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Easterbrook on Copyright

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INTRODUCTION

Naming conventions for law books have always had a certain chunky reductionism to them. Wigmore on Evidence. Corbin on Contracts. Prosser on Torts. You undoubtedly see the pattern. That brings us to Easterbrook on Copyright. Go to any reputable law library and scan the shelves for the great copyright treatises. You will find Nimmer on Copyright (and not just one generation but two, as son David has stepped into father Melville's shoes). If you like your treatises a little smaller, you will undoubtedly turn to Goldstein on Copyright. And if you are a digital sort, you will head to Westlaw and search Patry on Copyright. But look as you will, you will not find Easterbrook on Copyright.

Of course, Easterbrook is not a copyright scholar so it hardly seems fair to point out that he did not write a treatise on the subject. The heart of his academic work was antitrust, securities, and corporate law, not intellectual property. Generations of students, law professors, and practicing lawyers have read those works with care, and they remain influential today. But students are not reading Easterbrook on Copyright. It just does not exist.

But you have to dig deeper. Once you turn to the copyright casebooks, you see how widely you have missed the mark. You can read his dozen or so copyright opinions in one afternoon and still have time to spare. Put that way, Easterbrook on Copyright might seem like a smallish body of work and might be taken to suggest that he has left no noticeable wake in the law of copyright. The casebooks tell a very different story, as Frank's batting average in copyright is staggeringly high. He has three opinions that turn up repeatedly in copyright casebooks: *Nash v CBS, Inc,* 1 *Lee v A.R.T. Co,* 2 and *ProCD, Inc v Zeidenberg.* 3

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1 899 F2d 1537 (7th Cir 1990).
2 125 F3d 580 (7th Cir 1997).
3 86 F3d 1447 (7th Cir 1996).
It seems remarkable that a typical copyright student will read 25 percent of Judge Easterbrook’s copyright opinions. Like most casebooks on a federal law, copyright casebooks are dominated by Supreme Court opinions, though copyright is not antitrust or the First Amendment, where you can teach the entire course and read nothing but Supreme Court opinions. But once we step beyond the Supreme Court, Easterbrook faces a substantial disadvantage: copyright opinions arise where copyrights do, meaning the Second and Ninth Circuits. The publishing industry is based in New York, the movie industry in Los Angeles.6

A single judge on the Seventh Circuit should not stand a chance. We know why Frank has won: Easterbrook opinions are naturals for casebooks. He has an eye for fundamental questions, writes opinions that are brief while treating issues fully, and has a distinctively lively Easterbrookian style, one that he preserves by refusing to outsource his opinions to his clerks. As a casebook author, those are the opinions that you want in your casebook.

Judges decide cases, and that matters to the parties. Judges also influence the law directly through their opinions, as lower court judges are bound by them and other appellate judges adopt them. But as opinions are the day-to-day working objects of law school, opinions also matter for how they shape students, and getting opinions into the casebooks is the key way to do that. What are students learning from reading Easterbrook on Copyright?

I. NASH: IDIOSYNCRATIC FACTS

Copyright law draws some basic lines of demarcation. One of those is between expression and facts.5 Authors create expressions and enjoy extensive protection for them. Authors do not create facts: facts simply arise in the world, and writing down those facts is still not an act of creation. It may take real effort and substantial resources to pin down facts, as investigative reporting is not cheap, but that does not make it an act of creation. In *Feist Publications, Inc v Rural Telephone Service Co*,4 the leading Supreme Court case on facts in copyright, the

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4 For an extended look at the prevalence of opinions from different courts in copyright casebooks, see generally William K. Ford, *Judging Expertise in Copyright Law*, 14 J Intel Prop L 1 (2006) (arguing that “experience” and “influence” in copyright law “are not evenly distributed across the courts”).

5 See 17 USC § 102(b) (“In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.”).

Court killed off the "sweat of the brow" doctrine. Hard work alone is not enough to give rise to copyright, but instead an act of creation is required. *Feist* situated this in § 102(b) of the copyright statute, even though that particular section never uses the word "facts," and *Feist* went beyond the statute to conclude that originality was required under the Constitution.

The expression–facts line is largely self-executing, but with time passing, we have found some boundary cases. They raise the core, almost epistemological question of what counts as a fact and whether the legal conception of fact tracks our ordinary sensibilities. One situation involves the SAT. Not that SAT—the Scholastic Aptitude Test that you took in high school—but rather the *Seinfeld Aptitude Test.* The new, improved SAT was a series of trivia questions about *Seinfeld.* For most of us, these are questions that have "right" and "wrong" answers—that is, answers that we can agree on and that are more firmly grounded in our day-to-day experience than many of the things that we regard as fact. George Costanza prefers to pretend to be an architect, not a marine biologist—a profession foisted upon him in one episode by Jerry much to George's dismay—or something else. I know that through my own experience in a way that I cannot begin to know that Columbus came to America in 1492. Yet the Second Circuit concluded that these cultural facts were not copyright facts in the *Feist* sense of facts and instead remained in the control of the creators of *Seinfeld* itself. The new SAT then becomes an impermissible copy rather than a clever statement of particular culturally salient facts of the day.

The *Seinfeld* case is a leading example of the universally agreed-upon nonfact, or at least noncopyright fact. Judge Easterbrook’s opinion in *Nash* heads to the other boundary of the expression–fact distinction and poses a key conceptual question: if only one person believes something to be a fact, is it a copyright fact? In *Nash,* we confront the idiosyncratic fact, that is, a claim of fact that may be believed by only one person and by no one else. Is this "fact" believed, perhaps, by only one person in the history of humanity, a copyright fact? Would the notion of fact not lose all meaning if we were to conclude that idiosyncratic facts were, for copyright at least, facts?

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7 Id at 353–55. See also id at 364 ("[C]opyright rewards originality, not effort.").
8 17 USC § 102(b).
9 499 US at 346.
10 *Castle Rock Entertainment, Inc v Carol Publishing Group, Inc,* 150 F3d 132, 135 (2d Cir 1998) (determining whether a trivia quiz book about *Seinfeld* infringed the television show's copyright).
11 Id at 138–39 (finding that "each SAT trivia question is based upon original, protectable expression," and that "each 'fact' tested by The SAT is in reality fictitious expression created by *Seinfeld*’s authors").
The opinion’s opening paragraph is classic Easterbrook. We are taken back to July 22, 1934, the day John Dillinger was shot outside the Biograph Theatre in Chicago. The lady in red appears, the FBI fires, and Dillinger is dead. Easterbrook concludes: “Now a national historic site, the Biograph bears a plaque commemorating the event. It still shows movies, and the air conditioning is no better now than in 1934.”

At least that is the conventional history of Dillinger. Jay Robert Nash believes otherwise, as Easterbrook tells us. Nash has examined a variety of forensic evidence and subsequent developments and concluded that the body outside the Biograph was not Dillinger. Dillinger got wind of the lady in red’s planned treachery and arranged for a doppelganger. That was the person killed by the FBI, and rather than admit that Public Enemy No 1 eluded them once again, the FBI buried the actual facts of what happened that day. Nash has two books backing his views, plus other works on worldwide disasters and celebrity slayings. Easterbrook concludes that description by noting that “the record does not reveal whether he is the life of the party wherever he goes.”

Had Nash written his books as part of the genre of counterfactual history, he would have enjoyed full copyright protection for his books. As works of fiction—things that did not actually happen—he would be participating in the heart of the creative endeavor that animates copyright protection. Novels, even terrible novels, are fully protected by copyright, because they are original works. Works made up by—created by—their authors. A counterfactual history—a work that the author identifies as something that she has created and that is not an account of an actual occurrence—is similarly created and expressive and therefore original for copyright purposes.

Easterbrook notes that Nash’s version of Dillinger’s history has not found many takers; indeed, it is not clear that anyone else agrees with him. Nash has not rewritten history in the way that occurs when a conventional understanding of the facts of the past is overturned.

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12 Nash, 899 F2d at 1538.
13 See id.
15 Nash, 899 F2d at 1538 n **.
16 See id at 1538 (“Nash’s reconstruction of the Dillinger story has not won adherents among historians—or the FBI.”).
and a new account becomes accepted as history. Instead, Nash stands alone believing something as fact that no one else seems to treat as fact. A fact to Nash but to no one else. The idiosyncratic fact.

We do not have a lawsuit yet, but you can guess what happens next. *Simon & Simon* focused on a pair of brothers running their own private investigation service, a premise good for an eight-season run on CBS in the 1980s. Late in the third season, CBS broadcast an episode entitled “The Dillinger Print.” The episode opens with what appear to be old black-and-white images—we cannot tell whether they are real or fake—of the Dillinger era, the Biograph Theatre, and posters offering a reward for the capture of Public Enemy No 1. The scene shifts to a grandfather telling a late-night story to his grandkids. He was part of the group chasing Dillinger that evening, and while someone died that night, it was not Dillinger.

As you might imagine, Nash recognized that story and sued for copyright infringement. Easterbrook’s opinion quickly takes us down two paths. The first is to conceive of Nash’s works as fiction and to ask whether “The Dillinger Print” borrowed enough of that work to infringe it. As the opinion notes, this is a question of the level of abstraction at which the works are situated, though Easterbrook quickly notes the fruitlessness of this line of attack. Fortunately, he sidesteps the abstraction question by focusing on Nash’s characterization of his books as fact: “The inventor of Sherlock Holmes controls that character’s fate while the copyright lasts; the first person to conclude that Dillinger survived does not get dibs on history.”

Easterbrook is addressing Nash’s situation in 1990, one year before the Supreme Court’s decision in *Feist*. That means that sweat of the brow is still alive and well, so the *Nash* opinion turns to the question of incentives to dig up new facts. Easterbrook notes with concern that the broad, subsequent use of newly discovered facts would squelch the incentives to discover those facts in the first place. Good copyright policy would seem to require an intermediate position between allowing all uses of investigative facts and barring subsequent uses. But, as the opinion notes, this is not a question of first principles or good policy, but instead one of law. It is nice if those coincide, but

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18 See *Nash v CBS, Inc*, 704 F Supp 823, 828 (ND Ill 1989) (summarizing the episode).
19 *Nash*, 899 F2d at 1540.
20 Id at 1541.
21 Id.
22 Id.
there are no guarantees, and here, § 102(b), as was widely understood even before Feist, protected CBS's broadcast.²³

Nash is casebook-worthy alone because of the factual situation it encompasses, as it is the law school hypothetical come alive. The opinion nails down a key conceptual boundary question for copyright: copyright facts and actual facts may have little to do with each other. We may reject as copyright fact something everyone knows—the created "facts" of Seinfeld—while counting as a copyright fact something that everyone else thinks is wrong and that only one person "knows." Copyright, as always, is about the use of a particular source. Simon & Simon could not borrow wholesale from a fictionalized, alternative life history for Dillinger, but if the show just reproduced facts as known to Nash, it faced no liability. Nash offers a model of the constrained role of the judge. Easterbrook does not let his independent assessment of creation–use tradeoffs guide his analysis, but instead sees himself as a faithful agent to Congress's copyright statute.

II. Lee: What Does Glue Do?

The second case in our tour of Easterbrook on Copyright is Lee v A.R.T. Co. The facts are simple. Annie Lee created postcards of her original art. A.R.T. Co glued these postcards to tiles and sold them. In doing so, did A.R.T. violate Lee's exclusive right to make derivative works as set forth in 17 USC § 106(2)?

With the emergence of the Internet, the derivative works right has taken on new prominence and controversy. Skipping niceties for a second, a derivative work is another work based on a prior work. Think Harry Potter should have ended up with Hermione Granger instead of Ginny Weasley? Write your own version. Home computers make that easy, but you could tell your version of the story with a typewriter. What you could not do easily was find large numbers of like-minded souls who might be interested in your story. The Internet makes that a snap and makes possible a large "market" in fan fiction. Take a quick tour of www.fanfiction.net to get a sense of the breadth of the work. Multiply that example many times, and you get why we have conflicts over derivative works. Individuals have the means both to create derivative works and to distribute them widely.

We should trace the development of the derivative works right in the US and then tack back to Lee. Our first federal copyright act, the Copyright Act of 1790, is notable for its narrowly circumscribed cov-

²³ Nash, 899 F2d at 1542 ("Long before the 1976 revision of the statute, courts had decided that historical facts are among the 'ideas' and 'discoveries' that the statute does not cover.").
The term of copyright was only fourteen years, only maps, charts, and books were covered, and the rights of the copyright holder covered only “printing, reprinting, publishing and vending.” Of course, each of those terms is quite different in our current statute. The 1790 statute had nothing akin to a derivative works right.

What can you do with a work once you have purchased it? The Copyright Act of 1856 suggested a new way in which copyright itself might constrain subsequent use of a purchased work. That statute created a new right in favor of the author of a dramatic composition. Authors could continue to control printing, reprinting and publishing as under the 1790 Act, but the author was also given “the sole right [ ] to act, perform, or represent the same, or cause it to be acted, performed, or represented, on any stage or public place.”

This public performance right recognizes the notion that a single copyrighted work might have quite different uses in different markets and that authors might want to charge different prices for those uses. And that might be good for society more generally. Absent a separate public-performance right, sale of a single copy of the work would bring with it a right to perform the work publicly. Authors would then face a choice about which market to serve. The author could set a high price for the dramatic work knowing full well that she would lose the vast bulk of ordinary readers who might want to partake of the work through the text itself. The author might instead choose to sacrifice the print market and set a higher price for the play with the hope of capturing a greater chunk of the returns when the work was going to be performed publicly. A narrow set of copyrights operates to bundle together uses that might be usefully separated.

We might think of a public performance as being derived from a written play and hence a nice example of a derivative work. A plausible notion, but not quite correct, as our notion of a derivative work has evolved. An 1856 play performance would not give rise to a fixed work. You could not videotape plays back then. The derivative work notion then captures two ideas: first, works based on works, and, second, works that are fixed in a tangible medium of expression, just as we require for an original work. The Copyright Act of 1870 started us down that path in providing that “authors may reserve the right to dramatize or to translate their own works.”

24 See Act of May 31, 1790 § 1, 1 Stat 124, 124.
25 Act of May 31, 1790 § 1, 1 Stat at 124.
27 Copyright Act of 1856, 11 Stat at 139.
28 Act of July 8, 1870 ("Copyright Act of 1870") § 86, 16 Stat 198, 212.
Jump forward to the Copyright Act of 1909. That Act gave authors a precisely defined set of rights as to derivative works. We might think of these as a form of copying—copying across uses—such as converting a novel into a dramatic work or vice versa. But the language was more open-ended than that in giving authors of literary works the sole right to “make any other version thereof.” And then consider the definition of derivative work in the current statute: “a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted.”

Return to Lee. Lee sold her postcards. A.R.T. was not making copies of those postcards. It had to buy one postcard for each tile that it created. Lee should not care whether people buy her postcards and mail them or stick them on their refrigerators or attach them to tiles. Or should she? The natural objection is that Lee would like to price discriminate between markets. Postcard mailers are willing to pay one price, postcard-on-tile users presumably another, substantially higher, price. Price discrimination is a key feature of our copyright system and a derivative works right helps to make that possible. Lee might like to block A.R.T. precisely so that she can charge a higher price for its contemplated use. And, like the discussion of the public-performance right, we might want Lee to be able to separate the uses, as she might otherwise decide to sell only into the high-price tile market, leaving ordinary postcard users in a lurch.

That said, this example suggests some of the awkwardness of the derivative works right. A.R.T. may have found a high-end market for Lee’s work missed by Lee. If A.R.T. were forced to approach Lee to pay specifically to use the work in the tile market, Lee would undoubtedly capture some chunk of the incremental value that the new market represented. It is hard for A.R.T. to propertize its idea such that

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29 See Copyright Act of 1909 § 1(b), 35 Stat 1075, 1075:

[Als]y person entitled thereto, upon complying with the provisions of this Act, shall have the exclusive right ... to translate the copyrighted work into other languages or dialects, or make any other version thereof, if it be a literary work; to dramatize it if it be a nondramatic work; to convert it into a novel or other nondramatic work if it be a drama; to arrange or adapt it if it be a musical work; to complete, execute, and finish it if it be a model or design for a work of art.

30 Copyright Act of 1909 § 1(b), 35 Stat at 1075.

31 17 USC § 101 (providing the definition of derivative work).

Lee cannot just take it and run with it. We have that problem—or is it a feature?—in much new market entry, but it does mean here that A.R.T. may choose not to pursue a new market given the need to negotiate for the right to enter it from Lee. How much we should care about that undoubtedly depends on how many artists there are and the extent to which they might want to enter the postcard-on-tile business. If there are many such artists and few of them want to do their own tiles, A.R.T. may not be discouraged from pursuing the new market even if the occasional artist declines A.R.T.'s offer and sets up a tile business on her own.

Somewhat surprisingly, the opinion in Lee does not spend much time on these issues. The assumption that Judge Easterbrook would always bring to bear the cold tools of law and economics just is not borne out in a case like Lee. Again this is the difference between law and policy, and between deciding cases and writing academic articles. Lee mentions the possibility that an artist might want to control a second market such as the tile market, but focuses in the main on the definition of derivative works and the mechanics of what is at stake here. That definition is clearly premised on the notion that we are working with two works when we contemplate derivative works, the original work and the new second work, the derivative work itself.

It is critical not to confuse the copyrighted work itself with any particular physical embodiment of it. Section 202 of the Copyright Act makes clear that we need to separate the work as concept from its physical embodiment. When Lee creates a work on a notecard and then reproduces it on another notecard, she presumably has made a second copy of the work, and of course she has the full right to do so under § 106(1). Nothing in copyright suggests that reproducing that notecard on a different medium—tile—changes the reproductive act. This reflects a certain media neutrality in copyright that is most straightforwardly seen as we move between two-dimensional media such as paper and tile. All of this is copying, and we still have only one work in hand.

The current definition of derivative work tracks this analysis. Again, we need to have two works, since a derivative work is "a work

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33 125 F3d at 581:

Cases such as Gracen v. The Bradford Exchange, Inc., 698 F.2d 300 (7th Cir. 1983), show that neither A.R.T. nor Lee herself could have obtained a copyright in the card-on-a-tile, thereby not only extending the period of protection for the images but also eliminating competition in one medium of display.

34 17 USC § 202 ("Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied.").
based upon one or more preexisting works." We are then told to look for particularly well-known ways in which we can create a second work from a first work, "such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment [or] condensation." The notecard attached to the tile does not fit any of these, but then we have the more general "or any other form in which a work may be recast, transformed, or adapted." Again, this requires an alteration of the work itself, so if the work itself is not altered—where again we need to distinguish between the work and a particular embodiment of it—we do not have a derivative work.

Lee notes the uncomfortable awkwardness of the derivative work right in copyright, though is fortunate in not having to nail down some of the boundary issues. In the case itself, the work and the notecard embodiment of it are never altered, unless gluing the card on a tile alters it. The opinion spends some time talking about framing art, treats the tile as a flush frame, and moves on to conclude that no new second work has been created, hence no derivative work exists. That makes Lee itself less problematic than some of the hypotheticals that Easterbrook explores. Does any alteration of the notecard, such as a handwritten note added to the card, qualify as a derivative work? Lee wants to avoid going that far both because of the possible practical consequences and because of the conflict between the scope of the derivative works right and the status of moral rights in the United States.

As to the latter, as the opinion notes, the United States has resisted full embrace of the moral rights contemplated by Article 6bis of the Berne Convention. In the US, the Visual Artists Rights Act of 1990 provides this sort of protection for certain limited edition works of visual art but not for copyrighted works generally. As Easterbrook

35 17 USC § 101.
36 17 USC § 101.
37 17 USC § 101.
38 125 F3d at 581 (assuming for the sake of argument that "affixing the art to the tile is 'preparation,' so that A.R.T. would have violated § 106(2) even if it had dumped the finished tiles into the Marianas Trench," but avoiding a decision of that question on the merits).
39 Id.
40 See id at 582–83.

Independently of the author’s economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.
42 See 17 USC § 106A(a) (giving the author of a work of visual art rights to protect against its destruction or modification); 17 USC § 101 (providing the definition of a work of visual art).
notes, this all gets awkward very quickly. What exactly is the line between a derivative work and the protections contemplated by the Visual Artists Rights Act? Some cases are easy. If I burn the only copy of an original oil painting, the resulting pile of ashes is unlikely to qualify as a derivative work, but I have undoubtedly violated the artist’s right to attribution and integrity under § 106A(a)(3)(B).43

But for our purposes the more interesting case is one of modification, not destruction. Modification might trigger the derivative rights limit in § 106(2), but also the integrity rights of § 106A(a)(3)(A). That gets us to the conundrum Easterbrook identifies: why do we need a separate integrity right for visual works if the derivative works right is already sufficiently broad to block the modification? The existence of the visual works right suggests that the derivative right is narrower than it might otherwise seem, as that would then give the integrity right some room to work. There are ways around this of course. The integrity right runs in favor of the author even if she is not the copyright holder,44 so we could see the integrity right as a special protection for authors even in the face of a passive copyright owner who chooses not to protect a work from infringing derivatives.

Lee is a refreshingly brief opinion, little more than five columns in the Federal Reporter, yet, like Nash, it poses in simple fashion a basic question about the operation of copyright. Boundary cases are particularly important because legal analysis frequently builds off of what is taken as given: if x is right, then y must follow. Lee does exactly that for derivative works, an area of increasing importance for copyright.

III. *PROCĐ*: CONTRACT AND COPYRIGHT—HARMONY OR CONFLICT?

Third and last, but hardly least in our tour of Easterbrook on Copyright, is ProCD, Inc v Zeidenberg. This may be one of Easterbrook’s best-known opinions, in part because it is a twofer. The case addresses an important question about contract formation in the Uniform Commercial Code, so first-year law students often see it, and ProCD would also make it into an upper-level course. But for us here, it is the third of our copyright trio. The facts are again simple. ProCD sold CDs with factual information assembled from telephone directories.45 Putting these facts together was no simple matter, and indeed ProCD spent

43 17 USC § 106A(a)(3)(B) (giving authors of visual art the right to prevent “any destruction of a work of recognized stature”). See also Lee, 125 F3d at 581.
44 See 17 USC § 106A(b) (“Only the author of a work of visual art has the rights conferred by subsection (a) in that work, whether or not the author is the copyright owner.”).
45 ProCD, 86 F3d at 1449 (“ProCD, the plaintiff, has compiled information from more than 3,000 telephone directories into a computer database.”).
more than $10 million on its directory. Nonetheless, after Feist, ProCD starts in a rather large copyright hole. The individual facts themselves are not copyrightable and while the facts could be organized in an interesting fashion such that that organizational form would be copyrightable, that still would not preclude use of the underlying facts.

ProCD sold information to different markets, selling a professional version at a high price and a consumer version at a much lower price. As the opinion notes, this is exactly the sort of price discrimination that we should expect for a good with a large fixed cost of creation and a zero marginal cost of duplication. Of course, sustainable price discrimination depends on being able to separate customers and to keep them in their categories. What you simply cannot have is for someone to buy as a consumer and then act as a professional. If that behavior became widespread, a firm such as ProCD might very well choose to drop lower-priced consumer sales entirely.

That was not Zeidenberg’s concern. Zeidenberg bought the consumer version and quickly commenced selling the information online. That made Zeidenberg a direct competitor of ProCD, and, unsurprisingly, ProCD did not plan on selling that right in either version of its product. (Put differently, ProCD did not issue a database franchise to Zeidenberg.) That gets us to the contracts issue. ProCD’s database came subject to a so-called shrinkwrap license. For the contracts folks, there are real disagreements about how to think about the interaction between Zeidenberg and ProCD. Easterbrook concluded that Zeidenberg accepted the contract offered by ProCD at the point that the click-through contract was presented when Zeidenberg first booted the ProCD disks. In Easterbrook’s view, the agreement was

46 Id.
47 Id.
48 There are more possibilities, as Easterbrook himself describes. See Frank H. Easterbrook, Contract and Copyright, 42 Houston L Rev 953, 965-66 (2005) (arguing that possibilities might include: (1) ProCD would not be sold; (2) ProCD would set a higher overall price on its product; (3) ProCD would sell the underlying information only, and not the end product; and (4) ProCD could sell a product that has better features at a higher price, and a product with inferior features at a lower price).
49 ProCD, 86 F3d at 1450.
50 For a discussion of the controversy, see Stewart Macaulay, Freedom from Contract: Solutions in Search of a Problem, 2004 Wis L Rev 777, 803 (disagreeing with Judge Easterbrook’s decision and arguing that ProCD could have printed the clauses in invisible ink without giving Zeidenberg less notice). See also Richard A. Epstein, ProCD v. Zeidenberg: Do Doctrine and Function Mix?, in Douglas G. Baird, ed, Contracts Stories 94, 100-13 (Foundation 2007) (comparing the stark differences between Judge Barbara Crabb’s analysis of the case at the district court level and Judge Easterbrook’s analysis at the circuit court level).
not concluded when Zeidenberg walked out of his local retail store in Madison, Wisconsin with the ProCD box in hand.\(^5\)

The contracts analysis in ProCD has received a great deal of attention but my interest here is in the copyright portion of the opinion. Recall that copyright itself offered little protection for ProCD's hard work. Copyright cares not one whit how much effort has gone into assembling facts: anyone can use those facts without infringing a copyright, since no copyright exists in facts as facts. The European Union has implemented a database directive to respond to this situation,\(^52\) but we do not have anything like that in the US. This is why ProCD turned to contract. The point at which ProCD handed over the CDs to Zeidenberg was the natural point to set the terms and conditions of the use of the facts in those CDs.

How do contract and copyright interact? Is this a case of harmonious coexistence or does federal copyright law somehow trump the underlying state law of contract? Section 301 of the Copyright Act addresses the extent to which it preempts other laws. There are many details of course but the core idea is that the copyright statute "governs[s] exclusively" "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."\(^53\) Equivalent rights under state common law or statute are blocked; rights that are not so equivalent are left intact.\(^54\)

Where do contracts like those of ProCD fit? Easterbrook turns to this question at the end of the ProCD opinion. Having found the contract between ProCD and Zeidenberg enforceable as a matter of state law, that still leaves the question of whether Zeidenberg can weasel out of the contract by relying on § 301. The opinion treats the facts in the ProCD databases as being within the subject matter of copyright even though use of those facts does not give rise to infringement. Those facts are part of the public domain. That means that states are barred from creating copyright equivalents for those facts under §§ 301(a) and 301(b)(1).

But the states are left with full power to create rights that are not equivalent to copyright and so we have to figure out what the ProCD

\(^{51}\) See ProCD, 86 F3d at 1450–53 (explaining that printing a license on a product's box would require "microscopic type," so the license terms were best included in the software itself).
\(^{53}\) 17 USC § 301(a).
\(^{54}\) 17 USC § 301(a), (b)(3).
contracts accomplish. The opinion surveys three other circuits quickly and notes that each has generally rejected contract rights as equivalent to copyrights. The opinion then turns to the reason for that conclusion: copyrights are good against the world and the copyright holder does not need to establish privity with the person against whom the copyright is asserted. By contrast, contractual rights usually only bind the parties to the contract. That suffices to break the equivalence of contract and copyright and thus makes ProCD's contract fully enforceable against Zeidenberg. Zeidenberg can go dig up the facts on his own; what he cannot do is buy the consumer version and do an end-run on the license restrictions attached to it.

If Nash and Lee are the fun opinions in Easterbrook on Copyright, ProCD is the opinion that the copyright casebooks love to hate. Robert Gorman and Jane Ginsburg jump on the opinion for failing to even cite what they regard as a key case or make any effort to distinguish it. The COOL copyright book—the casebook by Julie Cohen, Ruth Okediji, Maureen O'Rourke and Lydia Loren—devotes more than two pages to criticizing the opinion. We are told that the "majority of commentators disagreed vehemently with both ProCD's contract and copyright law holdings" and are then given a sense of the criticism of the opinion in the courts.

But the disagreements here may be more fundamental. Both Nash and Lee allow use of the copyright work in question and truncate the power of the author to limit subsequent use. CBS gets to use Nash's "facts" even though no one else believes him, and Annie Lee cannot prevent A.R.T. from going into the postcard-on-tile market. Subsequent use is allowed in both cases. By contrast, ProCD limits subsequent use by Zeidenberg. He cannot do an end-run around the user license and go into the database business himself. In large swaths of modern copyright scholarship, limiting subsequent use is a no-no and ProCD does that in a powerful way in vindicating the underlying contracts at stake. Contract operates in the background, and even federal copyright law is held in check.

As I have tried to suggest, my guess is that Frank would explain each opinion as starting with—and in many ways ending with—an interpretation of the copyright statutory text put before him. The

56 See ProCD, 86 F3d at 1454.
57 Robert A. Gorman and Jane C. Ginsburg, Copyright: Cases and Materials 1048-50 (Foundation 7th ed 2006).
opinions certainly do not just do law and economics for the fun of it or for deciding cases. Lee could spend more time on the price discrimination issues at stake in that case, but it instead wrestles extensively with the definition of derivative works set forth in § 101. The factual setting in ProCD is all about price discrimination, as the opinion of course recognizes. You do see in ProCD a hint of the view that we see in Nash, namely the strong—and correct—recognition that finding facts is expensive work and that we should be nervous about eliminating all mechanisms that might make possible a recovery of those expenses.

Nash is pre-Feist, while ProCD is post. Zeidenberg obtained access to the CDs based on contracts that presumably reflected the fact that copyright itself offered no meaningful protection for facts. Easterbrook’s understanding of equivalence in § 301 reflects both the language of that section and his belief in, as he puts it, “private ordering, essential to the efficient functioning of private markets.” Students reading Easterbrook on Copyright are never very far from the text of the copyright statute, but here they finally see a bit of Easterbrook’s strong pre-judicial academic philosophy emerge in the analysis.

CONCLUSION

What does Easterbrook on Copyright look like? Three of Judge Easterbrook’s copyright opinions—Nash, Lee, and ProCD—are case-book favorites. Easterbrook has authored around a dozen copyright opinions, so if judges want to reach students through their opinions, this is an astonishing success rate. Students learn to pay close attention to the text of the copyright statute and to appreciate how that text operates in critical boundary settings. The opinions are written with a distinctive élan, with a little bit of law and economics thrown in, though less than you might expect given Frank’s deep academic roots. Deciding cases, students learn, is not the same exercise as armchair academic theorizing. Easterbrook on Copyright insists on disciplined analysis of legal texts, yet does so with a distinctively Easterbrookian twinkle of the eye.

59 ProCD, 86 F3d at 1455.