

9-25-2012

## The Absence of Common Sense from the Copyright Act's Treatment of Software and the First Sale Doctrine

James Lafave

*American University Washington College of Law*

Follow this and additional works at: <http://digitalcommons.wcl.american.edu/ipbrief>



Part of the [Intellectual Property Commons](#)

---

### Recommended Citation

Lafave, James. "The Absence of Common Sense from the Copyright Act's Treatment of Software and the First Sale Doctrine." *Intellectual Property Brief* 2, no. 2 (2010): 41.

This Article is brought to you for free and open access by the Washington College of Law Journals & Law Reviews at Digital Commons @ American University Washington College of Law. It has been accepted for inclusion in Intellectual Property Brief by an authorized administrator of Digital Commons @ American University Washington College of Law. For more information, please contact [fbrown@wcl.american.edu](mailto:fbrown@wcl.american.edu).

---

# The Absence of Common Sense from the Copyright Act's Treatment of Software and the First Sale Doctrine

## **Keywords**

Vernor v. Autodesk

# The Absence of Common Sense from the Copyright Act's Treatment of Software and the First Sale Doctrine

*by James Lafave*

---

*Editor's note: The following blog post was posted on [www.ipbrief.net](http://www.ipbrief.net) on October 10th, 2010. On November 8th, the Supreme Court heard oral arguments in *Costco v. Omega*, involving how the first-sale doctrine is applied to international goods.*

The Copyright Act has a long and occasionally questionable history of adopting new technologies. Whether considering photography, computer programs, or television characters (a new candidate for protection); the trend has been to widen the scope of the Act significantly to encompass new technologies. However, not all technologies fit easily into the mold of traditional copyrights. Computer programs in particular have confounded the courts, and resulted in a doctrine that tortures the English language and on occasion boggles the mind.

In order to protect the computer industry from piracy, the courts have allowed companies to sell "licenses" to their products, rather than a property interest in the products themselves. The 9<sup>th</sup> Circuit's recent ruling in *Vernor v. Autodesk* highlights the occasionally absurd consequences of the licensing doctrine. Here the court followed clear precedent, ruling that the resale of licensed software was not protected by the first sale doctrine. The first sale doctrine prevents restriction of a purchaser's right to re-sell a copy of a copyrighted work. In essence, the doctrine is an equitable one meant to prevent copyright holders from demanding a second bite at the same apple. However, the first sale doctrine does not protect Vernor's sale of legally acquired copies of software on Ebay, because Vernor does not "own" the software, but rather owns a "license" to use the software for an undefined period. All that legal language amounts to the conclusion that none of us own any of the software that we use on our computers, we are instead renting it (the court avoids addressing how software companies can claim to license software without ever seeking its return). While legally correct, the court's opinion failed utterly to explain the twilight zone logic wherein the purchase of a box of software does not result in ownership, despite the payment of sales tax and the absence of any expectation that the item will ever be returned.

Beyond the logical arguments, Vernor's lawyers raised a serious question as to what prevented other

copyright holders (the music or publishing industries, perhaps?) from engaging in the same restrictive behavior. Commentators generally agree that there is no legal bar to prevent a publisher from "licensing" their books rather than selling them, although they do speculate that market forces would likely prevent such an experiment. If nothing else, the Vernor decision highlights the inherent dangers that can arise when courts stretch pre-existing legal structures to encompass transformative modern technologies.