distribution structure simple and not create a tiered system where it offers both permanent digital copies and copies subject to remote deletion. Amazon might choose not to offer its self-publishing feature and instead only license versions of e-books for the Kindle that have printed counterparts. Thus, the rule again potentially places more burdens on new, less well-known authors, whose options for publication may be limited exclusively to forums that require distribution under license agreements with remote deletion. Despite its weaknesses, the proposed rule effectively addresses the potentially grave threat remote deletion poses to the copyright system, while minimizing its unintended consequences.

#### CONCLUSION

Remote deletion is a powerful new technology that has the potential to disrupt well-established norms regarding ownership of copies of copyrighted works. These norms are especially deep-seated in the context of books, which makes the remote deletion of George Orwell's *1984* such an intriguing case study. Remote deletion technology gives the copyright holder or the content distributor the ability to achieve instantaneous, inexpensive, retroactive, and perfect recall of widely disseminated works. This power is unprecedented. Before the introduction of this technology, traditional recalls were subject to legal and functional limitations, making them expensive, imperfect, and often practically impossible.

When license agreements that enable remote deletion are the exclusive means of distributing a work, remote deletion has the potential to undermine fundamental elements of the copyright system, including the first sale doctrine, the public domain, and the requirement that copyrights be temporary. In response to this potential harm, when evaluating such license agreements, courts should adopt a rule that looks at whether there are adequate alternatives for consumers to secure permanent ownership in copies of a work. When there are adequate alternatives, courts should respect such license agreements. When there are not adequate alter-

2011]                      *Remote Deletion and Copyright*                      1261

natives available, courts should find that such license agreements are preempted by the Copyright Act.

\*\*\*