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## Bringing Sexy Back: Unauthorized Film Editing, Copyright, and How Removing Reproductive Acts Violates Reproduction Rights

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## **Bringing Sexy Back: Unauthorized Film Editing, Copyright, and How Removing Reproductive Acts Violates Reproduction Rights**

### **Cover Page Footnote**

Joel Reidenberg, Fordham Intellectual Property, Media & Entertainment Law Journal, Mike

# Bringing Sexy Back: Unauthorized Film Editing, Copyright, and How Removing Reproductive Acts Violates Reproduction Rights

Logan Clare \*

## INTRODUCTION

In the late 1990s,<sup>1</sup> Ray Lines, along with his wife Sharon, endeavored to mine a previously untapped market by creating clean, edited versions of major Hollywood films and turning them into E-Films.<sup>2</sup> The process was simple: take a hit film, delete objectionable and indecent content, including bad language, nudity, and graphic violence so that conservative audiences could enjoy mainstream entertainment free of salacious situations.<sup>3</sup> The

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<sup>1</sup> See Andrew Gumbel, *Censored in the Name of the Lord*, INDEP. (London), Sept. 21, 2005.

<sup>2</sup> See *Clean Flicks of Colo., LLC v. Soderbergh*, 433 F. Supp. 2d 1236, 1238 (D. Colo. 2006). Mr. Lines has stated: "I enjoy movies but I got tired of sitting in theaters saying, if only they had left that one scene out." Kieth Merrill, *Cleaning Up the Movies* (pt. 1), MERIDIAN MAG., <http://www.meridianmagazine.com/arts/020604clean.html> (last visited Jan. 27, 2007). E-films are simply "cleaned up versions of box-office hits." Rick Lyman, *Hollywood Balks at High-Tech Sanitizers; Some Video Customers Want Tamer Films, and Entrepreneurs Rush to Comply*, N.Y. TIMES, Sept. 19, 2002, at E1.

<sup>3</sup> The first foray into this business was the creation of a sanitized version of TITANIC for Lines' Mormon neighbors. Gumbel, *supra* note 1.

idea was a popular one, and a number of businesses began to offer similar products.<sup>4</sup> The Lines themselves profited by launching CleanFlicks,<sup>5</sup> a franchised chain of video rental stores that exclusively offered E-Films.<sup>6</sup>

Robert Huntsman, an attorney who owned several CleanFlicks stores in Colorado and Idaho,<sup>7</sup> was so certain that producing and selling these E-Films fell within the limits of the law that he sought a declaratory judgment holding that the creation and sale of E-Films did not constitute a violation of the exclusive rights conferred by the Federal Copyright Act of 1976<sup>8</sup> upon the copyright owners of the original films.<sup>9</sup> Unfortunately for Huntsman, the District Court for the District of Colorado ruled that all businesses that created and/or marketed such altered movies operated in direct violation of the Copyright Act.<sup>10</sup> The court's decision forced Huntsman, Lines, and many other purveyors of E-Films out of business, and enjoined all these merchants from engaging in such proscribed activity in the future.<sup>11</sup>

The court held that producers and vendors of E-Films, which it collectively referred to as "Mechanical Editing Parties,"<sup>12</sup> violated two of the exclusive rights Section 106 of the Copyright Act provided to copyright holders: the right to reproduce a copyrighted

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<sup>4</sup> "Both the numbers of such companies and their reach have expanded in just the last few months." Lyman, *supra* note 2.

<sup>5</sup> The Lines' enterprise was called CleanFlicks Media, Inc. See <http://www.cleanflicks.com> (last visited Feb. 11, 2007). However, CleanFlicks appears as two words in the federal reporter. See *Clean Flicks*, 433 F. Supp. 2d 1236. I have chosen to refer to the enterprise as 'CleanFlicks,' except when making a direct citation to the case name as reported.

<sup>6</sup> See *id.*; Joanne Ostrow, *Sanitizing Films: Directors vs. Censors*, DENVER POST, Apr. 21, 2005, at F1 ("In an interview, Clean Flicks [sic] owner Ray Lines says his business was born when several friends asked him to edit Kate Winslet's nude scene out of their DVD copies of *Titanic*. Suddenly, he found himself in the movie business.").

<sup>7</sup> John Accola, *A Win for Movie Sanitizers: Judge Drops Two Companies from Copyright Lawsuit*, ROCKY MTN. NEWS (Denver), Aug. 19, 2005, at 2B.

<sup>8</sup> 17 U.S.C. §§ 101–810 (2000).

<sup>9</sup> See 17 U.S.C. § 106 (2000) (affording lawful copyright holders certain exclusive rights); Accola, *supra* note 7.

<sup>10</sup> *Clean Flicks of Colo., LLC v. Soderbergh*, 433 F. Supp. 2d 1236, 1243–44 (D. Colo. 2006).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 1237.

work and the right to distribute a copyrighted work publicly.<sup>13</sup> Even though the discretionary editing led to the creation of new works that are fundamentally different in nature and character from the original films, the court nevertheless determined that the E-Films were not “transformative”<sup>14</sup> and thus did not constitute derivative works based on the original copyrighted work.<sup>15</sup> Though the Mechanical Editing Parties asserted defenses premised on both fair use and the first sale doctrine,<sup>16</sup> the court astutely rejected both of these lines of reasoning,<sup>17</sup> neither of which was applicable to the actions of the Mechanical Editing Parties.

Part I of this Comment outlines the relevant case law and doctrine, including the various provisions of the Copyright Act of 1976,<sup>18</sup> as well as the case law that defines and demarcates copyright infringement and the boundaries of fair use. Part II examines the *Clean Flicks* decision and the court’s reasoning behind its finding of copyright infringement. Part III argues that the court’s holding was flawed because the secondary works CleanFlicks created constitute derivative works, and analyzes the court’s erroneous application of the fair use test. Part IV concludes that robust enforcement of valid copyrights in artistic works is particularly important in a society that does not recognize the doctrine of moral rights in justifying copyright protection.

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<sup>13</sup> 17 U.S.C. § 106 (1), (3) (2000); *Clean Flicks*, 433 F. Supp. 2d at 1243.

<sup>14</sup> *Clean Flicks*, 433 F. Supp. 2d at 1241.

<sup>15</sup> *Id.* at 1242.

<sup>16</sup> *Id.* at 1239, 1242. Section 109 of the Copyright Act codifies the first sale doctrine, essentially removing the copyright holder’s right of control over an authorized work once that work enters into the stream of commerce. *See* 17 U.S.C. § 109 (2000); *Quality King Distrib., Inc. v. L’Anza Research Int’l, Inc.*, 523 U.S. 135, 152 (1998). The first sale doctrine does not operate to relinquish the copyright holder’s control of the copyright itself. *See* *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341 (9th Cir. 1988) (holding that the first sale doctrine does not relinquish a copyright holder’s exclusive right to prepare derivative works).

<sup>17</sup> *Clean Flicks*, 433 F. Supp. 2d at 1242.

<sup>18</sup> 17 U.S.C. §§ 101–810 (2000).

## I. RELEVANT CASE LAW AND DOCTRINE

A. *Copyright Infringement, 17 U.S.C. § 106*

Section 106 of the federal Copyright Act of 1976 grants owners of copyrighted works certain exclusive rights, and precludes others from engaging in specific activities without express authorization from the copyright owner.<sup>19</sup> The statute reads, in pertinent part: “the owner of copyright . . . has the exclusive rights . . . (1) to reproduce the copyrighted work . . . ; (2) to prepare derivative works based upon the copyrighted work; [and] (3) to distribute copies . . . of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending.”<sup>20</sup> In the absence of express authorization, if a plaintiff can prove valid ownership of a copyright, and that the putative defendant copied, in any form enumerated in § 106, original elements of the work to which this copyright applies, courts will deem the defendant an infringer.<sup>21</sup> Courts often rely on circumstantial evidence to prove copying,<sup>22</sup> but many cases involve direct appropriation of a copyrighted work.<sup>23</sup>

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<sup>19</sup> 17 U.S.C. § 106 (2000).

<sup>20</sup> *Id.*

<sup>21</sup> *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361 (1991) (citing *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 548 (1985)). The Court in *Feist* traced the originality requirement from its inception in *The Trade-Mark Cases* through to cases decided after the Copyright Act of 1976 became law. *Id.* at 345–58. In order to qualify for copyright protection, works of independent creation must contain a “modicum of creativity,” *id.* at 346 (citing *The Trade-Mark Cases*, 100 U.S. 82, 94 (1879), as copyright law does not reward merely the “sweat of the brow,” *id.* at 359–60. For a good discussion of the elements of direct copyright infringement, see Melanie Costantino, Note, *Fairly Used: Why Google's Book Project Should Prevail under the Fair Use Defense*, 17 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 235, 247–50 (2006).

<sup>22</sup> Courts will look to see if there has been access and if the works are substantially similar. See *Arnstein v. Porter*, 154 F.2d 464, 468 (2d Cir. 1946). Substantial similarity is not the same as probative similarity, which looks to the amount of copied material; substantial similarity instead focuses on the quality of the copied material and how integral to the original work it is. See generally *Johnson v. Gordon*, 409 F.3d 12, 18 (1st Cir. 2005).

<sup>23</sup> Compare *Clean Flicks of Colo., LLC v. Soderbergh*, 433 F. Supp. 2d 1236, 1243 (D. Colo. 2006) (holding that the use of whole copyrighted films in creating edited versions of those films is direct infringement), with *Bright Tunes Music Corp. v. Harrison's Music, Ltd.*, 420 F. Supp. 177, 180–81 (S.D.N.Y. 1976) (holding that George Harrison's

*B. The Doctrine of Fair Use, 17 U.S.C. § 107*

The affirmative defense of fair use, while long-standing, existed as an exclusively judge-made doctrine until its codification in § 107 of the Copyright Act of 1976.<sup>24</sup> A determination of fair use essentially excuses an allegedly infringing work from liability for infringement, as its benefit to the progress in the sciences and arts outweighs the detriment its existence causes.<sup>25</sup> Under the statute, courts weigh the following four factors when making determinations of whether the secondary use is fair:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>26</sup>

If the balance of the four factors weighs in favor of the secondary work as opposed to the original, copyrighted work, the secondary work meets the statutory threshold, and judges will

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song “My Sweet Lord” misappropriated the chord progressions of another hit song, Robert Mack’s “He’s So Fine”), *aff’d*, 772 F.2d 988 (2d Cir. 1983).

<sup>24</sup> See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 576 (1994). Justice Story articulated the governing formulation for determining whether an infringer was making “fair use” of a copyrighted work in 1841: “look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.” *Folsom v. Marsh*, 9 F. Cas. 342, 348 (No. 4901) (D. Mass. 1841). In *Campbell*, Justice Souter traces Congress’ intent in drafting of Section 107 of the Copyright Act of 1976, which transformed the judge-made doctrine of fair use into statutory law through codification. *Campbell*, 510 U.S. at 576–78.

<sup>25</sup> See *Bill Graham Archives v. Doring Kindersley Ltd.*, 448 F.3d 605, 608 (2d Cir. 2006) (citing *Castle Rock Entm’t, Inc. v. Carol Publ’g Group*, 150 F.3d 132, 141 (2d Cir. 1998)).

<sup>26</sup> 17 U.S.C. § 107 (2000).

sanction the continued manufacture of the secondary work without liability.<sup>27</sup>

In *Campbell v. Acuff-Rose*, the Supreme Court considered the doctrine of fair use in the context of parodies.<sup>28</sup> *Campbell* involved the rap group 2 Live Crew's parodic use of Roy Orbison's classic song, "Oh, Pretty Woman," the copyright to which Acuff-Rose held.<sup>29</sup> The 2 Live Crew version of the song utilized the same basic structure and many of the same lyrics, but also offered what the Court saw as "a comment on the naiveté of the original of an earlier day . . . a rejection of its sentiment that ignores the ugliness of street life and the debasement that it signifies."<sup>30</sup> The Court noted that both the first factor, the "purpose and character of the use" factor, and the second factor, the "nature of the copyrighted work," weighed in favor of Acuff-Rose, as the 2 Live Crew song was purely commercial in nature and Orbison's original creative expression fell at the heart of what copyright seeks to protect.<sup>31</sup>

The third factor, which explores "the amount and substantiality of the portion used in relation to the copyrighted work as a whole,"<sup>32</sup> weighed in favor of neither the parodists nor the copyright holders.<sup>33</sup> The Court acknowledged that the parodists took a substantial amount of the original work, but recognized that parody requires a "recognizable allusion" to an original work.<sup>34</sup> The Court relied most heavily, however, on the fourth statutory factor, the "effect of the use upon the potential market for or value of the copyrighted work,"<sup>35</sup> and remanded the case for a

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<sup>27</sup> See *Campbell*, 510 U.S. at 578; see also *Stewart v. Abend*, 495 U.S. 207 (1990) ("[C]ourts [should] avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster." (quoting *Iowa State Univ. Research Found., Inc. v. Am. Broad. Cos.*, 621 F.2d 57, 60 (2d Cir. 1980))).

<sup>28</sup> *Campbell*, 510 U.S. at 571–72.

<sup>29</sup> *Id.* at 572–73.

<sup>30</sup> *Id.* at 583.

<sup>31</sup> *Id.* at 578–86.

<sup>32</sup> 17 U.S.C. § 107(3) (2000).

<sup>33</sup> *Campbell*, 510 U.S. at 589. The Court remanded the case to determine, in light of 2 Live Crew's parodic purpose, whether 2 Live Crew took more than was necessary. *Id.*

<sup>34</sup> *Id.* at 587–88.

<sup>35</sup> 17 U.S.C. § 107(4) (2000).



determination of the economic impact on the potential “rap music” market for derivative works based on Orbison’s song.<sup>36</sup>

The Court determined that although a parody might be commercial in nature, might infringe on creative expression, such as a song, that is “closer to the core of intended copyright protection than other [works],”<sup>37</sup> and might make use of a substantial portion of the copyrighted work, as long as the use is clearly parodic, an infringing party is justified in making such “fair use” of the original copyrighted work.<sup>38</sup> The lesson learned from *Campbell* is that while fair use might be defensible given the societal value of a secondary work, the secondary work’s existence might nevertheless cause irreparable harm to the potential market for the original.<sup>39</sup>

The fair use defense applies to all putative violations of § 106 of the Copyright Act,<sup>40</sup> but is more difficult to apply to derivative works,<sup>41</sup> given the Constitutional interest in the progress of the arts and sciences.<sup>42</sup> A derivative work, as defined in § 101 of the

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<sup>36</sup> See *Campbell*, 510 U.S. at 593–94. The Court noted that “2 Live Crew’s song comprises not only parody but also rap music, and the derivative market for rap music is a proper focus of enquiry.” *Id.* at 592–93 (citing *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 568 (1985)).

<sup>37</sup> *Id.* at 586.

<sup>38</sup> See *id.* at 594 (“The [C]ourt [of Appeals] erred in holding that 2 Live Crew had necessarily copied excessively from the Orbison original, considering the parodic purpose of the use.”).

<sup>39</sup> See *Castle Rock Entm’t, Inc. v. Carol Publ’g Group*, 150 F. 3d 132, 145 (2d Cir. 1998) (“[T]he fair use, being transformative, might well harm, or even destroy, the market for the original.”).

<sup>40</sup> 17 U.S.C. § 107 (2000).

<sup>41</sup> See, e.g., *Williams & Wilkins Co. v. United States*, 487 F.2d 1345, 1362–63 (Ct. Cl. 1973), *aff’d by an equally divided court*, 420 U.S. 376 (1975). Although it was not necessarily easy for the court to determine that the use of photocopied, copyrighted materials by government officials was fair, the balance was limited to rights holders’ interests in copyright protection versus society’s interest in the advancement of medical science. *Id.* at 1359. With a case involving straight reproduction, a court is not even forced to comment on the quality or worth of either the original or the infringing works themselves. In *Campbell*, the Court specifically notes that while it “might not assign a high rank to the parodic element” of 2 Live Crew’s derivative work, it was still parodic in nature and ultimately excused by a fair use defense. *Campbell*, 510 U.S. at 583. See also *Clean Flicks of Colo., LLC v. Soderbergh*, 433 F. Supp. 2d 1236, 1240 (D. Colo. 2006) (“This [c]ourt is not free to determine the social value of copyrighted works.”).

<sup>42</sup> U.S. CONST. art. I, § 8, cl. 8.

Copyright Act, is “a work based upon one or more preexisting works, such as a . . . motion picture version” and is, in and of itself, a new original work of authorship.<sup>43</sup> Courts have interpreted this exception as requiring that a new derivative work be “transformative” of the copyrighted work,<sup>44</sup> in order to truly demonstrate progress.<sup>45</sup> In general, however, “no part of an infringing derivative work should be granted copyright protection.”<sup>46</sup>

### C. The ‘First Sale’ Doctrine

CleanFlicks and other Mechanical Editing Parties relied on the “first sale doctrine” as an additional affirmative defense.<sup>47</sup> The first sale doctrine “protects the purchaser in any use of the authorized copy acquired but does not permit the making of additional copies.”<sup>48</sup> The doctrine, codified in § 109 of the Copyright Act, stands for the proposition that a copyright holder cannot control the use or disposition of individual copies once those individual copies have been sold.<sup>49</sup> In *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, the Court of Appeals for the Ninth Circuit held that the first sale doctrine did not protect transfer of art from the pages of a book onto ceramic tiles, as this transfer constituted preparation of a derivative work.<sup>50</sup> The court held that “the right to transfer applies only to the particular copy of the book which . . . has [been] purchased and . . . does not transfer [the]

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<sup>43</sup> 17 U.S.C. § 101 (2000). “A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a derivative work.” *Id.*

<sup>44</sup> See *Clean Flicks*, 433 F. Supp. 2d at 1241 (“This raises the question of whether these DVD-Rs are ‘transformative.’”).

<sup>45</sup> See *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608 (2d Cir. 2006) (citing Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990)); see also *Campbell*, 510 U.S. at 579 (“[T]he goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works.”).

<sup>46</sup> *Anderson v. Stallone*, No. 87-0592 WDKGX, 1989 WL 206431, at \*10 (C.D. Cal. Apr. 25, 1989).

<sup>47</sup> *Clean Flicks*, 443 F. Supp. 2d at 1242.

<sup>48</sup> *Id.*

<sup>49</sup> See *C.M. Paula Co. v. Logan*, 355 F. Supp. 189, 191–92 (N.D. Tex. 1973) (quoting 1 MELVILLE B. NIMMER, NIMMER ON COPYRIGHT § 103.3 (1972 ed.)).

<sup>50</sup> 856 F.2d 1341, 1344 (9th Cir. 1988).

right [to prepare derivative works].”<sup>51</sup> The owner of a purchased book does not control the copyright to that book, but the copyright holder may not control how an individual copy of that book is used, so long as the owner does not exercise any of the exclusive rights delineated in § 106.<sup>52</sup>

## II. THE CLEAN FLICKS DECISION

### A. Background

The dispute started in 2002, when Robert Huntsman filed a declaratory judgment against 16 members of the Directors Guild of America (“DGA”),<sup>53</sup> including Steven Soderbergh, Martin Scorsese and Steven Spielberg,<sup>54</sup> as a “preemptive strike.”<sup>55</sup> Huntsman filed on behalf of businesses that produced E-Films for family viewing, wherein editing companies, at their sole discretion, removed “objectionable” language and images from movies through certain technological means<sup>56</sup> and then distributed these

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<sup>51</sup> *Id.*

<sup>52</sup> *Id.*; see also H.R. REP. NO. 94-1476, at 79 (1976), as reprinted in 1976 U.S.C.A.N. 5659, 5693 (“[T]he outright sale of an authorized copy of a book frees it from any copyright control over its resale price or other conditions of its future disposition.”).

<sup>53</sup> “[T]hrough the collective voice of more than 12,700 members that the DGA represents, the Guild seeks to protect directorial teams’ legal and artistic rights, contend for their creative freedom, and strengthen their ability to develop meaningful and credible careers.” Michael Apted, DGA President, Welcome to the Directors Guild of America Web Site, <http://www.dga.org/index2.php3?chg=> (last visited Jan. 27, 2007).

<sup>54</sup> Second Amended Complaint and Jury Demand at 1–2, *Clean Flicks of Colo., LLC v. Soderbergh*, 433 F. Supp. 2d 1236 (D. Colo. 2006) (No. 02-M-1662 (MJW)), 2002 WL 32153735, at \*1.

<sup>55</sup> See Sara Gansheimer, Comment, *The Family Entertainment and Copyright Act and Its Consequences and Implications for the Movie-Editing Industry*, 8 TUL. J. TECH. & INTELL. PROP. 173, 179 (2006); see also Nicole Griffin Farrell, *Frankly, We Do Give a . . . Darn! Hollywood’s Battle Against Unauthorized Editing of Motion Pictures: The “CleanFlicks” Case*, 2003 UTAH L. REV. 1041, 1043 (2003) (stating that the DGA’s publication of a memorandum on its website revealing its intent to file suit against CleanFlicks and the other creators and purveyors of E-Films precipitated Huntsman’s preemptive strike).

<sup>56</sup> Gansheimer, *supra* note 55, at 175–78. The creators of E-Films employed one of three methods to produce their sanitized movies. *Id.* Cut-and-splice editing, in which an editor physically or digitally cuts out objectionable portions of a film and then reattaches the remaining scenes, is the most straightforward of these techniques. *Id.* at 175–76.

altered copies, by rental or sale, to retailers and video rental outlets.

CleanFlicks, one of the E-Films producers, operated by first obtaining an authorized copy of a movie, and digitally copying the entire movie onto the hard drive of a computer, circumventing protective safeguards encoded onto the DVD to prevent such copying.<sup>57</sup> Next, CleanFlicks digitally edited the movie, creating a new fixed work.<sup>58</sup> CleanFlicks redacted objectionable audio and visual content through the use of ambient noise,<sup>59</sup> black bars to cover any indecencies, fogging, cropping, and “blending” of existing content.<sup>60</sup> CleanFlicks copied the newly edited version onto a blank DVD-R or VHS cassette, and placed its trademarked logo onto the case before shipping the work out for public consumption.<sup>61</sup>

In response to the declaratory judgment, the directors counterclaimed against Huntsman and filed a motion seeking leave to compel joinder of several major movie studios (“the Studios”), as the film studios, not the directors, are the rightful owners of the copyrights in question.<sup>62</sup> Without the Studios, the directors lacked the requisite standing to assert counterclaims of copyright

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CleanFlicks and CleanFilms favored the digital incarnation of this method, which entails loading a DVD onto a computer, removing objectionable scenes with the aid of digital editing software, and then burning the sanitized version onto a new DVD or VHS. *Id.* at 176. The second method is filtering, wherein one encodes a DVD or VHS cassette with an instruction for a DVD player or VCR directing the player to cut out or mute a section of the film during playback. *Id.* at 177. ClearPlay is a well-known purveyor of DVD players with built-in technology allowing subscribers to go online and order filtering instructions for a given film through ClearPlay’s proprietary subscription service. *Id.* The third method is filtering-plus technology, in which editors digitally superimpose new material—such as a corset over Kate Winslet’s originally bare breast in *Titanic*—in order to sanitize objectionable scenes. *Id.*

<sup>57</sup> *Clean Flicks*, 443 F. Supp. 2d at 1238.

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

<sup>59</sup> In a scene that takes place on a city street, for example, the editors at CleanFlicks might have used the sound of a car horn to cover up an uttered expletive.

<sup>60</sup> *Clean Flicks*, 433 F. Supp. 2d at 1238.

<sup>61</sup> *Id.*

<sup>62</sup> *Id.* (“The Studios, in the aggregate, have valid copyrights for the motion pictures . . . identified by name in the filed papers and, therefore, have the exclusive rights granted by § 106 of the [Copyright] Act.”); *see also* Farrell, *supra* note 55, at 1043–44.

infringement.<sup>63</sup> The directors also moved to join 13 other parties,<sup>64</sup> and the DGA filed a motion for leave to intervene.<sup>65</sup> The court granted all these motions on October 15, 2002,<sup>66</sup> while the Studios lodged their counterclaim on December 13, 2002.<sup>67</sup> The Mechanical Editing Parties relied on the doctrines of fair use and “first sale” to defend their alleged infringement upon the Studios’ copyrights.<sup>68</sup>

In 2005, before any decision regarding the legality of CleanFlicks’ activities, Congress, as a component of the Family Entertainment and Copyright Act of 2005,<sup>69</sup> enacted the Family Movie Act of 2005, which sanctions the use of filtering technology for in-home family viewing.<sup>70</sup> The Family Movie Act creates an exemption for skipping audio-visual content of a motion picture so long as “no fixed copy of the altered version of the motion picture is created by [a] computer program or other technology.”<sup>71</sup> The

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<sup>63</sup> Farrell, *supra* note 55, at 1045 (“Regardless of the particular editing methodologies, the original plaintiffs may not have had standing if the motion-picture studios had not been joined as necessary parties.”).

<sup>64</sup> *Id.* at 1043–44 (citing Defendants’ Motion to Compel Joinder of Third-Party Copyright Holders as Necessary Parties at 2, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW))).

<sup>65</sup> *Id.* at 1044 (citing Defendants’ Motion for Leave to Join Third Parties as Counterdefendants at 1–2, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW)); Amended Counterclaim at 6–9, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW)); DGA’s Motion for Leave to Intervene at 3, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW))).

<sup>66</sup> *Id.* (citing Order Granting Defendant’s Motion to Compel Joinder of Third-Party Copyright Holders as Necessary Parties at 1, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW)); Order Granting Defendant’s Motion for Leave to Join Third Parties as Counterdefendants at 1, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW)); Order Granting DGA’s Motion for Leave to Intervene at 1, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW))).

<sup>67</sup> Motion Picture Studio Defendants’ Answer and Counterclaims at 1, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW)), 2002 WL 32153736, at \*1.

<sup>68</sup> *Clean Flicks*, 433 F. Supp. 2d at 1239, 1242; Farrell, *supra* note 55, at 1065.

<sup>69</sup> Family Entertainment and Copyright Act of 2005, Pub. L. No. 109-9, 119 Stat. 218 (codified as amended in scattered sections of 2 U.S.C.A., 15 U.S.C.A., 17 U.S.C.A., 18 U.S.C.A., 28 U.S.C.A. and 36 U.S.C.A. (West 2007)).

<sup>70</sup> Family Movie Act of 2005, Pub. L. No. 109-9, sec. 201–202, §§ 110, 1114, 119 Stat. 218, 223–24 (codified as amended at 15 U.S.C.A. § 1114 and 17 U.S.C.A. § 110 (West 2007)).

<sup>71</sup> *Id.* at sec. 202, § 110, 119 Stat. at 223 (codified as amended at 17 U.S.C.A. § 110 (West 2007)).

court removed the parties that only provided enabling filtering technology, namely ClearPlay and Family Shield, from the suit consequent to the passage of this Act.<sup>72</sup> Those entities that engaged in cut-and-splice editing, and the retailers that sold or rented films edited in such a manner directly to the public, however, remained subject to the outcome of the litigation.<sup>73</sup>

The remaining parties in the directors' counterclaim included CleanFlicks, Family Flix, Play It Clean Video, and CleanFilms.<sup>74</sup> Family Flix operated in much the same way as CleanFlicks, by copying an authorized version of a movie onto a computer, and subsequently editing the film to "delete 'profanity, nudity, strong graphic violence and sexual content or innuendos.'"<sup>75</sup> Family Flix sold the new version of the movie, along with its disabled original version, in the original packaging with the Family Flix trademark.<sup>76</sup>

CleanFilms and Play It Clean rented and sold the films obtained from CleanFlicks and Family Flix directly to the public.<sup>77</sup> While CleanFilms maintained a one-to-one ratio of unedited to edited versions of the films it sold or rented, Play It Clean never maintained such an inventory, and relied on its suppliers' promises that for every edited version sold to them, their suppliers had purchased an unedited version.<sup>78</sup>

In July 2006, the court ruled on the Studios' motion for partial summary judgment against the collective Mechanical Editing Parties.<sup>79</sup> The Studios sought to enjoin all four of these entities from editing or distributing edited versions of their copyrighted works violative of § 106 of the Federal Copyright Act of 1976.<sup>80</sup> The Studios asserted that CleanFlicks and Family Flix violated

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<sup>72</sup> Huntsman v. Soderbergh, No. Civ.A02CV01662RPM MJW, 2005 WL 1993421, at \*2 (D. Colo. Aug 17, 2005); Gansheimer, *supra* note 55, at 179–80.

<sup>73</sup> Gansheimer, *supra* note 55, at 179.

<sup>74</sup> *Id.*

<sup>75</sup> Clean Flicks of Colo., LLC v. Soderbergh, 433 F. Supp. 2d 1236, 1238 (D. Colo. 2006).

<sup>76</sup> *Id.*

<sup>77</sup> *Id.* at 1238–39.

<sup>78</sup> *Id.*

<sup>79</sup> *Id.* at 1237.

<sup>80</sup> *Id.* at 1238.

their exclusive rights to reproduce their copyrighted works,<sup>81</sup> make derivative works<sup>82</sup> based on their copyrighted films,<sup>83</sup> and distribute copies of their copyrighted films.<sup>84</sup>

### B. *The Court's Holding*

In July, 2006, the United States District Court for the District of Colorado, with Senior District Judge Richard Matsch presiding, put an end to the three-year battle.<sup>85</sup> The court ultimately ruled that the Mechanical Editing Parties stood in violation of two provisions of § 106 of the Federal Copyright Act of 1976,<sup>86</sup> and that injunctive relief was the proper remedy for their infractions.<sup>87</sup> The court agreed with the Studios that the Mechanical Editing Parties violated § 106(1) of the Copyright Act when they created fixed copies of the Studios' copyrighted works.<sup>88</sup> Additionally, the court held that the Mechanical Editing Parties were liable for copyright infringement based on their "undisputed . . . distribut[ion], by sale and rental, [of] copies (albeit edited) of the Studios' copyrighted works . . . ."<sup>89</sup> The court, however, did not find that the Mechanical Editing Parties infringed on the Studios' rights under § 106(2),<sup>90</sup> namely, the exclusive right to create derivative works.<sup>91</sup> The court also held that the affirmative defenses of fair use and the first sale doctrine that the Mechanical Editing Parties raised were not persuasive.<sup>92</sup> Ultimately, the court

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<sup>81</sup> 17 U.S.C. § 106(1) (2000).

<sup>82</sup> 17 U.S.C. § 106(2) (2000).

<sup>83</sup> *Clean Flicks*, 433 F. Supp. 2d at 1239.

<sup>84</sup> *Id.* (citing 17 U.S.C. § 106(3) (2000)).

<sup>85</sup> Amelia Nielson-Stowell, *CleanFlicks Plans to Appeal Ruling*, DESERET MORNING NEWS (Salt Lake City), July 9, 2006, at A1.

<sup>86</sup> 17 U.S.C. § 106 (2000); *Clean Flicks*, 433 F. Supp. 2d at 1243.

<sup>87</sup> *Clean Flicks*, 433 F. Supp. 2d. at 1243–44.

<sup>88</sup> *Id.* at 1239 ("The reproduction complained of is the making of . . . copies of copies, for which their 'one-to-one ratio' of edited to original version argument does not preclude a finding of infringement.").

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

<sup>90</sup> *Id.* at 1242 ("[B]ecause the infringing copies of these movies are not used in a transformative manner, they are not derivative works and do not violate § 106(2).").

<sup>91</sup> 17 U.S.C. § 106(2) (2000).

<sup>92</sup> *Clean Flicks*, 433 F. Supp. 2d at 1242. The court summarily dismissed the first sale doctrine defense as having no relevance to the case based on the Studios' assertions. *Id.*

ruled that it could not deny the copyright holders' legal right to control the reproduction and distribution of their protected works, even if its decision effectively eviscerated the Mechanical Editing Parties' businesses.<sup>93</sup>

### C. Court Denies CleanFlicks's Fair Use Defense

Once it determined that the newly edited works infringed upon only two of the exclusive rights § 106 affords to lawful copyright holders, the court turned its attention to an analysis of whether fair use was a viable defense to all allegations of infringement.<sup>94</sup> In so doing, the court concluded that the edited versions of the copyrighted works were not transformative, and therefore not derivative works as defined by § 101 of the Copyright Act.<sup>95</sup> The court reasoned that because the Mechanical Editing Parties "add[ed] nothing new to these movies," but rather only "delete[ed] scenes and dialogue from them," they did not violate § 106(2) of the Copyright Act.<sup>96</sup> This determination in turn led to the court's conclusion that fair use was not a viable defense in the case at hand.<sup>97</sup>

The court conducted a factor-by-factor analysis of the fair use defense, starting with the first factor, which contemplates the purpose and character of a use.<sup>98</sup> The court noted that the basis for the Mechanical Editing Parties' assertion of fair use is criticism,<sup>99</sup> an example of fair use that the statutory codification specifically enumerates.<sup>100</sup> The Mechanical Editing Parties relied on *Chicago*

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at 1242. The court also rejected the affirmative defenses of waiver, estoppel and laches as the facts of the case did not support these defenses. *Id.*

<sup>93</sup> *Id.* at 1243.

<sup>94</sup> *Id.* at 1239.

<sup>95</sup> *Id.* at 1239–41.

<sup>96</sup> *Id.* at 1241.

<sup>97</sup> *Id.* (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994)).

<sup>98</sup> *Id.* at 1240.

<sup>99</sup> *Id.*

<sup>100</sup> 17 U.S.C. § 107 (2000) (listing "criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research" as activities that are non-infringing). Note that Congress did not intend this to be a closed list. *Campbell*, 510 U.S. at 577 ("The text employs the terms 'including' and 'such as' in the preamble paragraph to indicate the 'illustrative and not limitative' function of the examples



*Board of Educ. v. Substance, Inc.*<sup>101</sup> to support their contention that criticism of the Studios' films supported a claim of fair use.<sup>102</sup> The court, in response, pointed out the irony of citing a case that specifically noted that indiscriminate publishing for the purpose of criticism was just as inexcusable as the destruction of fine art by an unappreciative viewer.<sup>103</sup> The court concluded that it was not free to evaluate the social worth of the Studios' copyrighted works.<sup>104</sup> Therefore, the court held that the defendants' reliance on *Substance* was inapposite, and the Mechanical Editing Parties could not cloak their behavior under the veil of criticism.<sup>105</sup>

With respect to the second fair use factor, the court stated that because the secondary works were not transformative, the purpose and character of use factor did not support the Mechanical Editing Parties' fair use defense.<sup>106</sup> Certain courts and commentators have asserted that this second factor is the most important in a determination of fair use,<sup>107</sup> so it would seem that the fair use defense would likely fail if the secondary work was not transformative,<sup>108</sup> particularly since a transformative work is more likely to further the progress of the arts and sciences contemplated by the Copyright Clause.<sup>109</sup> The court further determined that

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given.") (citing *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 561 (1985)).

<sup>101</sup> 354 F.3d 624 (7th Cir. 2003) (holding that a teacher is entitled to criticize questions contained in standardized tests, even if that criticism might require substantial quotation).

<sup>102</sup> *Clean Flicks*, 433 F. Supp. 2d at 1240.

<sup>103</sup> *Substance*, 354 F.3d at 630 ("[The teacher] does not have the right . . . to destroy the tests by publishing them indiscriminately, any more than a person who dislikes Michelangelo's statue of David has a right to take a sledgehammer to it."). Judge Posner also notes that "[i]t is not a privilege to criticize just bad works, and there is no right to copy copyrighted works promiscuously merely upon a showing that they are bad." *Id.*

<sup>104</sup> *Clean Flicks*, 433 F. Supp. 2d at 1240.

<sup>105</sup> *Id.*

<sup>106</sup> *Id.* at 1241 ("There is nothing transformative about the edited copies.").

<sup>107</sup> See *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608 (2d Cir. 2006) (citing Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990)).

<sup>108</sup> See *supra* note 34 and accompanying text.

<sup>109</sup> Additionally, the more transformative the secondary use, the less likely it is that the new work serves as a substitute for the original. See *Castle Rock Entm't, Inc. v. Carol Publ'g Group*, 150 F.3d 132, 145 (2d Cir. 1998); see also *Campbell v. Acuff Rose Music, Inc.*, 510 U.S. 569, 591 (1994) (noting that when a secondary work is transformative, "market substitution is at least less certain, and market harm may not be so readily

consideration of the third factor, “the quantitative and qualitative nature of the copyrighted material taken,” weighed heavily against a determination of fair use, because the Mechanical Editing Parties copied the original works in near entirety with no transformation.<sup>110</sup>

The court devoted most of its discussion to the fourth statutory factor, which focuses on the potential economic harm that a secondary work might inflict on the owner of the copyrighted work with respect to both the original work and any potential derivative works.<sup>111</sup> This third factor is widely considered the most important in a fair use analysis.<sup>112</sup> The Mechanical Editing Parties asserted that in creating their clean versions, they were expanding the market for the Studios’ films to include consumers who would otherwise not view the films because of the indecencies contained therein.<sup>113</sup> The Court noted that while this argument contained “superficial appeal,”<sup>114</sup> it was fundamentally misguided.<sup>115</sup> According to the court: “the intrinsic value of the right to control the content of the copyrighted work . . . is the essence of the law of copyright.”<sup>116</sup> Consequently, the court determined that the right to exclude certain audiences from reach was a right held exclusively by the Studios.<sup>117</sup>

After rejecting the Mechanical Editing Parties’ affirmative defenses, the court held that the Studios deserved the requested

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inferred”); Costantino, *supra* note 21, at 269 (“The more the allegedly infringing work is transformed from the original, the less the commercialism prong of the section 107(1) test will matter.”) (citing *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818 (9th Cir. 2003)).

<sup>110</sup> *Clean Flicks*, 433 F. Supp. 2d at 1241. The court explains that the second factor weighs heavily in favor of the Studios based on the non-transformative nature of the secondary works coupled with the creative expression of the copyrighted films themselves. *Id.* The third factor, the amount used, also weighs heavily in favor of the Studios based on the pilfering of the films in their entirety. *Id.*

<sup>111</sup> 17 U.S.C. § 107 (2000). See also *Campbell*, 510 U.S. at 590; *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 568 (1985).

<sup>112</sup> See *Campbell*, 510 U.S. at 574 (citing *Harper & Row*, 471 U.S. at 566); Costantino, *supra* note 21, at 257.

<sup>113</sup> *Clean Flicks*, 433 F. Supp. 2d at 1241–42.

<sup>114</sup> *Id.* at 1242.

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

<sup>116</sup> *Id.*

<sup>117</sup> *Id.*

injunctive relief.<sup>118</sup> In response to the requested injunction, the Mechanical Editing Parties retorted that such an equitable remedy would effectively “destroy their businesses and deprive the public of the benefit of seeing these movies without offending their sensibilities to the deleted material.”<sup>119</sup> The Mechanical Editing Parties relied on the Court of Claims’ decision in *Williams & Wilkins Co. v. United States*.<sup>120</sup> That case involved the unauthorized photocopying of materials by government employees in their efforts to further medical science and research.<sup>121</sup> The Court of Claims held that the detriment it would inflict upon society if it enjoined such activity outweighed the harm the copyright owners encountered to such an extent that the photocopying constituted fair use.<sup>122</sup> The court in *Clean Flicks*, however, distinguished the entertainment value of films from the societal value of the advancement of medical science and, finding no equation, determined that the public interest in providing injunctive relief for the Studios was sound.<sup>123</sup>

#### *D. The Court Denies the ‘First Sale’ Defense*

The court properly determined that the first sale doctrine was of no relevance to the case at bar.<sup>124</sup> As Judge Matsch noted, while the first sale doctrine protects an owner’s use of an authorized version of a copyrighted work, it does not allow the purchaser to make additional copies of the copyrighted work.<sup>125</sup> The Studios, however, were not complaining about the use of the lawfully acquired copies of their films; they were seeking to enjoin the Mechanical Editing Parties from using a lawfully acquired copy in “making edits and creating the copies that are distributed to the

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<sup>118</sup> *Id.* at 1238. The Copyright Act allows for reasonable temporary or permanent injunctive relief. 17 U.S.C. § 502 (2000).

<sup>119</sup> *Clean Flicks*, 433 F. Supp. 2d at 1242.

<sup>120</sup> 487 F.2d 1345 (Ct. Cl. 1973), *aff’d by an equally divided court*, 420 U.S. 376 (1975).

<sup>121</sup> *Id.* at 1346–47.

<sup>122</sup> *See Clean Flicks*, 433 F. Supp. 2d at 1243 (outlining the factual distinction between the case at bar and the *Williams & Wilkins* case).

<sup>123</sup> *Id.* (referring to the Mechanical Editing Parties business as “illegitimate”). The court further ordered the Mechanical Editing Parties to turn over their entire inventories of any infringing works to the Studios. *Id.* at 1244.

<sup>124</sup> *Id.* at 1242.

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

public.”<sup>126</sup> Therefore, the first sale doctrine did not excuse the infringing behavior.<sup>127</sup>

### III. WHY THE COURT ERRED IN ITS RULING

The court correctly determined that the Mechanical Editing Parties infringed the exclusive right of a copyright holder to reproduce the work in copies. Section 106(1) of the Copyright Act of 1976 establishes a straightforward exclusive right; the only requirements for infringement are a valid copyright, that the copyrighted work is reproduced in whole or substantial part, that the expression and not the underlying ideas are copied, and that the copy itself be fixed, that is, sufficiently stable to be perceived.<sup>128</sup> In the instant case, the Mechanical Editing Parties had reproduced copyrighted works in whole and created fixed, edited master copies in order to provide consumers with additional copies of their edited films.<sup>129</sup> The court was unmoved by the Mechanical Editing Parties’ insistence that their method of purchasing one authorized film for every edited version they sold legitimized their practice, and correctly ruled that the Mechanical Editing Parties had violated § 106(1).<sup>130</sup>

Likewise, the court was correct in holding that the Mechanical Editing Parties violated § 106(3), or the exclusive right to distribute a copyrighted work publicly. The court pronounced that it was “undisputed” that the Mechanical Editing Parties were engaging in the distribution or public sale of edited copies of the copyrighted works.<sup>131</sup> Absent a valid defense, the Mechanical Editing Parties violated this exclusive right of the copyright holders.<sup>132</sup> The only possible defense to the exclusive right of

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<sup>126</sup> *Id.*

<sup>127</sup> *Id.*

<sup>128</sup> H.R. REP. NO. 94-1476, at 61 (1976), *as reprinted in* 1976 U.S.C.C.A.N. 5659, 5674–75.

<sup>129</sup> *Clean Flicks*, 433 F. Supp. 2d at 1239 (“The reproduction complained of is the making by Clean Flicks and Family Flix of voluminous fixed copies of the edited master versions of the Studios’ movies, i.e., copies of copies.”).

<sup>130</sup> *Id.*

<sup>131</sup> *Id.*

<sup>132</sup> *Id.*

distribution is the first sale doctrine, codified in § 109 of the Copyright Act.<sup>133</sup> A copyright holder cannot maintain control over each physical copy of a copyrighted work once it has sold such a work, which enables, for example, the resale of used music compact discs.<sup>134</sup> If however the first sale doctrine is inapplicable, as it is in this case, no justification for engaging in such behavior exists.<sup>135</sup> Accordingly, the court ruled that the Mechanical Editing Parties violated the Studios' right to exclusive distribution.<sup>136</sup>

The court erred in holding that the secondary works the Mechanical Editing Parties produced were not derivative. In its decision, the court relied on *Campbell*, stating that the "Supreme Court said that a use is transformative if it 'adds something new, with a further purpose or different character, altering the first with new expression, meaning or message.'"<sup>137</sup> Yet the Mechanical Editing Parties did just that in their creation of their secondary works.<sup>138</sup> Through altering the content of the films to appeal to a different audience than the filmmakers and studios originally intended to reach, the Mechanical Editing Parties created new works of authorship that embody wholly different meanings and contain wholly different messages.<sup>139</sup> By their own admission, the

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<sup>133</sup> See H.R. REP. NO. 94-1476, at 62, as reprinted in 1976 U.S.C.C.A.N. 5659, 5676 ("As section 109 [of the Copyright Act] makes clear . . . the copyright owner's rights [to exclusive public distribution] under section 106(3) cease with respect to a particular copy . . . once he has parted with ownership of it.").

<sup>134</sup> See, e.g., *U2 Home Entm't, Inc. v. Lai Ying Music and Video Trading, Inc.*, No. 04 Civ.1233(DLC), 2005 WL 1231645, at \*4 (S.D.N.Y. May 29, 2005).

<sup>135</sup> *Id.* ("Th[e] right of an acquirer to resell copies is limited, however, to his possession of authorized copies. . . . [T]he owner of copies of a work may resell or otherwise dispose of those copies without seeking permission from the copyright owner only so long as the copies were 'lawfully made . . . .'").

<sup>136</sup> "Read literally, § 109(a) unambiguously states that such an owner 'is entitled, without the authority of the copyright owner, to sell' that item." *Quality King Distributors, Inc. v. L'Anza Research Int'l, Inc.*, 523 U.S. 135, 145 (1998).

<sup>137</sup> *Clean Flicks*, 433 F. Supp. 2d at 1241 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994)).

<sup>138</sup> See *Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.*, 150 F.3d 132, 143 (2d Cir. 1998) ("A secondary work need not necessarily transform the original work's expression to have a transformative purpose." (citing 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05[D][2] (1997 ed.))).

<sup>139</sup> Taken to its logical extreme, sanctioning this type of behavior could have severely detrimental effects. If the court deemed the Mechanical Editing Parties' actions permissible, for example, the Mechanical Editing Parties "could create and sell versions

Mechanical Editing Parties were seeking to “send a strong message that many people object to the type of movies being created by the Studios.”<sup>140</sup> It is therefore erroneous to conclude that these secondary works were not transformative.

Furthermore, the secondary works satisfy the statutory definition of a derivative work.<sup>141</sup> Section 101 of the federal Copyright Act states that a work is derivative if it consists of “editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship.”<sup>142</sup> In *Feist Publications, Inc. v. Rural Telephone Service Co.*, the Supreme Court imposed a low threshold for originality, requiring only that a work be “independently created by the author (as opposed to copied from other works), and that it possess[] at least some minimal degree of creativity” in order to be original.<sup>143</sup> Even if one construes the Mechanical Editing Parties’ actions as nothing more than cut-and-splice editing, the Mechanical Editing Parties still engaged in discretionary editorial revisions and created new works of authorship.<sup>144</sup> The secondary works they produced are therefore derivative.

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of the Studios’ Motion Pictures that removed characters of certain ethnic types or of a certain race because some consumers preferred their films that way.” Motion Picture Studios’ Reply Brief in Further Support of Their Motion for Partial Summary Judgment Against the Mechanical Editing Parties at 4, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW), 2002 CO App. Ct. Motions LEXIS 46, at \*12.

<sup>140</sup> Counterclaim Defendant CleanFlicks LLC’s Opposition to the Motion Picture Studios’ Opening Brief in Support of Their Motion for Partial Summary Judgment Against the Mechanical Editing Parties at 8, *Clean Flicks*, 433 F. Supp. 2d 1236 (No. 02-M-1662 (MJW), 2005 CO App. Ct. Motions LEXIS 19680, at \*12 [hereinafter *CleanFlicks* Opposition to Motion]. Certainly a stronger message could be sent by not purchasing the offensive films at all.

<sup>141</sup> See, e.g., *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341, 1343 (9th Cir. 1988) (“The protection of derivative rights extends beyond mere protection against unauthorized copying to include the right to make other version of, perform, or exhibit the work.” (citing *Lone Ranger Television v. Program Radio Corp.*, 740 F.2d 718, 722 (9th Cir. 1984); *Russell v. Price*, 612 F.2d 1123, 1128 n.16 (9th Cir. 1979))).

<sup>142</sup> 17 U.S.C. § 101 (2000).

<sup>143</sup> 499 U.S. 340, 345 (1991) (citing 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2.01[A]–[B] (1990 ed.)).

<sup>144</sup> The Mechanical Editing Parties certainly engage in discretionary editing, removing the parts of films that they find offensive or indecent. See also *Mirage Editions*, 856 F.2d at 1344 (holding that the transfer of pages of an art book onto ceramic tiles was the creation of a new work of authorship).

The failure of the fair use defense in the instant case thus hinges on the transformative nature of the Mechanical Editing Parties' works, rather than on their pilfering of substantial portions of the original work, or on the fact that the works they altered lay at the heart of that which copyright seeks to protect. The fair use defense fails here primarily because the resultant economic harm to the potential market for this kind of derivative work is substantial.<sup>145</sup> In *MCA, Inc. v. Wilson*, the Court of Appeals for the Second Circuit used a sliding scale approach to determine whether use is truly fair in the face of such potential economic harm.<sup>146</sup> The court stated that "the less adverse effect that an alleged infringing use has on the copyright owner's expectation of gain, the less public benefit need be shown to justify the use."<sup>147</sup> In the instant case, the effect on the potential market for such derivative works was substantial; the Mechanical Editing Parties were essentially foreclosing the Studios from selling edited versions of their own films to a large audience in which little notable competition existed.<sup>148</sup> It is only necessary to inquire into *potential* economic harm,<sup>149</sup> so the fact that the Studios did not demonstrate an interest in appealing to such an audience is not dispositive.<sup>150</sup>

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<sup>145</sup> Gansheimer, *supra* note 55, at 185 ("The studios could lose out on profits for selling the more expensive . . . edited versions of their movies."); *see also* Sega Enters. v. MAPHIA, 948 F. Supp. 923, 935 (N.D. Cal. 1996) (noting that the fourth statutory factor is the most important).

<sup>146</sup> 677 F.2d 180, 183 (2d Cir. 1981).

<sup>147</sup> *Id.*

<sup>148</sup> Gansheimer, *supra* note 55, at 185; *accord* Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc., 955 F. Supp. 260, 272 (S.D.N.Y. 1997) ("It would . . . not serve the ends of the Copyright Act—*i.e.*, to advance the arts—if artists were denied their monopoly over derivative versions of their creative works merely because they made the artistic decision not to saturate those markets with variations of their original."), *quoted with approval in* Castle Rock Entm't, Inc. v. Carol Publ'g Group, 150 F.3d 132, 146 (2d Cir. 1998).

<sup>149</sup> *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 590 (1994) ("The fourth fair use factor . . . requires courts to consider not only the extent of the market harm caused by the particular actions of the alleged infringer, but also 'whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market' for the original." (quoting 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05[A][4] (1993 ed.)) (emphasis added)).

<sup>150</sup> *But see id.* at 592 ("The market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop."). The

The Mechanical Editing Parties, moreover, did not seek to supersede the Studios' films.<sup>151</sup> As they stated in their response to the Studios' motion for summary judgment, the Mechanical Editing parties provide "an alternate viewing experience" which both criticizes the Studios' films and provides a transformation "in both character and purpose from their original version."<sup>152</sup> By creating these transformative, derivative works, the Mechanical Editing Parties sought to capitalize on an untapped market for such clean versions, thus violating both the letter and the spirit of the law.<sup>153</sup>

#### IV. CONCLUSION

The decision delivered by the United States District Court for the District of Colorado in the *Clean Flicks* case is a milestone in the history of copyright protection. More and more, with the rise of digital capabilities,<sup>154</sup> courts must be responsible for protecting the exclusive rights held by copyright owners. Without strict enforcement of the statutory protections the Copyright Act offers, advancements in technological capability will swallow all the rights valid copyright owners hold. Accordingly, the court's decision to enjoin the Mechanical Editing Parties' actions was both correct and judicious, although its determination that the secondary works the Mechanical Editing Parties created were not derivative

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mere fact that the Studios have not yet licensed such edited versions of their works does not mean that it is beyond the realm of possibility that they might. Take for example the edited versions the Studios produce for in-flight entertainment on major airlines.

<sup>151</sup> The Mechanical Editing Parties, by their own admission, create edited works, the "transformative impact" of which is that the "entire character of a film is changed from one that is unacceptable to many viewers to one those same viewers are more than willing to share with their families." Counterclaim Defendant CleanFilm Inc.'s Response Brief to Defendant Motion Picture Studios' Motion for Partial Summary Judgment at 1, *Clean Flicks of Colo., LLC v. Soderbergh*, 433 F. Supp. 2d 1236 (D. Colo. 2006) (No. 02-M-1662 (MJW), 2005 CO App. Ct. Motions LEXIS 45, at \*9.

<sup>152</sup> *Id.* at 6, 2005 CO App. Ct. Motions LEXIS 45, at \*16.

<sup>153</sup> See *supra* note 2 and accompanying text.

<sup>154</sup> When coupled with a concomitant rise in so-called "family values," individuals and entities can harness these technological advancements to further the dangerous goals of censorship.



was doctrinally unsound and inconsistent with the goals of federal copyright protection.

In the absence of moral rights protections for artists in the United States,<sup>155</sup> it is crucial that judges and legislators provide the utmost protection against copyright infringement, particularly that which seeks to alter—and in so doing make more “palatable” to “decent” members of society—the nature of a creative expression and profit from that alteration. The court did not consider a First Amendment justification for the actions of the Mechanical Editing Parties, and for good reason: it is not appropriate to impose one’s own tastes and preferences upon a legally protected work.<sup>156</sup> The issue in the *Clean Flicks* case was, at its core, one of taking creative expression and turning it into a profitable enterprise at the expense of artistic vision. The court acted appropriately in enjoining the illegitimate activity.

Judge Matsch was wise to steer clear of passing judgment on the artistic merits of the copyrighted works. To quote Justice Holmes, “it would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside the narrowest and most obvious limits.”<sup>157</sup> While some people may not like what Hollywood has to say, they do not have the option of censorship, even in the name of criticism. It is simply not legally cognizable to invoke the protection of our children from the indecencies of society,<sup>158</sup> as depicted in Hollywood movies, as a justification for reaping economic gain off of those same reviled films. There is no inherent right to the enjoyment of censored versions of artistic expression, and if the artist himself does not want to compromise his vision, copyright law should vigorously support him.

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<sup>155</sup> See *Gilliam v. Am. Broad. Cos.*, 538 F.2d 14, 25–26 (2d Cir. 1976) (“American copyright law, as presently written, does not recognize moral rights or provide a cause of action for their violation, since the law seeks to vindicate the economic, rather than the personal, rights of authors.”).

<sup>156</sup> See *infra* note 157 and accompanying text.

<sup>157</sup> *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 582 (1994) (quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903)).

<sup>158</sup> *CleanFlicks Opposition to Motion*, *supra* note 140, at 7–8, 2005 CO App. Ct. Motions LEXIS 19680, at \*12 (noting that a major policy issue is the concern for our children and the effects of their seeing violence in films).