Blocking Copyrights Revisited

Kelly Casey Mullally*

ABSTRACT

Copyright law's constitutional mandate is to advance artistic progress for the public good by granting authors a set of exclusive rights. When considered in the context of creative endeavors that build upon preexisting, already copyrighted works, however, this seemingly straightforward objective becomes more complicated: in this situation, the law must balance the incentive to prepare the initial work with the incentive for improvement and continued progress in the form of derivative works, which can be inhibited by the rights conferred on the author of the preexisting work. Indeed, allowing individuals broad rights to exclude the public, for the benefit of the public, presents a contradiction in intellectual property law when those individual rights are invoked to prohibit absolutely the production of derivative works, as some courts have permitted copyright litigants to do.

A blocking copyrights doctrine would help to relieve that uneasy and unnecessary result. Such a doctrine would be similar to the well-established blocking patents approach to overlapping inventions in intellectual property law, and would allow an unauthorized improver of a preexisting copyrighted work to practice, and retain rights to, the original contributions in her derivative work, subject to compensation for use of the preexisting work. In addition to looking to patent law for guidance, the law relating to improvers of tangible property is also instructive in addressing the dilemma of unauthorized derivative authors in the copyright system: that body of law offers even greater acceptance and encouragement of the efforts of subsequent users of property.

Although copyright law, when compared to both patent law and the law of tangible property, presents equally, if not more, compelling reasons for granting an improver relief, a blocking doctrine has not been accepted by the courts in the copyright context. As this Article demonstrates, courts' failure to accept the doctrine is in part due to a misunderstanding of the statutory provisions governing derivative works. In addition to correcting this misunderstanding, the Article points to recent decisions relating to remedies in copyright cases that further open the door to implementation of a doctrine of blocking copyrights. Taking this

* Associate Professor of Law, John Marshall Law School (Atlanta). I would like to thank Kevin Mullally and participants in the 2012 Works-in-Progress Intellectual Property (WIPIP) Colloquium at the University of Houston Law Center and the 2013 John Marshall faculty scholarship workshops for helpful comments on earlier drafts of this Article. Thank you also to Emily Crabbe and Brandy Gentry for their excellent work as research assistants.

opportunity to incorporate the more favorable treatment of improvers seen in cases involving tangible property, this Article suggests that courts revisit copyright law's treatment of unauthorized improvers and utilize key principles of a blocking copyrights doctrine in the remedies stage of an infringement action. Specifically, this Article argues that courts should use the relief granted to copyright plaintiffs as a vehicle to allow for a more nuanced, principled approach to infringement by unauthorized derivative authors. This Article suggests criteria for when and how courts should incorporate into their remedies determinations features of the law that more appropriately account for the contributions of improvers, thereby effecting important aspects of a blocking copyrights doctrine, if not wholesale adoption of it.

INTRODUCTION

One of Aesop's fables tells the story of an encounter between a vexatious dog and a hungry ox:

> A dog looking for a quiet and comfortable place to take a nap jumped into the manger of the ox and lay there on the hay. Some time later the ox, returning hungry from his day's work, entered his stall and found the dog in his manger. The dog, in a rage because he had been awakened from his nap, stood up and barked and snapped whenever the ox came near his hay. The ox is a patient beast, but finally he protested: "Dog, if you wanted to eat my dinner I would have no objection. However, you will neither eat it yourself nor let me enjoy it, which strikes me as a very churlish way to act."[1]

The moral of Aesop's story concludes, "Some begrudge others what they cannot enjoy themselves."[2]

In copyright law, the potential for holdout behavior similar to that of the dog in the manger arises when one author[3] creates a work that builds on the earlier work of another author.[4] For instance, consider a hypothetical scenario involving a playwright who transforms an obscure short story into a critically acclaimed, award-winning play. The playwright contributes significant new content to the short story, transforming not only its genre but also changing the plot, adding symbolism and dialogue and enhancing the story with other substantial creative elements. The play infringes the copyright in the short story, because the playwright did not have the permission of the short story author, who—although he had no interest in developing the short story into a play himself—refused to grant a license because he was not cast in the play's lead role.[5] The play's success, however, can be attributed nearly exclusively to the efforts of the playwright. And without the play, the short story would have remained unknown and unprofitable.

This scenario raises the issue of what rights the playwright and the short story author each have in the play.[6] The Copyright Act defines works such as the play as "derivative works."[7] Authors of derivative works often make valuable

1. AESOP, *The Dog in the Manger*, AESOP'S FABLES 1, 1 (Grosset & Dunlap eds., 1982).

2. *Id.*

3. The term "author" broadly refers to a creator of any type of copyrightable work. *See* 17 U.S.C. § 102 (2012) (providing that "works of authorship" eligible for copyright protection include literary, musical, dramatic, choreographic, pictorial, graphic, sculptural and architectural works, among others).

4. *See* Richard A. Epstein, *A Clear View of The Cathedral: The Dominance of Property Rules*, 106 YALE L.J. 2091, 2094 (1997) (noting that the problem of holdout arises when a first party requires a unique commodity owned by a second party, and the first party values the commodity more than the second party, but the second party refuses to deal for idiosyncratic strategic reasons).

5. The playwright's incorporation of elements from the short story infringes either the short story author's right to reproduce the preexisting work, or his right to prepare derivative works, or both. *See* 17 U.S.C. §§ 106(1) and (2) (2012) (setting out copyright holders' rights).

6. For resolution of this scenario, see *infra* Part II.

7. A "derivative work" is defined as:

> [A] work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction,

contributions to preexisting works, and derivative works "can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one."[8] To be protectable, a derivative work must be significantly different from the preexisting work.[9] Determining what the parties' respective rights are in a derivative work depends on whether the law will tolerate "dog-in-the-manger" reactions to other authors' derivative works, such as the play.

Looking to the foundations of copyright protection, a key precept of the law is to encourage the production of creative works by granting authors a set of exclusive economic rights.[10] The Constitution gives Congress the power to issue that set of rights for one purpose: "To Promote the Progress of Science and useful Arts."[11] The system is thus a utilitarian one, wherein an author receives an incentive in the form of her bundle of economic rights in furtherance of the desire to benefit the learning, culture and development of the public as a whole.[12]

When dealing with works derived from preexisting copyrighted works, however, this goal becomes less one-dimensional. In this context, the law must consider not only the incentive to prepare the initial work but also the incentive for continued progress.[13] This progress often takes the form of work that relies and builds upon preexisting works;[14] it can therefore be inhibited by the exclusive rights granted to

> abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship.

17 U.S.C. § 101 (2012).

8. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994) (referring specifically to parody, a type of derivative work).

9. *See, e.g.*, Lee v. A.R.T. Co., 125 F.3d 580, 582 (7th Cir. 1997) (holding that derivative work must be significantly different from underlying work to be copyrightable); Gracen v. Bradford Exchange, 698 F.2d 300, 304 (7th Cir. 1983) (same); L. Batlin & Son, Inc. v. Snyder, 536 F.2d 486, 487 (2d Cir. 1976) (en banc) (holding that copyright in derivative work was invalid for lack of substantial variation from preexisting work in public domain).

10. A copyright holder receives the rights to reproduce the copyrighted work, to prepare derivative works based upon the copyrighted work, to distribute copies of the copyrighted work and, for certain types of works, the right to perform and display the copyrighted work publicly. 17 U.S.C. § 106 (2012).

11. U.S. CONST. art. I, § 8, cl. 8.

12. Brett Frischmann & Mark P. McKenna, *Intergenerational Progress*, 2011 WIS. L. REV. 123, 128 (2011) ("There is widespread consensus among scholars that patent and copyright laws, at least in the United States, are fundamentally utilitarian."); *see also infra* Part III.D (discussing utilitarian basis of copyright law and public welfare interest in copyright law).

13. *See* Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. COPYRIGHT SOC'Y 209, 211 (1983) (noting that derivative authors have "an equal claim on copyright's system of investment incentives").

14. In some sense, all works are influenced by the previous creations of others. As Justice Story wrote:

> In truth, in literature, in science and in art, there are, and can be, few, if any, things, which, in an abstract sense, are strictly new and original throughout. . . . No man writes exclusively from his own thoughts, unaided and uninstructed by the thoughts of others. The thoughts of every man are, more or less, a combination of what other men have thought and expressed, although they may be modified, exalted, or improved by his own genius or reflection.

Emerson v. Davies, 8 F. Cas. 615, 619 (C.C.D. Mass. 1845); *see also* White v. Samsung Elecs. Am. Inc., 989 F.2d 1512, 1513 (9th Cir. 1993) (Kozinski, J., dissenting) ("Nothing today, likely nothing since we

the author of the preexisting work.[15] Indeed, an individual's right to exclude the public—for the sake of the public—presents a great contradiction in intellectual property law. Thomas Jefferson referred to this same calculus in the related context of patents as an "embarrassment."[16]

Experts and commentators have recognized this difficulty[17] and the importance of balancing the incentive to prepare an initial work with the need to encourage improvements on that initial work and continued progress in the creative arts, and they have proposed reforms to achieve such a balance.[18] In particular, scholars have suggested the possibility of a "blocking copyrights" regime, similar to the already established blocking patents doctrine.[19] Blocking copyrights would allow

tamed fire, is genuinely new: Culture, like science and technology, grows by accretion, each new creator building on the works of those who came before."); HORACE G. BALL, THE LAW OF COPYRIGHT AND LITERARY PROPERTY 1 (1944) ("All writers since time immemorial have been borrowers.").

15. *See, e.g.*, Stewart E. Sterk, *Rhetoric and Reality in Copyright Law*, 94 MICH. L. REV. 1197, 1217 (1996) (arguing that a broad, exclusive derivative works right offers copyright holders a windfall and fails to provide sufficient economic incentives for additional creative output to counterbalance the copyright holder's rights).

16. *See* Graham v. John Deere Co., 383 U.S. 1, 9 (1966) ("Jefferson saw clearly the difficulty in 'drawing a line between the things which are worth to the public the embarrassment of an exclusive patent, and those which are not.'" (quoting Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813), in BASIC WRITINGS OF THOMAS JEFFERSON 708, 712-13 (Philip S. Foner ed., 1944))). Like copyright protection, patent protection is based on the concept of granting rights to individuals for the sake of the greater good. *See, e.g.*, Rebecca S. Eisenberg, *Patents and the Progress of Science: Exclusive Rights and Experimental Use*, 56 U. CHI. L. REV. 1017, 1024-30 (1989) (explaining theory of how patent monopolies function to promote progress by providing an incentive for individuals to invest in research and to disclose their inventions, thereby benefiting the general public).

17. Although copyright law's doctrine of fair use, 17 U.S.C. § 107 (2012), frequently arises in infringement actions, reliance on that defense in the context of unauthorized derivative works presents at least two difficulties. First, whether fair use will apply is too uncertain to justify the ex ante investment of resources that an improver might make. The literature addressing the deficiencies of fair use is legion, with the critical shortcoming being a lack of predictability. *See, e.g.*, Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1105 (1990) (noting that courts have failed to articulate a set of principles for analyzing fair use cases); Gideon Parchomovsky & Kevin A. Goldman, *Fair Use Harbors*, 93 VA. L. REV. 1483, 1483 (2007) ("[A]pplication of the law [of fair use] has become so unpredictable that would-be fair-users can rarely rely on the doctrine with any significant level of confidence."). Fair use fails in an additional and more fundamental way, however, in that it does not give the improver any rights. At best, fair use would protect an improver from paying damages to the underlying copyright holder, but it will not grant the improver the right to protect her work against copyists, including the creator of the underlying work.

18. *See* Christina Bohannan, *Taming the Derivative Works Right: A Modest Proposal for Reducing Overbreadth and Vagueness in Copyright*, 12 VAND. J. ENT. & TECH. L. 669 (2010) (comparing Copyright Act to federal dog fighting statute and arguing for a narrow interpretation of Copyright Act to mitigate First Amendment concerns); Erin E. Gallagher, *On the Fair Use Fence Between Derivative Works and Allegedly Infringing Creations: A Proposal for a Middle Ground*, 80 NOTRE DAME L. REV. 759 (2005) (arguing for a public domain middle ground rather than a "fair use fence" to address derivative works); Robert J. Morrison, *Deriver's Licenses: An Argument for Establishing a Statutory License for Derivative Works*, 6 CHI.-KENT J. INTELL. PROP. 87 (2006) (proposing legislative fix through implementation of a compulsory licensing scheme for derivative works).

19. *See* Mark A. Lemley, *The Economics of Improvement in Intellectual Property Law*, 75 TEX. L. REV. 989, 1021, 1074-77 (1997) (arguing in favor of a rule of blocking copyrights); *see also infra* Part I.A.1 (discussing blocking patents); Robert P. Merges, *Of Property Rules, Coase, and Intellectual*

each author to maintain the rights to her respective contributions but would require the authors to negotiate with one another to avoid infringement claims for use of one another's copyrighted content, or to compensate one another for the use of that content.[20]

Courts, however, have been slow to accept the doctrine, and it has largely been neglected.[21] As a result, because the potential liability for derivative authors who lack approval to use an underlying work is significant,[22] the possible source material for derivative works is effectively constrained to works for which permission can be obtained and works that are already in the public domain.[23] Not only is this an extremely limited universe of raw material upon which to draw, but it also may be less relevant to the public.[24]

This Article argues that the doctrine of blocking copyrights should be revisited, finding in the caselaw support and growing momentum that creates new opportunities for courts to employ principles of blocking copyrights, if not wholesale adoption of the doctrine.[25] The Article suggests a method for courts to incorporate concepts of blocking copyrights by means of the remedies granted in lawsuits alleging infringement of the right to prepare derivative works. In doing so, the Article draws upon the well-developed body of law dealing with improvements to tangible property. Although copyright law's moorings in the public interest present a key difference from the torts and real property realms, courts can account for that difference in a principled way, as proposed in this Article, to effectively implement blocking copyrights.

The Article proceeds in three parts. Part I describes the blocking patents and blocking copyrights doctrines, respectively. It also sets out rules of tort and real property law that are favorable to improvers as a contrast to copyright law's harsh treatment of derivative authors. Part II analyzes the statutory and jurisprudential treatment of derivative works, concluding that derivative authors are entitled under

Property, 94 COLUM. L. REV. 2655, 2659 n.15 (1994) (noting that a doctrine of blocking copyrights would avoid problems of copyright holders receiving far greater returns than needed to induce investment in their initial works, and derivative authors receiving far less returns than needed to justify investment in derivative works).

20. *See infra* Part I.A.2 (discussing blocking copyrights).

21. *See, e.g.*, Herbert Hovencamp et al., *Anticompetitive Settlement of Intellectual Property Disputes*, 87 MINN. L. REV. 1719, 1737 (2003) ("[T]here is no law of 'blocking copyrights.'"); Merges, *supra* note 19, at 2659 n.15 (noting "lack of a doctrine of 'blocking copyrights'"); *see also infra* Part II (discussing cases).

22. *See, e.g.*, 17 U.S.C. § 504(c)(2) (2012) (providing that successful plaintiff may be entitled to the defendant's profits and statutory damages of up to $150,000 per work willfully infringed without proof of harm); Gideon Parchomovsky & Kevin A. Goldman, *Essay, Fair Use Harbors*, 93 VA. L. REV. 1483, 1486 (2007) ("[P]laintiffs in copyright cases can readily obtain . . . monetary awards in excess of their harm.").

23. ROGER E. SCHECHTER & JOHN R. THOMAS, INTELLECTUAL PROPERTY: THE LAW OF COPYRIGHTS, PATENTS AND TRADEMARKS 67 (2003) ("A 'second generation' work only obtains copyright protection as a derivative work if the later work was used with permission of the copyright holder, or if the later work was part of the public domain.").

24. *See infra* note 60 and accompanying text (discussing time-sensitive nature of derivative works).

25. *See infra* Parts II & III.A (discussing cases).

the Copyright Act to retain rights to their separable, original contributions—even in unauthorized derivative works—and refuting caselaw that holds otherwise. Part III describes copyright remedies and explains how courts, by drawing upon tort and property law, can modify the remedies granted to effectively incorporate principles of blocking copyrights for unauthorized derivative works. Part III concludes by identifying, and responding to, possible objections to the more permissive approach to unauthorized derivative works proposed herein.

I. THE LAW'S TREATMENT OF IMPROVERS OF INTANGIBLE AND TANGIBLE PROPERTY

The plight of improvers is not unique to copyright law. Other areas of the law, both those dealing with intellectual property and those dealing with tangible property, offer useful analogues.

A. DOGS IN THE IP MANGER

The concept of blocking copyrights derives from a related situation in patent law. Indeed, other forms of intellectual property face the same or similar challenges as those encountered by derivative works in copyright law. For example, the grant of a patent to one party may impede later research by others or preempt an entire field of study.[26] Useful commercial products in some areas of technology may be stalled by "patent thickets," where the developer of an innovative product faces holdout behavior based on a multitude—often hundreds—of patents that require clearance before that product can be brought to market.[27]

The law accordingly needs safeguards to temper the potential anticompetitive effects of intellectual property protection. Trademark law, for example, is perhaps the least tolerant of "dog-in-the-manger" behavior. Actual use, or a bona fide intent to use followed by actual use, of a mark in commerce is a prerequisite for federal trademark registration.[28] For unregistered marks, a plaintiff's rights are

26. *See, e.g.*, Michael A. Heller & Rebecca S. Eisenberg, *Can Patents Deter Innovation? The Anticommons in Biomedical Research*, 280 SCIENCE 698, 698-700 (1998); Heidi L. Williams, *Intellectual Property Rights and Innovation: Evidence from the Human Genome* 12-15 (Nat'l Bureau of Econ. Research, Working Paper No. 16213, 2010) (noting the persistent negative effects on subsequent scientific research in the context of gene patents).

27. *See, e.g.*, Amy Kapczynski et al., *Addressing Global Health Inequities: An Open Licensing Approach for University Innovations*, 20 BERKELEY TECH. L.J. 1031, 1039 (2005) (describing patent thickets in pharmaceutical industry); J. Peter Paredes, *Written Description Requirement in Nanotechnology: Clearing a Patent Thicket?*, 88 J. PAT. & TRADEMARK OFF. SOC'Y 489, 492-93 (2006) (discussing patent thickets in nanotechnology); Carl Shapiro, *Navigating the Patent Thicket: Cross Licenses, Patent Pools, and Standard-Setting*, *in* 1 INNOVATION POLICY AND THE ECONOMY 119, 119 (Adam B. Jaffe, Josh Lerner & Scott Stern eds., 2001) (defining patent thicket as "an overlapping set of patent rights requiring that those seeking to commercialize new technology obtain licenses from multiple patentees").

28. 15 U.S.C. § 1051(a)(1) (2012) (providing that "[t]he owner of a trademark used in commerce may request registration of its trademark"); *id.* § 1051(b)(1) (providing that "[a] person who has a bona fide intention . . . to use a trademark in commerce may request registration of its trademark"); *id.* § 1051(d)(1)-(2) (requiring verified statement that trademark is being used in commerce within specified

limited based on the geographic areas in which she has made continuous use of the mark.[29] Moreover, priority disputes for rights based on either registration or common law are resolved under trademark law based on which party was making good faith use of the mark first.[30] As an additional example of tools designed to cultivate continued progress in intellectual property, patent law includes an experimental use exemption from infringement when a defendant uses an invention for the purpose of experimenting or improving on the invention.[31] Courts have also used the statutory subject matter requirement to invalidate patents or deny patent applications that stifle future research and development.[32]

1. Blocking Patents

Patent law presents another sophisticated tool for balancing the interests of the creator of an initial work and one who builds upon it that is particularly relevant to derivative works in copyright law—the blocking patents doctrine. This doctrine can be illustrated by a scenario involving a new invention that consists of the combination of (1) an already patented, preexisting "base" invention, and (2) an improvement on that base invention.[33] For example, in a hypothetical pre-furniture world, a rocking chair would be a follow-on invention based on the conventional four-legged chair.[34]

---

time limits following grant of trademark registration).

Some trade secret laws also require continuous use, albeit in a slightly different sense. *See, e.g.*, RESTATEMENT (FIRST) OF TORTS § 757 (1939) (noting that trade secrets are not single or one time pieces of information; instead, "[a] trade secret is a process or device for continuous use in the operation of the business."); *see also* Lehman v. Dow Jones & Co., Inc., 783 F.2d 285, 297-98 (2d Cir. 1986) (holding that the Restatement definition excludes "single or ephemeral events in the conduct of [a] business, as, for example, the amount or other terms of a secret bid for a contract or the salary of certain employees").

29. *See, e.g.*, Weiner King, Inc. v. Wiener King Corp., 615 F.2d 512, 523-26 (C.C.P.A. 1980) (holding that the nonregistering party was limited to the area of actual use of the mark and could not assert rights beyond its existing territory and a restricted "zone of expansion").

30. *See, e.g.*, Blue Bell, Inc. v. Farah Mfg. Co., 508 F.2d 1260, 1267 (5th Cir. 1975) (awarding priority to the party that proved earliest good faith use of mark in commerce).

31. Janice M. Mueller, *No "Dilettante Affair": Rethinking the Experimental Use Exception to Patent Infringement for Biomedical Research Tools*, 76 WASH. L. REV. 1, 17-32 (2001) (describing historical development of common law experimental use exemption from patent infringement).

32. *See, e.g.*, Mayo Collaborative Servs. v. Prometheus Labs., Inc., 132 S. Ct. 1289, 1294 (2012) (holding patents-in-suit invalid for lack of proper subject matter because the patents "would risk disproportionately tying up the use of the underlying natural laws, inhibiting their use in the making of further discoveries").

33. For a case involving blocking patents, see *International Manufacturing Co. v. Landon, Inc.*, 336 F.2d 723, 729-30 (9th Cir. 1964). "Improvement" and "improver" in the blocking patents context, and in the context of this Article, do not denote any qualitative or quantitative judgment but instead focus more generally on progress or growth in the discipline at issue by building on prior works. Any follow-on creator would be considered to be an "improver."

34. *See* JANICE M. MUELLER, PATENT LAW 16-17 (3d ed. 2009) (describing patents on chair and rocking chair, respectively, as blocking patents to one another); *see also* Robert P. Merges & Richard R. Nelson, *On the Complex Economics of Patent Scope*, 90 COLUM. L. REV. 839, 881-94 (1990) (providing examples of cumulative innovation in the development of airplanes, automobiles, and semiconductors, among other technologies).

Under the blocking patents doctrine, even though the improver may not have had authorization to use the base invention, she is entitled to a patent protecting her contribution to the new invention.[35] The improvement patentee cannot practice the new invention without infringing the underlying patent on the base invention.[36] At the same time, however, the patentee of the base invention cannot use the improvement without infringing the improver's patent.[37] Thus, the two patents "block" each other, and neither party obtains the benefit of the improvement while the base patent is still in force. Allowing the improver to obtain a patent on her contribution at least gives her bargaining power and an opportunity to reach an agreement with the owner of the base invention. If an agreement is advantageous to both parties, logic predicts that they will reach one.[38] This doctrine reflects the reality that progress often comes from discrete, incremental changes that stem from preexisting inventions, rather than from a monumental breakthrough.[39]

2. Blocking Copyrights

Among the various forms of legal protection for intellectual property, only the copyright and patent laws share the constitutional pedigree of "Promot[ing] the Progress of Science and useful Arts."[40] Both bodies of law do so for the public good and in the same general manner, by conferring exclusive rights on individuals.[41] Many similarities between these rights exist, and copyright and patent laws accordingly often serve as useful comparators for one another, each informing the course of the other's development.[42] As with patent law, the

35. PETER D. ROSENBERG, PATENT LAW FUNDAMENTALS § 1.03 at 1-10 n.35, § 16.02, at 16-14, 16-16 (2d ed. 1980). This assumes that the improvement meets the independent criteria for patentability, particularly the requirement that the invention be nonobvious over the prior art. *See* 35 U.S.C. § 103 (Supp. V 2011) ("A patent . . . may not be obtained . . . if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious . . . to a person having ordinary skill in the art to which the claimed invention pertains.").

36. *See* 35 U.S.C. § 271 (2012) (setting out standard for patent infringement).

37. ROSENBERG, *supra* note 35, at § 16.02, at 16-14, 16-16.

38. *See* Robert Merges, *Intellectual Property Rights and Bargaining Breakdown: The Case of Blocking Patents*, 62 TENN. L. REV. 75, 78 (1994) (noting common sense assumption that parties will reach a mutually beneficial agreement). Merges also explains, however, that logic will occasionally fail and that such a failure warrants judicial intervention. *Id.* Patent law's reverse doctrine of equivalents is a sound response to an impasse like this. *Id.* The reverse doctrine of equivalents operates to excuse from liability an infringer whose invention, while falling literally within the claims of the patent, has so extensively changed the principle of the device claimed by the patent that he has done nothing in conflict with the "spirit and intent" of the original patent. *See* Boyden Power-Brake Co. v. Westinghouse, 170 U.S. 537, 568 (1898) (describing the reverse doctrine of equivalents).

39. Indeed, patent law appropriately did away with any such romanticized notion of invention over half a century ago. *See* Graham v. John Deere Co., 383 U.S. 1, 15 (1966) (noting that 35 U.S.C. § 103, as enacted in the 1952 Patent Act, abolished the purported "flash of creative genius" test for patentability); *see also* 35 U.S.C. § 103 (Supp. V 2011) ("Patentability shall not be negated by the manner in which the invention was made.").

40. U.S. CONST. art. I, § 8, cl. 8.

41. *Id.*; *see also infra* notes 166-171 (describing constitutional mandate and its emphasis on public welfare).

42. Courts and commentators have drawn the analogy between patent law and copyright law.

cumulative nature of progress in copyright law often makes derivative works particularly valuable and relevant.[43]

A blocking copyrights doctrine would function similarly to that described for patents. Significantly, the doctrine would allow authors greater freedom to improve on preexisting works because they would not automatically be barred from creating unauthorized derivative works. Additionally, a blocking copyrights regime would grant an author who bases a new creation on an already copyrighted work to obtain protection for the original expression she contributes to arrive at the derivative work. All of the author's rights in the preexisting work would remain intact, but the derivative creator's original expression would likewise obtain protection.

This system would essentially lead to the creation of successive tiers of valid copyrights that block one another. For example, an original oil painting, which would have "first tier" copyright status, could be the basis for a fabric print that recognizably incorporates elements of the painting, but also adds original, new effects. The fabric print would be a derivative work, occupying the "second tier" of copyright protection.[44] Although the fabric print would infringe upon the painting, the original material it added would be entitled to copyright protection. Copyright protection in the fabric would attach only to the new elements added by the maker of the fabric.[45] Later, the fabric print might become the source of a tile design, which would occupy the "third tier" in this hierarchy. The maker of the tile would be infringing the copyrights in both the painting and the fabric. As a corollary of

See, e.g., eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 392-93 (2006) (analogizing rights of copyright law to patent law to resolve issue of appropriate injunctive relief); Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 439 & n.19 (1984) (noting "historic kinship between patent law and copyright law" and that the Court has "recognized the basic similarities between copyrights and patents"); Mazer v. Stein, 347 U.S. 201, 219 (1954) ("The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.'"); Lasercomb Am., Inc. v. Reynolds, 911 F.2d 970, 975 (4th Cir. 1990) (noting that the Supreme Court has "equated the public policies of copyright and patent"); Tal Kedem, *Secondary Liability for Actively Inducing Patent Infringement: Which Intentions Pave the Road?*, 48 WM. & MARY L. REV. 1465, 1484 (2007) (noting Supreme Court's acknowledgement of "long history of borrowing of doctrinal principles between the patent law and the copyright law"); Lorelei Ritchie de Larena, *What Copyright Teaches Patent Law About "Fair Use" and Why Universities Are Ignoring the Lesson*, 84 OR. L. REV. 779, 779 (2005) (noting that "[t]he laws governing patent and copyright are closely related and frequently intertwine" and arguing that copyright law's fair use doctrine should be incorporated into patent law); Gregory N. Mandel, *Left-Brain Versus Right-Brain: Competing Conceptions of Creativity in Intellectual Property Law*, 44 U.C. DAVIS L. REV. 283, 360 (2010) (noting "similarity in the goals of copyright and patent law" and "the underlying objectives of copyright and patent" of "promoting creative accomplishment").

43. Gregory N. Mandel, *To Promote the Creative Process: Intellectual Property Law and the Psychology of Creativity*, 86 NOTRE DAME L. REV. 1999, 2005 (2011) ("Research indicates . . . that people tend to appreciate artistic creativity most when it presents something new, but not too different from preexisting work.").

44. This assumes that the makers of the wallpaper modified the preexisting painting in some way so as to meet the originality requirement of the Copyright Act. *See* 17 U.S.C. § 102 (2012) ("Copyright protection subsists, in accordance with this title, in original works of authorship . . . .").

45. *See infra* Part II (discussing statutory provisions governing derivative works).

this, if the painter who created the initial work incorporates elements from the tile design into a subsequent painting, she would be liable to both the maker of the fabric and the maker of the tile for their respective contributions. Each author would be able to recover against one another or third parties for infringing upon her respective copyrighted material. Creative works often contain numerous distinct copyrightable elements,[46] and the scope of the resultant copyright protection ultimately afforded to each derivative work would be determined by severing the original, non-infringing portions of each derivative author's work from the underlying work (or works)[47] and ensuring that the material added by the derivative author is in a fixed form and meets the standard for originality.[48]

In addition to achieving copyright's constitutionally mandated goal of furthering progress of creative arts, a blocking copyrights doctrine is particularly warranted in light of the ethics of improvement in copyright law, demonstrated by the historical and philosophical underpinnings of United States copyright law. For decades, the American copyright system was hostile to foreign authors, offering little, if any, protection for works made outside the United States.[49] Critics of early U.S. copyright law decried it as "permitt[ing] and even encourag[ing] legalized piracy of foreign authors by American publishers."[50] Supposed concessions in the late nineteenth and early twentieth centuries did little to change the law's bias.[51]

46. *See, e.g.*, Berkic v. Crichton, 761 F.2d 1289, 1292 (9th Cir. 1985) (noting that, when analyzing copyright infringement of literary works, courts consider the respective works' "plot, themes, dialogue, mood, setting, pace, characters, and sequence of events"); Erickson v. Blake, 839 F. Supp. 2d 1132, 1139 (D. Or. 2012) (noting that copyrightable elements of music "may include melody, harmony, rhythm, pitch, tempo, phrasing, structure, chord progressions, 'hooks,' instrumental figures, and overall song structure."); Splitfish AG v. Bannco Corp., 727 F. Supp. 2d 461, 467 (E.D. Va. 2010) (noting presence of functional and nonfunctional elements of computer software); TMTV, Corp. v. Mass Prods. Inc., 345 F. Supp. 2d 196, 203-04 (D.P.R. 2004) (noting distinctive "thematic, plot, characters, character interacting, setting, decorative, costume, musical, pace, lighting, scenographic and other multiple expressive elements" as copyrightable aspects of television show).

47. *See* 17 U.S.C. § 103 (2012) (regarding scope of derivative copyright); Russell v. Price, 612 F.2d 1123, 1128 (9th Cir. 1979) ("[A] derivative copyright protects . . . the new material contained in the derivative work, not the matter derived from the underlying work."); *see also* Eden Toys, Inc. v. Florelee Undergarment Co., 697 F.2d 27, 35 (2d Cir. 1982) (explaining successive tiers of copyright protection for authorized derivative work).

48. 17 U.S.C. § 102(a) (2012) (setting forth requirements of originality and fixation for copyright protection); *see also* Gideon Parchomovsky & Alex Stein, *Originality*, 95 VA. L. REV. 1505, 1509-10 (2009) (noting copyright law's two threshold requirements for protection and that "[b]oth requirements set a very low threshold for obtaining protection, even in combination").

49. Robert Spoo, *Ezra Pound's Copyright Statute: Perpetual Rights and the Problem of Heirs*, 56 UCLA L. Rev. 1775, 1783 n.35 (2009) ("For example, the first U.S. copyright statute conferred protection only on 'citizens of these United States, or residents therein,' and expressly provided that 'nothing in this act shall be construed to extend to prohibit the importation or vending, reprinting or publishing within the United States, of any map, chart, book or books, written, printed, or published by any person not a citizen of the United States, in foreign parts or places without the jurisdiction of the United States.'" (citing Act of May 31, 1790, ch. 15, §§ 1, 5, 1 Stat. 124, 124-25 (repealed 1831))).

50. *Id.* at 1780 (recounting complaints of author Ezra Pound).

51. *See id.* at 1779-80 ("[P]rotectionist features of U.S. copyright law . . . for more than a century had favored the interests of American printers and book manufacturers at the expense of foreign authors' rights. Even though Congress amended the law in 1891 and again in 1909 to give foreign authors a better chance of obtaining copyright protection in the United States, the technical requirements were

One key effect of these domestically biased copyright laws was the emergence and rapid growth of a rich cultural environment in the United States.[52] To varying extents, all creative works build on, and benefit from, preceding innovations,[53] and the ready availability of vast source material as not only abstract inspiration but also as a specific foundation for other works allowed American authors and creators to flourish.[54] Modern sectors of creativity and entertainment have similarly benefited from the use of preexisting works.[55] For example, the film industry relies heavily on adaptations of other works for contemporary productions.[56] As Lawrence Lessig has demonstrated, many of these uses of preexisting works have been unauthorized and have allowed large-scale content providers to grow their respective industries.[57]

Compared to patent law, the case for a blocking doctrine is equally, if not more, compelling in copyright law. Derivative authors may face more commercially irrational reactions and disincentives to licensing by the owner of a copyrighted work than an inventor trying to improve on a patented product.[58] In addition, copyright law's significantly longer term of protection inhibits to a greater extent the creation of follow-on works.[59] Indeed, the term of protection might effectively

onerous and many authors could not comply with them.").

52. *See* Thomas Bender & David Sampliner, *Poets, Pirates, and the Creation of American Literature*, 29 N.Y.U. J. INT'L L. & POL. 255, 255 (1996-97) ("The first century of copyright law in the United States provides a striking illustration of how an outlaw nation built its cultural industries and developed many of its cultural treasures while largely disregarding the intellectual property rights of foreign writers."); Robert J. Gutowski, Comment, *The Marriage of Intellectual Property and International Trade in The TRIPs Agreement: Strange Bedfellows or a Match Made in Heaven?*, 47 BUFF L. REV. 713, 749-50 (1999) (discussing how the human rights view of intellectual property imposed by western culture on developing nations is actually contrary to the norms used by the west in their own legal history and noting that "the condoned piracy of foreign-published books 'indirectly fostered the growth of the American publishing industry'" (quoting BANKOLE SODIPO, PIRACY AND COUNTERFEITING: GATT, TRIPS AND DEVELOPING COUNTRIES 16 (1997)).

53. *See supra* note 14 (describing how authors build on preexisting works).

54. *See* WILLIAM M. LANDES & RICHARD A. POSNER, THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW 52 (2003) (noting that absence of copyright protection "reduces the cost of writing by enabling an author to copy freely from his predecessors").

55. *See, e.g.*, Spoo, *supra* note 49, at 1815 (citing examples and noting "the freedom to create adaptations of, and to borrow extensively from, others' works is a defining feature of modernist writing").

56. *See* Jason Dietz, *Are Original Movies Really Better than Derivative Works?*, METACRITIC (Apr. 21, 2011), http://www.metacritic.com/feature/movie-sequels-remakes-and-adaptations (conducting a study and concluding that the majority of films released between 2006 and 2010 were sequels, remakes, and adaptations).

57. Lessig explains, "If 'piracy' means using the creative property of others without their permission . . . then the history of the content industry is a history of piracy. Every important sector of 'big media' today—film, records, radio, and cable TV—was born of a kind of piracy so defined." LAWRENCE LESSIG, FREE CULTURE: HOW BIG MEDIA USES TECHNOLOGY AND THE LAW TO LOCK DOWN CULTURE AND CONTROL CREATIVITY 53 (2004). Lessig goes on to demonstrate the prevalence of "piracy" in each of these industries. *Id.* at 53-61.

58. *See* Alfred C. Yen, *When Authors Won't Sell: Parody, Fair Use, and Efficiency in Copyright Law*, 62 U. COLO. L. REV. 79, 84 (1991) (noting that "authors often form emotional attachments to their works which are nonpecuniary in nature").

59. The term of protection afforded by a patent is twenty years from the earliest effective U.S.

result in the complete suppression of otherwise worthwhile derivative works, because the preexisting work may no longer be relevant or may have greatly diminished value to the public in seventy or more years.[60]

B. UNAUTHORIZED IMPROVERS OF TANGIBLE PROPERTY

Remedies in the Copyright Act are not dependent on the type of work that is infringing or the particular right that is infringed.[61] In contrast, tort and property law have developed more tailored rules to deal specifically with improvements to tangible property. As discussed below, these rules are useful in considering the appropriate scope of protection for unauthorized derivative works. Nevertheless, this Article does not advocate wholesale importation of property or tort law into copyright law. To be sure, information and ideas do not have the same attributes as physical property, and these dissimilarities mandate different treatment by the law.[62] At the same time, tort and property law have been useful in informing copyright jurisprudence and scholarship. Scholars have looked to concepts from real property in discussing copyright[63] and other intellectual property issues.[64] Tort law has also shed light on copyright law,[65] and it is a logical resource given its familiarity with valuation of reputational harms—a particular concern with derivative works.[66] Further, particularly relevant to this Article's discussion of

filing date of the application, 35 U.S.C. § 154(a)(2) (2012), whereas the term of protection afforded by a copyright is the life of the author plus seventy years, 17 U.S.C. § 302(a) (2012).

60. *See* Mandel, *supra* note 43, at 2005 (noting the value of creative works that build incrementally on works that are known by and familiar to the public); *cf.* Merges & Nelson, *supra* note 34, at 878 ("[W]hen it comes to invention and innovation, faster is better.").

61. *See* 17 U.S.C. §§ 501–13 (2012) (setting out copyright remedies); *id*. § 106 (setting out copyright holders' rights).

62. *See, e.g.*, Frank H. Easterbrook, *Intellectual Property is Still Property*, 13 HARV. J.L. & PUB. POL'Y 108, 110 (1990) ("Ordinary property is occupied and wears out to boot. Intellectual property can be used by many at once, without being used up. The marginal cost of its use is zero . . . ."); Richard A. Epstein, *Intellectual Property: Old Boundaries and New Frontiers*, 76 IND. L.J. 803, 804 (2001) (noting limitations in applying real property law to intellectual property).

63. *See, e.g.*, Parchomovsky & Stein, *supra* note 48, at 1527 (noting that accession doctrine is a property law analogue to the "doctrine of inequivalents" mechanism in authors' system of calibrating the scope of a copyrighted work's protection to its level of originality). Although it has not yet been developed in relation to derivative works, the doctrine of waste from real property law might also be fruitful in shedding light on the problem of underutilization and refusals to deal with respect to derivative works. *See, e.g.*, Thomas W. Merrill, Melms v. Pabst Brewing Co. *and the Doctrine of Waste in American Property Law*, 94 MARQ. L. REV. 1055 (2011).

64. *See, e.g.*, Andrew Beckerman-Rodau, *Patents Are Property: A Fundamental but Important Concept*, 4 J. BUS. & TECH. L. 87, 88-89 (2009) (arguing that patent owners should be able to protect their rights just as the owners of tangible property would be able to, i.e., "without regard to whether the patent owner is injured by the infringement"); Peter Lee, *The Accession Insight and Patent Infringement Remedies*, 110 MICH. L. REV. 175, 202-18 (2011) (applying accession doctrine from real property law to improvements in patent law).

65. Wendy J. Gordon, *An Inquiry into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory*, 41 STAN. L. REV. 1343, 1354-94 (1989) (comparing the entitlements structure of copyright law to tort law and property law).

66. *See infra* Part III.D; *see also* Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 HARV. L. REV. 281, 291 (1970) (noting

remedies in copyright law,[67] courts have looked to tort law to guide their approach to copyright damages.[68] Thus, rather than ignore the developed body of law dealing with tangible property entirely, this Article seeks to incorporate useful aspects of the law specific to improvers and only with respect to the discrete category of derivative works, not copyright law as a whole. The Article recognizes a key difference between the tort and real property systems on the one hand, and the copyright system on the other hand, and uses that difference to modify the application of doctrines developed for tangible property in the copyright context.[69]

The key aspect of tort and property law relevant to derivative works is that those bodies of jurisprudence include statutory and judicial rules that treat unauthorized improvers of real and personal property more favorably than improvers are treated under copyright law. Many jurisdictions have, for instance, enacted statutes, or invoked principles of equity, to protect the investment of a party who improves tangible property that is not her own.[70] Historically, these rules were intended to encourage improvements and the development of settled lands and to ameliorate the law's previously harsh treatment of trespassing improvers.[71] Courts granting relief to an improver generally allow the improver to retain rights to the improvements, subject to the payment of damages for the affixing and removal of the improvements.[72] Other forms of relief have included permitting an offset

possibility of using tort law to protect any dignitary rights authors might have).

67. *See infra* Part III.

68. HOWARD B. ABRAMS, THE LAW OF COPYRIGHT § 17:2 ("[T]he case law is in accord with the normal meaning that would be expected for damages for any tort: monetary compensation for the harm done to the copyright owner by the infringement." (citing JOHN W. HAZARD, JR., COPYRIGHT LAW IN BUSINESS AND PRACTICE § 9:17 (2d ed.))); *id.* ("This uncertainty over the amount of damages is not unique to copyright law and the courts have readily adapted the traditional tort law distinction between certainty of the fact of damage and certainty as to the amount of damage.").

69. *See infra* Part III.B.

70. *See, e.g.*, CAL. CIV. PROC. CODE § 871.3(b) (West 2013) (allowing recovery for good faith improvers); KAN. STAT. ANN. § 60-1004 (2012) (same); James v. Bailey, 370 F. Supp. 469, 471 (D.V.I. 1974) (noting that the harshness of the common law rule requiring one who improved land to do so at her own risk "has been substantially relieved either by statute or by equity"); Raab v. Casper, 124 Cal. Rptr. 590 (Ct. App. 1975) (interpreting California's good faith improver statute); Golden Press, Inc. v. Rylands, 235 P.2d 592, 596 (Colo. 1951) (en banc) (refusing to grant an injunction when defendant built the foundation of a building on plaintiff's land, noting that "[t]he expense and hardship of such removal would be so great in comparison with any advantage of plaintiffs to be gained thereby that we think it would be unconscionable to require it"); Restatement (First) of Restitution § 42 cmt. c (1937) (governing improvements upon land or chattels); 41 AM. JUR. 2D, *Improvements* § 5 (2005) (summarizing statutory and common law requirements on bona fide possessors to compensate improvers); Kelvin H. Dickinson, *Mistaken Improvers of Real Estate*, 64 N.C. L. REV. 37, 42-49 (1985) (discussing relief for encroachment).

71. John Henry Merryman, *Improving the Lot of the Trespassing Improver*, 11 STAN. L. REV. 456, 466-67 (1959) (describing history of legislation and judge-made law designed to stimulate the settlement and improvement of lands and to treat trespassing improvers less harshly).

72. *See, e.g.*, Tremper v. Quinones, 9 Cal. Rptr. 3d 672, 673, 675 (Cal. App. 2d Dist. 2004) (allowing improver to remove improvements but requiring payment to the owner of the land for any damages caused by the creation and removal of the improvements); Bank of America v. J. & S. Auto Repairs, 694 P.2d 246, 248 (1985) (allowing improver to remove parts installed in a van as long as it did not do damage to the van); Merryman, *supra* note 71, at 479 (noting limits to statutory right to remove improvements in early betterment statutes).

against rents otherwise due by an improver and requiring the owner of the property that was improved to pay the improver for the value of the improvements.[73] Significantly, these decisions are not limited to bona fide purchasers without notice of title.[74]

As another example, one branch of common law dealing with trespassory invasions to land or personal property allows for an exception, one favorable to improvers, to the rule of accession. Under accession, a possessor of land may automatically take ownership of unauthorized improvements made to that property.[75] To achieve a more equitable result, however, courts have, within the accession doctrine, granted relief to improvers, holding that if an improver acts in good faith and substantially transforms underlying raw materials, title to the improved property belongs to the improver as long as she compensates the owner for the value of the starting materials.[76] As Blackstone explained,

> if the thing itself, by such operation, was changed into a different species, as by making wine, oil, or bread, out of another's grapes, olives, or wheat, it belongs to the new operator[,] who has only to make a satisfaction to the former proprietor for the materials, which he had so converted.[77]

Among other contexts in which this exception has been applied, courts have granted relief to the improver where an improver mixes her labor with the physical property of another, as well as where an improver creates something new made of

---

73. *See, e.g.*, *In re* Fowler, 425 B.R. 157, 206 (Bankr. E.D. Pa. 2010) (compelling owner of property that was improved to pay for the improvements to the extent that improvements enhanced the value of the land); Bd. of Cnty. Comm'rs of Wyandotte Cnty. v. Adkins, 749 P.2d 1056, 1057 (Kan. App. 1988) (holding that good faith improvers may be compensated for improvements); Roesch v. Wachter, 618 P.2d 448, 451 (Or. App. 1980) (allowing defendant a credit against rent).

74. *See, e.g.*, *Tremper*, 9 Cal. Rptr. 3d at 674-75 (allowing defendant to remove improvements from plaintiff's property even though defendant continued improvements after learning of property's correct boundary line); Manning v. Wingo, 577 So. 2d 865, 868 (Ala. 1991) (holding that purchasers of property from beneficiary, although they had constructive notice that beneficiary did not own the property, were entitled to recover the value of the improvements they made to the property); Larry C. Iverson, Inc. v. Bouma, 639 P.2d 47, 61 (Mont. 1981) (allowing appellant improvers to recover even though "[t]here is little doubt that appellants knew the contract they entered into was suspect . . . [because t]o deprive appellants the fruits of their labor . . . would not be in the best interests of justice, fair play, and public policy").

75. *See, e.g.*, Blackwood Tire & Vulcanizing Co. v. Auto Storage Co., 182 S.W. 576, 576 (Tenn. 1916) ("The general rule of the common law in regard to title by accession is that, whatever alteration of form has taken place in personal property, the owner is entitled to such property in its state of improvement . . . ." (internal citations and quotation marks omitted)).

76. *See, e.g.*, Wetherbee v. Green, 22 Mich. 311, 315 (1871) (granting relief to improver and observing that there must "be some limit to the [property owner's] right to follow and reclaim materials which have undergone a process of manufacture").

77. 2 WILLIAM BLACKSTONE, COMMENTARIES *404. Similarly, Justice Story has written,

> Take the case of a vacant lot in a city, where a bona fide purchaser builds a house thereon, enhancing the value of the estate to ten times the original value of the land . . . is it reasonable and just, that in such a case, the true owner should recover and possess the whole, without any compensation whatever to the bona fide purchaser? To me it seems manifestly unjust and inequitable . . . .

Bright v. Boyd, 4 F. Cas. 127, 133 (C.C. D. Me. 1841) (No. 1, 875).

her own personal property and another's personal property, where the two contributions are joined but remain distinguishable[78]—a result particularly relevant to derivative works.[79] Moreover, the exception has been applied even when the improver acted willfully.[80]

These doctrines based on tangible property are all mechanisms to achieve a fair apportionment of rights and compensation between two parties, when both have a claim to property comprised of a starting material and a contribution to it. Factors courts have considered in granting relief to an improver include the separability of the parties' respective contributions,[81] the good faith of the improver, the increase in value resulting from the improvements, the extent of the change made to the underlying work[82] and the conduct or bad faith of the owner of the preexisting property.[83]

Copyright law should incorporate aspects of these improvement doctrines relating to tangible property into the law regarding derivative works. Considerations of the value of the improvements and good faith that exist in tort and property law may, for instance, be used to guide courts' resolutions of infringements by unauthorized derivative works. Indeed, there is a meaningful distinction between a defendant who commits infringement by simple piracy of a preexisting work and a defendant who uses that same preexisting work to create something significantly different. In the latter case, the interest of copyright law in promoting the creation of works of art no longer lies exclusively with the holder of

78. Earl C. Arnold, *The Law of Accession of Personal Property*, 22 COLUM. L. REV. 103, 111, 118-20 (1922).

79. *See supra* Part I.A.2 (discussing partitioning of derivative and preexisting works).

80. Arnold, *supra* note 78, at 105, 108 (noting that courts have allowed recovery in some cases even where taking was willful); *see also* Merryman, *supra* note 71, at 494 (arguing that judges should have discretion to provide relief to even intentional trespassers who improve real property).

81. *See, e.g.*, Omaha Standard, Inc. v. Nissen, 187 N.W.2d 721, 724 (Iowa 1971) ("[C]ourts are less likely to apply the doctrine of accession if the items in question can be removed expediently and with little or no damage to themselves or [the property to which they are attached]" (internal citations and quotation marks omitted).); *Wetherbee*, 22 Mich. at 320 ("When the right to the improved article is the point in issue, the question, how much the property or labor of each has contributed to make it what it is, must always be of first importance."); Bancorp Leasing & Fin. Corp. v. Stadeli Pump & Const., Inc., 739 P.2d 548, 553 (Or. 1987) (concluding that an engine added to a truck by defendant did not accede to the plaintiff, reasoning that the engine and truck were easily severable); Clark v. Wells, 45 Vt. 4, 7 (1872) (holding that an improver of a wagon had a claim for conversion against the owner of the wagon where the improvements "could be followed, identified, severed without detriment to the wagon, and appropriated to the other use without loss. The [improver] . . . was the owner, and never parted with the property.").

82. *See, e.g.*, Baker v. Mersch, 45 N.W. 685, 688 (Neb. 1890) ("Where the appropriation of the property of another is accidental, as though mistake of fact, and labor has in good faith been expended upon it which converts it into something entirely different, and very greatly increases its value, the original article being comparatively of but little value, the title to the property will be held to pass to the person by whose labor the change has been wrought, and the original owner may recover the value of the article as it was before its conversion.").

83. James v. Bailey, 370 F. Supp. 469, 471 (D.V.I. 1974) ("One group of cases in which most courts, and the Restatement [of Restitution], would allow the improver to maintain an independent action to recover the value of his improvement is that in which the owner has been guilty of some inequitable conduct.").

the copyright in the initial work. Nevertheless, courts have often treated improvers of creative works harshly and have not yet accepted a blocking copyrights doctrine.[84]

II. TENSIONS IN STATUTORY PROVISIONS AND THE JURISPRUDENCE OF RIGHTS IN UNAUTHORIZED DERIVATIVE WORKS

The lack of an established blocking copyrights doctrine is likely due at least in part to ambiguities in the statutory provisions governing derivative works. The Copyright Act defines a derivative work expansively as "a work based upon one or more preexisting works."[85] The definition is "hopelessly overbroad . . . for '[e]very book in literature, science and art, borrows and must necessarily borrow, and use much which was well known and used before.'"[86] Indeed, under a literal reading of the statute, every work would be a derivative work, as all works build on and are influenced by prior creation in some way.[87] Some courts have tried to elaborate on the statutory definition by defining a derivative work based on its relationship to the preexisting work: "[A] work will be considered a derivative work only if it would be considered an infringing work if the material which it has derived from a prior work had been taken without the consent of the copyright proprietor of such prior work."[88] This definition, however, essentially conflates the right to prepare derivative works with the right to reproduce the work, leading to confusion and causing scholars to question whether the right to prepare derivative works is superfluous.[89]

Even accepting a workable definition of derivative works, at least with respect to the specific examples identified in the statute, the provisions that subsequently govern derivative works present further interpretative difficulties.[90] Congress addressed the copyrightability and scope of protection for derivative works in the two subsections of 17 U.S.C. § 103, entitled "Subject Matter of Copyright: Compilations and Derivative Works."[91] Subsection (a) provides, "[t]he subject

84. *See infra* Part II (discussing statutes and caselaw).

85. *See* 17 U.S.C. § 101 (2012) (setting out definition of derivative works).

86. Micro Star v. FormGen Inc., 154 F.3d 1107, 1110 (9th Cir. 1998) (quoting Emerson v. Davies, 8 F. Cas. 615, 619 (C.C.D. Mass. 1845) (No. 4436)); *see also* Naomi Abe Voegtli, *Rethinking Derivative Rights*, 63 BROOK. L. REV. 1213, 1233-39 (1997) (noting expansive definition of derivative works).

87. *See supra* note 14 (noting cumulative nature of creativity).

88. Litchfield v. Spielberg, 736 F.2d 1352, 1357 (9th Cir. 1984) (quoting U.S. v. Taxe, 540 F.2d 961, 965 n.2 (9th Cir. 1976)).

89. Lemley, *supra* note 19, at 1017 ("It is not clear precisely how a derivative work differs from a nonliteral copy, or what section 106(2) adds to the provisions of 106(1).").

90. *See* 17 U.S.C. § 101 (listing examples given in statute).

91. The provision in its entirety reads as follows:

> (a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

matter of copyright . . . includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully."[92] Section 103(a) thus establishes that the subject matter of copyright encompasses derivative works, but sets a limit on how far that copyright extends. Subsection (b) then continues to set limits on the scope of protection based on separating the preexisting material from the new material in a particular work, stating that "[t]he copyright in . . . a derivative work extends only to material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material."[93] The subsection concludes with an additional limit with respect to the copyright in the preexisting work: "The copyright in such [derivative] work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material."[94]

Although these provisions speak to the capacity for, and extent of, protection for derivative works, neither expressly addresses whether a creator who lacks permission to use a preexisting copyrighted work in preparing a derivative work may obtain a copyright on the original material she contributed in creating that derivative work. Thus, an issue arises regarding the respective rights of an unauthorized derivative author and the author of the preexisting work on which that derivative work is based, as described in the introductory scenario with the short story author and playwright.[95]

Two possible outcomes for that situation exist: (1) creators such as the playwright may make unauthorized derivative works, and both the author of the preexisting work and the author of the derivative work own the copyrights to their respective contributions; or (2) authors of preexisting works, such as the writer of the short story, can enjoin the derivative author, and the derivative author has no copyright protection in even her original contributions contained in an unauthorized derivative work.[96] The first outcome represents application of the blocking copyrights doctrine. Under this approach, each author can recover against the other or against third parties for infringing upon her respective copyrighted material.

> (b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

17 U.S.C. § 103 (2012).

92. *Id.* § 103(a).

93. *Id.* § 103(b).

94. *Id.*

95. *See supra* Introduction.

96. A third possible outcome is that the derivative author's contributions to the derivative work simply fall into the public domain. Because the most logical use of the derivative author's contributions is as part of the derivative work, however, and this outcome is simply a variation on the denial of rights to unauthorized derivative authors (the first outcome), it will not be discussed separately. *See* Lemley, *supra* note 19, at 1022 (noting that the derivative author's contributions are only nominally in the public domain because the author of preexisting work in reality appropriates the derivative work's value).

With the second outcome, the author of the preexisting work effectively appropriates the right to the derivative author's contributions because any person copying the derivative work would, like the derivative author, be liable for infringing the copyright on the preexisting work.[97] The author of the preexisting work can therefore either prohibit the exploitation of the derivative work by obtaining an injunction against the use of the preexisting material, or license its use and collect profits, capturing the value of the derivative author's contributions.[98]

The difficulty with the statutory language is that arguments for both outcomes can be made based on § 103. First, in favor of blocking copyrights, subsection (a) states plainly that the subject matter of copyright includes derivative works, without limiting the rights extended therein to only authorized or licensed uses of the preexisting work. The provision simply notes that protection "does not extend to *any parts* of the [derivative] work in which such [preexisting] material has been used unlawfully," affirming that protection *does* extend to other parts of the derivative work, i.e., those in which preexisting material has *not* been used unlawfully.[99] Congress thus contemplated that unauthorized derivative works would be made, included them in the statute, and directly addressed them as deemed necessary.[100] Further, subsection (b) states that copyright protection "extends only to the material contributed by the author of such [derivative] work, as distinguished from the preexisting material employed in the work," further supporting the division of copyright protection embodied in the blocking copyrights doctrine.[101] In other words, Congress broadly extended copyright protection to *all* derivative works, but qualified the rights for certain parts of certain kinds of derivative works, namely those in which the preexisting material has been used unlawfully; the protection for those works simply does not extend to "the preexisting material employed in the work."[102]

---

97. Describing this view, one scholar has noted:

> Only the original author or a licensee is entitled to a copyright in the derivative work. This means that if an infringer makes a movie out of a copyrighted book, adding substantial expression of her own in the process, *she is not entitled to a copyright in any portion of the movie in which infringing material appears.*

ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE 564 (5th ed. 2010); *see also* Lemley, *supra* note 19, at 1021 ("[S]ection 103 . . . provides that original works of authorship contributed as part of the creation of a derivative work are copyrightable only by the original copyright owners or their licensee."); SCHECHTER & THOMAS, *supra* note 23, at 67 ("[F]or a valid copyright in a derivative work to exist, the derivative work author must either base his work upon a public domain source, or obtain permission from the owner of the copyright of the underlying work on which it is based.").

98. *See* Lemley, *supra* note 19, at 1021 (noting that the author of a preexisting work has "power of capture" over the derivative work).

99. 17 U.S.C. § 103(a) (emphasis added).

100. *See* H.R. REP. NO. 94-1476, at 57 (1976) (stating that "[t]he second part of the sentence that makes up section 103(a) deals with the status of a compilation or derivative work unlawfully employing preexisting copyrighted material"); *see also* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 3.06 (2012) (noting that the issue of unauthorized derivative works is "explicitly treated under the Act").

101. 17 U.S.C. § 103(b).

102. *Id.*

The legislative history supports the conclusion that Congress intended to provide protection for the new, original (non-infringing) material in derivative works that unlawfully incorporate some preexisting material. The House Report accompanying § 103 states:

> The second part of the sentence that makes up section 103(a) deals with the status of a compilation or derivative work unlawfully employing preexisting material. In providing that protection does not extend to 'any part of the work in which such material has been used unlawfully,' the bill prevents an infringer from benefiting, through copyright protection, from committing an unlawful act, *but preserves protection for those parts of the work that do not employ the preexisting work.*[103]

Thus, the House Report explains that original features contributed by the creator of a derivative work are entitled to copyright protection.[104] More specifically, the unqualified language of both the statute and the House Report emphasize that § 103 was intended to provide protection for the new contributions contained in *all* derivative works, not just those new contributions in derivative works prepared by the author, or a licensee, of the preexisting work.

Persuasive authority also provides additional, implicit support for the first outcome. For example, in *Abend v. MCA, Inc.*, the Ninth Circuit addressed the proper remedy in a case where a derivative work, the film *Rear Window*, was held to infringe the original work on which it was based, a story entitled "It Had to be Murder."[105] In rejecting the plaintiff's arguments that injunctive relief was warranted, the court stressed "compelling equitable considerations which should be taken into account."[106] The court also correctly acknowledged the defendants' substantial efforts in creating the film[107] and noted that "[t]he success of the movie resulted in large part from factors completely unrelated to the underlying story."[108]

The *Abend* court's award of damages rather than injunctive relief is an implicit recognition that original aspects of a derivative work added by the derivative author

---

103. H.R. REP. NO. 94-1476, at 57-58 (quoting 17 U.S.C. § 103(a)) (emphasis added). The Report goes on to provide two examples: "Thus, an unauthorized translation of a novel could not be copyrighted at all, but the owner of copyright in an anthology of poetry could sue someone who infringed the whole anthology, even though the infringer proves that publication of one of the poems was unauthorized." *Id.* These examples support the blocking copyrights doctrine. It would be difficult, if not impossible, for instance, to sever the original work from a translation (it is the same work, but in different words), and the entire derivative work is based on an unlawful use of the preexisting work. Thus, no copyright subsists in the translation because there is no "part of the work" which is original or lawful. By contrast, the anthology includes a variety of original, lawful elements that warrant copyright protection, such as the commentary and the selection and ordering of the works. Although the anthology is a compilation, rather than a derivative work, it is still useful as an illustration of the blocking copyrights doctrine. The application of the doctrine to compilations is not otherwise explored herein.

104. *See* 1 NIMMER & NIMMER, *supra* note 100, at § 3.06 (discussing House Report and noting that "only that portion of a derivative work . . . that employs . . . [the] preexisting work would be denied copyright").

105. 863 F.2d 1465 (9th Cir. 1988), *aff'd sub nom.* Stewart v. Abend, 495 U.S. 207 (1990).

106. *Id.* at 1478.

107. *Id.* ("Defendants invested substantial money, effort, and talent in creating the 'Rear Window' film.").

108. *Id.* at 1479.

are that author's property to exploit and cannot be captured by the author of the preexisting work. Moreover, the court reasoned that "[a]n injunction would also effectively foreclose defendants from enjoying legitimate profits derived from exploitation of the 'new matter' comprising the derivative work, *which is given express copyright protection* . . . ."[109] Thus, a recognition of the rights of a derivative author—who need not be the author of the preexisting work—in the original portions she contributes to a derivative work pervades the entire opinion.

Although the Supreme Court, in affirming the Ninth Circuit in *Abend*, did not specifically address the issue of remedy,[110] Justice O'Connor did write that "[t]he aspects of a derivative work added by the derivative author are that author's property."[111] The Supreme Court did not limit its statement to derivative authors who are also the authors of the preexisting works or to derivative authors who have permission from the author of the preexisting work. Several unrelated district court opinions, while not addressing the issue in depth, also express agreement with this view.[112]

Some courts, however, have not accepted the blocking copyrights doctrine and have instead interpreted the statute to reach the second outcome above.[113] *Anderson v. Stallone*, involving an unauthorized thirty-one page preliminary script for the movie *Rocky IV*, is the leading case on the issue. The script at issue in *Anderson* incorporated the characters created by Sylvester Stallone (who wrote the *Rocky* screenplays) from the three previous *Rocky* movies.[114] The court determined that the preliminary script was an unauthorized work due to the derivative author's use of the *Rocky* characters without permission.[115] Because of that, the court held that no part of the script could be granted copyright protection.[116] According to the court, "generally no part of an infringing derivative work should be granted

109. *Id.* (emphasis added).

110. Stewart v. Abend, 495 U.S. 207, 216 (1990).

111. *Id.* at 223.

112. *See* Theotokatos v. Sara Lee Personal Products, 971 F. Supp. 332, 340 (N.D. Ill. 1997) (recognizing that even when the author of a derivative work uses an underlying copyright without the permission of its owner, the derivative work may still be entitled to protection for its original contributions if the use is not pervasive, but deciding case on other grounds); Pamfiloff v. Giant Records, Inc., 794 F. Supp. 933, 938-39 (N.D. Cal. 1992) (same); JBJ Fabrics, Inc. v. Brylane, Inc., 714 F. Supp. 107, 110 (S.D.N.Y. 1989) ("Section 103 of the Act does no more than limit plaintiff's copyright protection to those aspects of its design which it has not unlawfully adopted, and . . . unauthorized use is not equivalent to unlawful use.").

113. *See* Pickett v. Prince, 207 F.3d 402, 406 (7th Cir. 2000) (holding that plaintiff could not obtain copyright protection for a derivative work that infringed the preexisting work); Russell v. Price, 612 F.2d 1123, 1128 (9th Cir. 1979) (holding that the law "prevents unauthorized copying or other infringing use of the underlying work or any part of that work contained in the derivative product so long as the underlying work itself remains copyrighted"); Anderson v. Stallone, 11 U.S.P.Q.2d (BNA) 1161, 1168 (C.D. Cal. 1989) (concluding that unauthorized derivative works are not entitled to copyright protection).

114. 11 U.S.P.Q.2d (BNA) at 1162.

115. Earlier in its opinion, the court had determined that the characters were protected expression. *Id.* at 1166-67.

116. *Id.* at 1168.

copyright protection."[117] Instead, the court wrote, "[s]ection 103(a) allow[s] an author whose authorship essentially is the arrangement or ordering of several independent works to keep the copyright for his arrangement even if one of the underlying works he arranged is found to be used unlawfully," thereby reading § 103 to apply *only* to compilations.[118]

Although the court did not explain its reasoning in detail, it did note that it had reviewed the statute and the House Report, and stated that it found the language in the House Report to be "muddled" and "internally inconsistent."[119] Recognizing that the Report "makes a general statement that non-infringing portions of a work should be granted protection if these portions do not employ the pre-existing work," the court nonetheless reasoned, based on the Report's use of an example involving a derivative work where no part of the work could be protected, i.e., a translation,[120] that the section is "best understood as applying only to compilations."[121] The court further stated, "[a]lthough it is not crystal clear, it appears that the Committee assumed that in a derivative work the underlying work is 'employed' throughout."[122]

Such an assumption from the Report's examples is flawed, however. That the authors of the Report used one example in which a derivative work would be denied protection in its entirety does not mean that *all* unauthorized derivative works would be denied protection. Indeed, if Congress had intended such a general prohibition, there would be no need to give the example at all; the statute could simply pronounce the general prohibition instead. At most, the Report's example indicates that a pervasive use of the underlying work might make an unauthorized derivative work unprotectable due to the impossibility of separating out the "material contributed by the [derivative] author of such work."[123]

The court's holding that the provision was not intended to apply to derivative works also ignores the statutory language. Section 103(a) states that both compilations and derivative works are copyrightable subject matter, and it does not limit the rights extended therein to authorized or licensed uses of the underlying work. Indeed, the provision is entitled "Compilations *and Derivative Works*."[124] Further, the definition of "derivative work" in the Copyright Act belies the *Anderson* court's belief that the House Committee assumed the underlying work

117. *Id.*; *see also id.* at 1165 (prefacing a section of the opinion with the title, "Since Anderson's Work Is An Unauthorized Derivative Work, No Part of the Treatment Can Be Granted Copyright Protection").

118. *Id.* at 1169.

119. *Id.* at 1168. Regarding compilations, the court said, "[t]he infringing portion would be easily severable and the scope of the compilation author's own work would be easily ascertainable." *Id.* at 1169.

120. *See supra* note 103 (setting out examples from House Report).

121. *Anderson*, 11 U.S.P.Q.2d (BNA) at 1168.

122. *Id.*

123. 17 U.S.C. § 103(b) (2012). The *Anderson* court would provide copyright protection to compilations because "[t]he infringing portion would be easily severable and the scope of the compilations author's own work would easily ascertainable." 11 U.S.P.Q.2d (BNA) at 1169.

124. 17 U.S.C. § 103 (emphasis added).

would necessarily be employed throughout the derivative work.[125] The Act's definition is not so narrow as that, and Congress could have explicitly defined "derivative work" differently had it intended such a result.

The *Anderson* court's reliance on two cases, *Gracen v. Bradford Exchange*[126] and *Eden Toys, Inc. v. Florelee Undergarment Co.*,[127] is similarly flawed.[128] In *Gracen*, a case involving paintings and drawings of still scenes in a movie, the court stated without analysis that no part of an unlawful derivative work could be copyrighted.[129] The court's comments were made in dicta, however, as the direct issue addressed by the *Gracen* court was only whether the plaintiff's derivative works had sufficient originality to merit protection when they had been prepared with the specific intent of reproducing scenes from the underlying movie.[130] Indeed, much of the court's analysis would have been superfluous had it conclusively determined that an unauthorized derivative work could not be granted copyright protection, because in that case originality would be irrelevant.

The statement in *Eden Toys* the *Anderson* court relied upon was likewise dicta. The *Eden Toys* court had assumed that "[unauthorized] derivative copyrights would be invalid, since the pre-existing illustration used without permission would 'tend . . . to pervade the entire derivative work.'"[131] The court's decision, however, rested only on the issues whether the derivative author held a valid license or owned a copyright in the preexisting work and whether a derivative work was sufficiently original so as to warrant copyright protection.[132] Moreover, read fully, the *Eden Toys* opinion is actually consistent with a doctrine of blocking copyrights, which recognizes that if the preexisting work is indeed so pervasive that no original material can be separated out so as to obtain copyright protection, there is no identifiable derivative copyright as a practical matter.[133] In *Eden Toys*, the court simply did not have to engage in the "filtering" process to determine the scope of the derivative copyright. In fact, the court apparently would agree with successive

125. *See supra* note 7 (setting out definition of "derivative work").

126. 698 F.2d 300 (7th Cir. 1983).

127. 697 F.2d 27 (2d Cir. 1982).

128. 11 U.S.P.Q.2d (BNA) at 1168 ("The case law interpreting section 103(a) also supports the conclusion that generally no part of an infringing derivative work should be granted copyright protection." (citing *Gracen*, 698 F.2d at 302-03 and *Eden Toys*, 697 F.2d at 34-35)).

129. 698 F.2d at 303.

130. *Id.* at 301.

131. 697 F.2d at 34 n.6 (quoting 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 3.06 (1978)).

132. *Id.* at 33-36. The *Anderson* court even acknowledged that the statement was dicta. *See* 11 U.S.P.Q.2d (BNA) at 1168 ("[I]n dicta the court opined on what result would be warranted if the derivative work had been made without the permission of the original author.").

133. *See infra* Part III.D (noting that derivative author bears risk of lack of severability). Another case resolved against a derivative author was decided on this ground. *See* Sobhani v. @Radical.Media, Inc., 257 F. Supp. 2d 1234, 1240-41 (C.D. Cal. 2003) (holding that the author of an unauthorized derivative work could not sue for infringement because the preexisting work pervaded the derivative work and any purported separable elements did not meet substantive standards for copyright protection). The *Sobhani* court cited *Eden Toys* as "suggesting that copyright might subsist in a derivative work making unauthorized use of other copyrighted work, provided the original work does not 'pervade' the derivative work." *Id.* at 1240.

tiers of copyright protection for derivative works, but only had to address the issue with respect to authorized works.[134]

In addition to these flaws in the *Anderson* court's decision and the lack of clarity in the statutory provisions,[135] changes in the law of copyright remedies have set the stage for even greater acceptance of blocking copyrights.

III. REDESIGNED REMEDIES FOR DERIVATIVE WORKS

Courts use a variety of mechanisms to police the boundary between copyright's exclusionary rights and the public domain, including threshold requirements for establishing copyright protection, the idea/expression dichotomy and the fair use doctrine. The remedy granted is another tool that courts can use.[136] Even the incorrect interpretation of § 103 offered by the *Anderson* court does not foreclose consideration of what remedy would be appropriate for the violation of a right, as a question separate from the existence of that right, as discussed below.[137] This Article accordingly argues that courts can and should effectuate the doctrine of blocking copyrights through the remedies they grant.

A. A SEA CHANGE IN COPYRIGHT REMEDIES

Recent changes to the availability of injunctive relief for copyright infringement make the incorporation of principles related to improvers of tangible property into copyright law even more promising. The Copyright Act provides that a court "may . . . grant temporary or final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright."[138] Historically, lower courts in copyright cases applied a presumption of irreparable harm and granted plaintiffs injunctive relief as a matter of course following a finding of infringement.[139]

The tide began to turn, however, with the Supreme Court's 2006 decision in

134. *See Eden Toys*, 697 F.2d at 35 (describing three successive tiers of valid copyrights, but assuming in its analysis that the derivative author has a valid license in the preexisting work, which was a pivotal issue raised).

135. *See* Christina Bohannan, *Copyright Harm and Injunctions*, 30 CARDOZO ARTS & ENT. L.J. 11, 13 (2012) ("Statutory ambiguities should be resolved against excessively broad rights, including the derivative works right . . . .").

136. *See, e.g.*, Kent Sinclair, Jr., Comment, *Liability for Copyright Infringement—Handling Innocence in a Strict-Liability Context*, 58 CAL. L. REV. 940, 945 (1970) ("[T]he felt unfairness of the absolute liability imposed by the Act has been mitigated only indirectly through the courts' studied manipulation of the monetary remedies afforded against the infringer."); John Tehranian, *Whither Copyright? Transformative Use, Free Speech, and an Intermediate Liability Proposal*, 2005 BYU L. REV. 1201, 1207 (2005) (proposing an alteration of available remedies for transformative uses of copyrighted works to accommodate First Amendment concerns in fair use doctrine).

137. *See infra* note 143 and accompanying text. In other words, to say that an unauthorized derivative work is infringing does not dictate that a particular remedy be granted.

138. 17 U.S.C. § 502(a) (2012).

139. *See, e.g.*, Salinger v. Colting, 607 F.3d 68, 75 (2d Cir. 2010) ("[T]raditionally, this Court has presumed that a plaintiff likely to prevail on the merits of a copyright claim is also likely to suffer irreparable harm if an injunction does not issue."); Wainwright Secs., Inc. v. Wall St. Transcript Corp., 558 F.2d 91, 94 (2d Cir. 1977) ("[I]njury can normally be presumed when a copyright is infringed.").

eBay Inc. v. MercExchange, L.L.C.[140] In *eBay*, the Court held that the flexible, permissive "may . . . grant" language in the statute governing injunctive relief in patent cases should be taken literally and that courts should not apply categorical rules or presumptions.[141] Rather than axiomatically issuing injunctions, then, Justice Thomas wrote that courts have discretion to grant or deny injunctive relief based on consideration of four factors that balance the competing interests of the plaintiff and defendant: (1) irreparable harm to the plaintiff; (2) adequacy of remedies available at law, such as damages; (3) balance of hardships between the plaintiff and defendant; and (4) whether the public interest would be disserved by a permanent injunction.[142] In reaching its conclusion, the Court explained that "the creation of a right is distinct from the provision of remedies for violations of that right."[143] Thus, acknowledging that a party possesses a right that has been violated does not necessitate a grant of injunctive relief to protect that right.

In recent decisions, courts have correctly extended *eBay* to copyright cases. Although *eBay* involved patent law, the Supreme Court pointed out the similarities in the copyright and patent statutes and commented on injunctive relief in the copyright context, noting that the Court "has consistently rejected invitations to replace traditional equitable considerations with a rule that an injunction automatically follows a determination that a copyright has been infringed."[144] In the years following *eBay*, circuit courts have applied the case's holding in the copyright context, and as a result, they no longer presume irreparable harm following a finding of infringement.[145] Instead, courts have begun to look more carefully at the actual harm the plaintiff would suffer from copyright infringement. For example, in *Perfect 10 v. Google*,[146] Perfect 10 sought a preliminary injunction to bar Google from displaying a series of copyrighted photographs. The Ninth Circuit affirmed the district court's denial of injunctive relief, explaining, "our

140. 547 U.S. 388 (2006).

141. *Id.* at 391-94. The Patent Act's provision for injunctive relief reads, "The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable." 35 U.S.C. § 283 (2012).

142. *eBay*, 547 U.S. at 391. This reasoning further undermines decisions such as *Pickett v. Prince*, 207 F.3d 402 (7th Cir. 2000), cited *supra* note 113, which implicitly rejected a blocking copyrights doctrine for the reason that "[t]he Copyright Act grants the owner of a copyright the *exclusive* right to prepare derivative works based upon the copyrighted work." 207 F.3d at 405.

143. *eBay*, 547 U.S. at 392.

144. *Id.*; *see also* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 580 n.10 (1994) (noting that the goals of the copyright system are not always best served by granting an injunction); Amoco Prod. Co. v. Village of Gambell, 480 U.S. 531, 542 (1987) ("In each case, a court must balance the competing claims of injury and must consider the effect on each party of the granting or withholding of the requested relief.").

145. *See* Christopher Phelps & Assocs. v. Galloway, 492 F.3d 532, 543 (4th Cir. 2007) ("The Supreme Court [in *eBay*] reaffirmed the traditional showing that a plaintiff must make to obtain a permanent injunction in any type of case, including a patent or copyright case."); *see also* Salinger v. Colting, 607 F.3d 68, 77 (2d Cir. 2010) (concluding that *eBay* applies in the copyright context); CoxCom, Inc. v. Chaffee, 536 F.3d 101, 112 (1st Cir. 2008) (same); Peter Letterese & Assocs. v. World Inst. of Scientology Enters. Int'l, 533 F.3d 1287, 1323 (11th Cir. 2008) (same).

146. Perfect 10, Inc. v. Google, Inc., 653 F.3d 976 (9th Cir. 2011).

longstanding rule that a showing of a reasonable likelihood of success on the merits in a copyright infringement claim raises a presumption of irreparable harm is clearly irreconcilable with the reasoning of the Court's decision in *eBay* and has therefore been effectively overruled."[147] Instead, the court required Perfect 10 to provide actual proof that the market substitution that it alleged was occurring had been caused by Google's use of the photographs.[148]

The circuit court decisions applying *eBay* in the copyright context give renewed momentum to the possibility of tempering the harsh treatment of derivative authors and avoiding the problem of copyright holdout. Although courts occasionally refused to grant injunctive relief before *eBay*,[149] they are more likely to do so now. Courts should no longer rely on unsupported, speculative assumptions about the harm that owners of copyrighted works *might* suffer from uses of their works. Instead, courts should base remedies on the likelihood that a copyright defendant's activity will actually lead to harm. This is particularly true when considering an already existing creative work (the derivative work) that meets the requirements for copyright protection. Such a work should not be suppressed for the sake of a supposed incentive that may not be supported by the facts of a given case, nor by empirical evidence regarding incentives in the copyright system generally.[150]

B. RETHINKING GOOD FAITH

As courts continue to adjust the law of copyright remedies following *eBay*, they should take advantage of this opportunity to incorporate principles that are more favorable to improvers, as seen in the context of tangible property,[151] when dealing with derivative works. This suggestion fits well within *eBay*'s framework, which dictates an approach to remedies that is equitable, discretionary and based on actual harm. Because some of the rules granting improvers relief under property or tort law require the improver to have acted with innocent intent,[152] however, the concept of good faith requires further consideration in the context of derivative works before those rules can be incorporated into copyright law.

Typical forms of innocent or good faith infringement do occur in the copyright realm.[153] For instance, a defendant may subconsciously copy another creator's

147. *Id.* at 981 (citations and quotations omitted).

148. *Id.* at 981-82.

149. *See, e.g.*, Abend v. MCA, Inc., 863 F.2d 1465, 1479 (9th Cir. 1988) (holding that "special circumstances" would cause "great injustice" to defendants and "public injury" if the court were to issue an injunction); Love v. Kwitny, 772 F. Supp. 1367, 1370 (S.D.N.Y. 1991) (holding that damages were sufficient to compensate for infringement where copyrighted material comprised 2.6% of defendant's book).

150. *See infra* notes 222-225 and accompanying text (discussing limits to copyright law's ability to incentivize creative works).

151. *See supra* Part I.B.

152. *Id.*

153. The Copyright Act sets forth a strict liability standard, providing that "[a]nyone who violates any of the exclusive rights of the copyright owner . . . is an infringer of the copyright or right of the author, as the case may be." 17 U.S.C. § 501(a) (2012); *see also* Buck v. Jewell-LaSalle Realty Co., 283 U.S. 191, 198 (1931) ("Intention to infringe is not essential under the [Copyright] Act.").

work.[154] In an infamous case, the Southern District of New York held in 1976 that George Harrison inadvertently plagiarized sequences of notes and the harmony of his song, "My Sweet Lord," from the Chiffons' 1963 single, "He's So Fine."[155] A defendant may also justifiably believe that her use of a work does not constitute copyright infringement, for instance due to questions about the validity of the owner's copyright or the applicability of a defense.[156] A defendant may also be unaware of the infringing activities of a third party that nevertheless subject her to liability.[157]

Judges and scholars have persuasively argued that improvers who act with mental states such as these should be treated more leniently under copyright law. In particular, they have criticized the Copyright Act's harsh strict liability standard in these contexts.[158] Applied to derivative works, the complaints arguably have even more force because the improver has by definition added something of value to the preexisting work, thus furthering the goals of the copyright system in ways that mere copyists do not. These types of infringing behavior should continue to be considered to meet the definition of good faith and be entitled to more favorable treatment, such as that applied to improvers of tangible property, when the defendant's actions result in a derivative work.

The copying involved in creating derivative works, however, is typically much more deliberate. A creator who sets out to improve upon another's work is often

154. *See, e.g.*, Three Boys Music Corp. v. Bolton, 212 F.3d 477, 482-85 (9th Cir. 2000) (affirming jury verdict for plaintiff where copyright holder had advanced a "theory of widespread dissemination and subconscious copying"); Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 54 (2d Cir. 1936) ("With so many sources before them [the defendants] might quite honestly forget what they took; nobody knows the origin of his inventions; memory and fancy merge even in adults. Yet unconscious plagiarism is actionable quite as much as deliberate."); Northern Music Co. v. Pacemaker Music Corp., 147 U.S.P.Q. 358, 359 (S.D.N.Y. 1965) (noting the possibility that copying may be subconscious); Fred Fisher, Inc. v. Dillingham, 298 F. 145, 147 (S.D.N.Y. 1924) (same).

155. Bright Tunes Music Corp. v. Harrisongs Music, Ltd., 420 F. Supp. 177, 180-81 (S.D.N.Y. 1976), *aff'd sub nom*. ABKCO Music, Inc. v. Harrisongs Music, Ltd., 722 F.2d 988, 997-99 (2d Cir. 1983). In a fascinating set of facts, Harrison later solved the problem by acquiring the rights to "He's So Fine," but only after Harrison's disgruntled former manager had covertly purchased the rights in breach of his fiduciary duty. *ABKCO Music*, 722 F.2d at 994-96.

156. *See, e.g.*, Princeton Univ. Press v. Michigan Document Servs., Inc., 99 F.3d 1381, 1392 (6th Cir. 1996) (holding that defendant's belief that it was not infringing was not unreasonable in view of unsettled nature of fair use defense).

157. *See* Sheldon v. Moredall Realty Corp., 29 F. Supp. 729, 730 (S.D.N.Y. 1939) (concluding that the operator of a movie theater that exhibited an infringing movie was "unquestionably an innocent infringer").

158. *See, e.g.*, Shapiro, Bernstein & Co. v. H.L. Green Co., 316 F.2d 304, 308 (2d Cir. 1963) (noting the "harshness of the principle of strict liability in copyright law"); Barry v. Hughes, 103 F.2d 427, 427 (2d Cir. 1939) ("It has been held that one who copies from a plagiarist is himself necessarily a plagiarist, however innocent he may be, but that would be a harsh result, and contrary to the general doctrine of torts . . . . [W]e should hesitate a long while before holding that the use of material, apparently in the public demesne, subjected the user to damages, unless something put him actually on notice." (citing American Press Ass'n v. Daily Story Publ'g Co., 120 F. 766 (7th Cir. 1902))); Dane S. Ciolino & Erin A. Donelon, *Questioning Strict Liability in Copyright*, 54 RUTGERS L. REV. 351, 351 (2002) (calling for Congress to abolish strict liability for copyright infringement and to substitute instead a liability scheme "that fairly accounts for the culpability of infringers").

by necessity acting intentionally with reference to the underlying work, at least in the sense that she wants to use the underlying work in some way, if not also in the sense that she is aware of the legal ramifications of her use. A key purpose of derivative works is to rely on the work of others as a foundation for new creative endeavors.[159] But this state of mind will often subject an improver to increased monetary penalties.[160] Much of the copying done in preparing a derivative work thus does not meet the standard of good faith that is required or is a factor under some tort and real property doctrines dealing with improvers.[161]

Nevertheless, the contributions of derivative authors are still worthy of protection, and the principles of relief for improvers in the tangible property realm can still be effective in the context of derivative works. Not all rules granting relief to an improver require that the improver act in good faith.[162] Where good faith *is* required, the law should broaden the concept to encompass unauthorized derivative works under some circumstances. Judges frequently use the concept of good faith to effectuate larger policy goals.[163] If the availability of good faith were limited to situations where improvements are made on works in the public domain, this would result in a much smaller class of derivative works and fail to allow for the most timely, most relevant creative advancements.[164] Thus, although the traditional arguments regarding mistake, actions under color of title, bona fide purchasers and good faith will apply to a subset of copyright improvers, the definition of good faith

159. As Mark Lemley aptly explains:

> The value of improvements is precisely that they allow developers to build on what others have done before them, rather than having to start from scratch. It would be perverse indeed to require that "improvers" not make any use of the material they are supposedly improving. It would also be inefficient, putting improvers to a significant duplication of effort for no appreciable societal gain.

Lemley, *supra* note 19, at 1040.

160. Copyright infringement is typically considered to be willful if the infringer knows that her conduct is infringing or if the infringer has acted in reckless disregard of the copyright owner's right. *See, e.g.*, Video Views, Inc. v. Studio 21, Ltd., 925 F.2d 1010, 1020-21 (7th Cir. 1991) (setting out willful infringement standard); Fitzgerald Publ'g Co. v. Baylor Publ'g Co., 807 F.2d 1110, 1115 (2d Cir. 1986) (noting that defendant's knowledge that his actions constituted copyright infringement establishes that the defendant acted willfully, triggering the availability of enhanced damages under the Copyright Act).

161. *See, e.g.*, CAL. CIV. PROC. CODE § 871.1(a) (West 2013) (defining a "good faith improver" as "[a] person who makes an improvement to land in good faith and under the erroneous belief, because of a mistake of law or fact, that he is the owner of the land"); Manning v. Wingo, 577 So. 2d 865, 869 (Ala. 1991) (defining good faith improver as one who makes valuable improvements "under the mistaken belief that he owns the land"); Miller v. Gasaway, 514 S.W. 2d 90, 93 (Tex. Civ. App. 1974) ("For one to qualify as a good faith improver under the equitable rule of 'betterments' he must show not only that he believed that he was the true owner of the land but also that he had reasonable grounds for that belief, and that he was ignorant that his title was contested by any person having a better right.").

162. *See supra* Part I.B.

163. *Cf.* Robert S. Summers, *"Good Faith" in General Contract Law and the Sales Provisions Of The Uniform Commercial Code*, 54 VA. L. REV. 195, 198 (1968) ("By invoking good faith . . . it may be possible for a judge to do justice and do it according to law.").

164. A derivative work of a popular book, for example, is likely to be more beneficial to the public close in time to the publication of the book, rather than fifty years later. *See supra* note 60 and accompanying text (noting that value of derivative works is time-sensitive).

in the context of derivative works additionally bears rethinking in order to better achieve the overarching goals of copyright law.

Although a comprehensive definition of good faith is not possible, and the term is often used to exclude conduct, rather than to express the positive content of a standard,[165] examples of behavior that demonstrate good faith can be used to guide courts' decisions. For instance, good faith could be shown by the derivative author's meaningful attempts to negotiate a license or cross-license with the owner of the preexisting work, particularly if those attempts occur before the derivative work is made. Courts may also look for cooperation during those negotiations, such as in providing records or other documentation without resort to litigation, and consider the reasonableness of any license agreement proposed by the derivative author. Moreover, the derivative author's efforts in seeking legal advice and the amount of effort and resources invested in preparing the derivative work may be relevant as well.

To the extent that this is a departure from the treatment of improvers of tangible property that serves as a touchstone for this Article's proposal, it is warranted. Indeed, legal concepts from tort and property law, albeit useful comparators, must be modified to take into account the goals and policies of the copyright system. In particular, copyright law's utilitarian underpinnings are a crucial distinction. Although property law and tort law are certainly beneficial and useful to society as a whole in providing means to peacefully resolve disputes, their focus is on remedying the rights of individuals.

Copyright law, in contrast, exists not to serve the individual but to advance the public interest.[166] The Intellectual Property Clause in the Constitution vests Congress with the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."[167] The individual's exclusive right is a necessary byproduct of the constitutional aim to advance creative endeavors for the public as a whole. As Justice Stewart explained, "[t]he economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science

165. Summers, *supra* note 163 at 197 (noting, in the context of contract law, that "the duties judges have imposed in the name of contractual good faith are more varied and numerous than anyone has yet recognized in print").

166. *See, e.g.*, Sony Corp. of Am. v. Universal City Studios, Inc. 464 U.S. 417, 429 (1984) ("The monopoly privileges [in copyright law] that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved."); Rosemont Enters., Inc. v. Random House, Inc., 366 F.2d 303, 309 (2d Cir. 1966) (taking into account policies of copyright law in balancing of equities and concluding that "the public interest should prevail over the possible damage to the copyright owner"); H.R. REP. NO. 60-2222, at 7 (1909) (report of House committee that recommended 1909 Copyright Act, noting that copyright law is "[n]ot primarily for the benefit of the author, but primarily for the benefit of the public").

167. U.S. CONST. art. I, § 8, cl. 8.

and useful Arts.'"[168] Justice Stewart explained this trade off, writing, "[t]he immediate effect of our copyright law is to secure a fair return for an author's creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good."[169] Indeed, "[t]he copyright law, like the patent statutes, makes reward to the owner a secondary consideration."[170]

In addition, a copyright improver's work does not simply inure to her own personal benefit. An author who builds on a preexisting work does not appropriate the preexisting work in the same sense that an improver of a chattel does. Intellectual property is nonrivalrous.[171] Unlike a chattel that can only be enjoyed by one user or a very limited number of users at one time, works of authorship can benefit the public generally once they are produced. Indeed, the premise of the copyright system is that creative works will have such a benefit for the public.[172] Tort and property law largely do not have to consider the impact on the public with regard to an improvement in a tangible asset.

Even under the broader definition of good faith posited by this Article, a derivative author cannot "excuse the wrong by showing how much of his work he did not pirate."[173] Importantly, the derivative creator is not avoiding liability under this approach.[174] But courts should take the degree of the derivative author's culpability into account in determining remedies.[175] Moreover, the improver's entitlement is not based on how much she did not take from an underlying work (indeed, she may have taken all of it), but instead only on the value of her own original contributions. To set out to improve a copyrighted work is a worthwhile endeavor that, in general, should be encouraged by the law. Indeed, improvers who undertake that effort openly and deliberately are engaged in a useful enterprise that is no less valid and is perhaps more efficient than improvers who independently develop a work that turns out to be similar, yet a narrow definition of good faith

168. Mazer v. Stein, 347 U.S. 201, 219 (1954) (quoting U.S. CONST. art. I, § 8, cl. 8); *see also* CRAIG JOYCE ET AL., COPYRIGHT LAW 27 (7th ed. 2006) ("[T]he classically dominant view of American copyright law is instrumental in character: Copyright is seen as a means by which the general welfare is advanced through the provision of economic incentives to creators (and . . . disseminators) of new works of the intellect.").

169. Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975).

170. U.S. v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948).

171. *See, e.g.*, Lawrence Lessig, *The Law of the Horse: What Cyberlaw Might Teach*, 113 HARV. L. REV. 501, 526 (1999) (discussing the nonrivalrous character of intellectual property).

172. Gideon Parchomovsky and Alex Stein have argued the related and important point about works that add creativity to an underlying work; in this case, the new works

> [do] not destroy the copied work . . . . Nor does expressive accession necessarily dilute the income-generating opportunities of the copied work's owner. The owner can still sell his work or allow others to use it for a fee in exactly the same way in which he could do so before the accession.

Parchomovsky & Stein, *supra* note 48, at 1527.

173. Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 56 (2d Cir. 1936) (addressing the fair use defense).

174. *See supra* Parts I.A.2 & II; *infra* Part III.C.

175. Repp v. Webber, 132 F.3d 882, 889 (2d Cir. 1997) ("The fact that an infringement is 'subconscious' or 'innocent' does not affect liability, although it may have some bearing on remedies.").

would treat the former more harshly than the latter.[176]

Moreover, many traditional bases for a finding of willful infringement would still apply under the approach suggested herein, and derivative authors may still be held liable for willful infringement. For example, an improver who unreasonably refuses to take a license, while knowing where and how to obtain one, might be held to have willfully infringed.[177] Similarly, an improver who eschews paying agreed-upon licensing fees,[178] ignores offers of licenses by copyright owners,[179] or fails to participate in court proceedings[180] could be treated more harshly. Thus, redefining our notion of good faith in the context of derivative works would allow courts to treat improvers more fairly, while still maintaining limits.

C. ADDITIONAL CONTOURS OF REMEDIES FOR INFRINGEMENT BY UNAUTHORIZED DERIVATIVE WORKS

Along with the removal of injunctive relief and a reworking of the definition of good faith, courts should incorporate several guiding criteria in crafting an appropriate remedy, particularly in damages determinations,[181] to effectuate the principles of blocking copyrights. First, courts should consider mitigation of damages. Not all forms of derivative works lead to an equal likelihood of harm. Rather than supplant an underlying copyrighted work, a derivative work may increase demand for it.[182] Indeed, "[h]ighly creative works are likely to enhance

176. *Cf.* Lemley, *supra* note 19, at 1040 ("I am dubious of the claim that improving on someone else's work is somehow more culpable than independent development of a work that happens to be similar.").

177. *Cf.* Meadowgreen Music Co. v. Voice in the Wilderness Broad., Inc., 789 F. Supp. 823, 827 (E.D. Tex. 1992) (holding that a radio station's infringement of copyrighted songs was willful where the radio station admitted to knowing that a license was required, knew where a license could be obtained, and did not obtain a license on the basis that the musicians whose work was involved had stated their intention to minister through their Christian music broadcast on the radio).

178. *Cf.* Music City Music v. Alfa Foods, Ltd., 616 F. Supp. 1001, 1003-04 (E.D. Va. 1985) (defendant failed, after repeated notice, to pay licensing fees).

179. *Cf.* EMI April Music, Inc. v. White, 618 F. Supp. 2d 497, 509 (E.D. Va. 2009) (copyright infringer was offered a license on numerous occasions and failed to respond).

180. *Cf.* Realsongs, Universal Music Corp. v. 3A North Park Ave. Rest Corp., 749 F. Supp. 2d 81, 84 (E.D.N.Y. 2010) (copyright infringer failed to answer or otherwise move in response to complaint).

181. Scholars have made compelling arguments in favor of abrogating statutory damages for copyright infringement. *See, e.g.*, Stephanie Berg, *Remedying the Statutory Damages Remedy for Secondary Copyright Infringement Liability: Balancing Copyright and Innovation in the Digital Age*, 56 J. COPYRIGHT SOC'Y U.S.A. 265, 267-69 (2009) (noting problems with statutory damages); Alex Kozinski & Christopher Newman, *What's So Fair About Fair Use?*, 46 J. COPYRIGHT SOC'Y U.S.A. 513, 526 (1999) (suggesting that statutory damages be eliminated for derivative works); Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 WM. & MARY L. REV. 439 (2009) (noting flaws with statutory damages provision and courts' application of it). If, however, a copyright holder suing an unauthorized derivative author seeks to invoke the statutory damages mechanism rather than establish actual damages, the principles discussed herein still apply and militate toward the lowest end of the statutory range. *See* 15 U.S.C. § 504(c)(1) (2012) (stating that "the copyright owner may elect . . . to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, . . . in a sum of not less than $750 or more than $30,000 *as the court considers just*." (emphasis added)).

182. Parchomovsky & Stein, *supra* note 48, at 1527 ("[T]he linkage between the first work and the

the value of the preexisting works from which they borrow."[183] Authors of derivative works often contribute additions or elaborations that meet or exceed those of the author of the preexisting work, adding considerable value to the preexisting work.[184] As in the case of improvers of tangible property, these effects, if shown, should be permitted to offset damages owed to the copyright holder.[185]

In addition, courts should not presume that the author of the preexisting work has an interest in exploiting the market for derivative works. Central to the proposal in this Article is the requirement that a derivative author compensate the owner of the preexisting work.[186] The owner of the preexisting material should indeed be able to extract economic value from her work. Under a blocking copyrights regime, each party should receive a share of the commercial gains realized from the derivative work that is proportional to the value of each contribution.[187] If the value of the derivative work depends too heavily upon the value of the preexisting work, then it might not be profitable for the derivative author to proceed—a risk the derivative author must bear.

Where the preexisting copyright owner has made no effort to build on the underlying work, however, damages should be far less. Not all authors are motivated to prepare derivative works, nor are they necessarily incentivized by the potential right to prepare derivative works.[188] Courts should instead investigate the likelihood that the specific author of the preexisting work at issue will exercise the derivative works right as to that specific preexisting work, along with how much harm the unauthorized derivative work would actually cause. The *eBay* decision and the cases applying it in the copyright context make clear that courts should no longer presume harm to the copyright owner, and this is especially true regarding

new creation increases the copied work's visibility and promotes its sales."); *see also* Núñez v. Caribbean Int'l News Corp., 235 F.3d 18, 25 (1st Cir. 2000) (finding that a photograph of a beauty pageant reproduced in a newspaper that "illustrat[ed] controversy" increased demand for the photograph); Haberman v. Hustler Magazine, Inc., 626 F. Supp. 201, 205-06 (D. Mass. 1986) (noting that in the six months following defendant's (nonderivative) reproduction of plaintiff's works, plaintiff sold twice as many copies of the works than in the previous year, successfully sold reproduction rights to the works, and exhibited the works in art galleries); Glyn Moody, *Psy Makes $8.1 Million by Ignoring Copyright Infringements of Gangnam Style*, TECHDIRT (Dec. 10, 2012, 10:15 AM), http://www.techdirt.com/blog/casestudies/articles/20121209/07431921317/psy-makes-81-million-ignoring-copyright-infringements-gangnam-style.shtml (discussing income generated despite nonenforcement of copyright in song).

183. Parchomovsky & Stein, *supra* note 48, at 1527.

184. *See, e.g.*, Rohauer v. Killiam Shows, Inc., 551 F.2d 484, 493 (2d Cir. 1977) (noting equities in favor of author of derivative work and that author of derivative work "will often have made contributions literary, musical and economic as great as or greater than the original author").

185. *See* Childress v. Taylor, 798 F. Supp. 981, 997 (S.D.N.Y. 1992) (holding that defendant's contributions to the copyrighted work mitigates damages).

186. *See supra* Part I.A.2. (describing blocking copyrights).

187. *Cf.* Kozinski & Newman, *supra* note 181, at 525 (suggesting that courts should not have to choose between injunctive relief and fair use for derivative works, and that remedy instead should be limited to a pro rata accounting of profits and actual damages).

188. *See infra* notes 222-225 and accompanying text (discussing limits to copyright law's ability to incentivize creative works).

harm to the market for derivative works.[189] Indeed, even before *eBay*, the Supreme Court had held that while the "licensing of derivatives is an important economic incentive to the creation of originals," there are limits, and "[t]he market for potential derivative uses includes *only* those that creators of original works would in general develop or license others to develop."[190] Thus, rather than being absolute, a copyright owner's ability to assert her derivative rights should at most include those markets she intends to enter or reasonably could be expected to exploit.[191]

In some cases, this can be easily determined. For example, an author may have already begun work on a derivative project or may have a well established practice of preparing or licensing derivative works.[192] At the other extreme, an author may have expressly disavowed any interest in preparing derivative works.[193] Policies of the copyright system militate even more strongly in the latter situation in favor of permissive use of the preexisting work, with concepts similar to the doctrine of waste in property law and the requirement of "working" intellectual property in Europe at play.[194] Copyright law in general is designed to provide an economic incentive for the production of creative works,[195] and the derivative works provision in particular provides the right "*to prepare* works based upon the

189. *See supra* Part III.A. As Christina Bohannan has explained,

> The first factor of the test for injunctive relief makes the injury caused by copyright infringement a central inquiry. The plaintiff must be able to demonstrate that some actual injury is likely to occur, even if it cannot prove the full extent of the injury. This means that the plaintiff cannot rely on speculative claims that it might suffer some harm in the future. Moreover, the injury has to be *irreparable*.

Bohannan, *supra* note 135, at 18.

190. Campbell v. Acuff-Rose, Music, Inc., 510 U.S. 569, 592-93 (1994) (emphasis added).

191. *See* Bohannan, *supra* note 135, at 14 (arguing that copyright plaintiffs should be required to prove meaningful harm to their incentives to produce creative works).

192. *See, e.g.*, Warner Bros. Entertainment, Inc. v. RDR Books, 575 F. Supp. 2d 513, 519 (S.D.N.Y. 2008) (noting that author J.K. Rowling had already written two short companion books to the *Harry Potter* series and stated on numerous occasions her intent to publish a *Harry Potter* encyclopedia after completion of the series); MERGES ET AL., *supra* note 97, at 556 ("No one has exploited this broad reach of protection [in the right to prepare derivative works] more successfully than George Lucas, who built a multi-billion dollar *Star Wars* empire on merchandise—including toys, commercial tie-ins, clothing, books, and games."); James Suer, *Copyright and Lucas Licensing*, BLOCKBUSTERFILMS (Nov. 30, 2011), http://blockbusterfilms.wordpress.com/2011/11/30/copyright-and-lucas-licensing ("Lucas Licensing brings in about $3 billion a year annually. Lucas Licensing is the synergy machine that makes all the additional *Star Wars* content possible in the way of: toys, publishing, apparel, consumer electronics, house wares, and even the symphonic *Star Wars* experience, *Star Wars In Concert*.").

193. J.D. Salinger famously disavowed any interest in building on his own work. *See, e.g.*, Complaint at ¶39, Salinger v. Colting, 641 F. Supp. 2d 250 (S.D.N.Y. 2009) (No. 09 Civ. 5095) ("There's no more to Holden Caulfield. Read the book again. It's all there."); *see also Salinger*, 641 F. Supp. 2d at 268 (noting that "Salinger has not demonstrated any interest in publishing a sequel or other derivative work").

194. "Each country of the Union shall have the right to take legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exercise of exclusive rights conferred by the patent, for example, failure to work." Paris Convention for the Protection of Industrial Property, art. 5(A)(2), Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305.

195. *See supra* note 168 and accompanying text (discussing encouragement of new artistic works as purpose of copyright's economic benefit).

copyrighted work."[196] If the author has no intention of creating a derivative work, the economic incentives of the copyright system are no longer at issue for that particular author, and the law should favor a subsequent creator, for whom those incentives *can* be effective, thereby serving the public interest behind the copyright law.[197] At minimum, this could be an administrative, legal effort, if not a creative one, on behalf of the owner of the preexisting work.[198]

Even within markets that the owner of the preexisting work might intend to enter, recognition of the copyright owner's right to prepare derivative works does not mandate the issuance of injunctive relief, as opposed to damages.[199] *SunTrust Bank v. Houghton Mifflin Co.* provides a useful example.[200] The case involved litigation over Margaret Mitchell's revered novel, *Gone with the Wind*, and Alice Randall's parody, *The Wind Done Gone*. Before the lawsuit, the plaintiff had already been actively engaged in negotiating and granting licenses for several derivative books, including two sequel novels.[201] At least one agreement included contractual restrictions as to content that specifically contemplated the preparation of additional derivative works.[202] Relying on this and other evidence, the plaintiff argued that *The Wind Done Gone* would hinder its continued ability to grant licenses.[203] The court, however, refused to enjoin the defendant's unauthorized derivative work, despite the plaintiff's actual and potential exploitation of the market for derivative works.[204] Significantly, at least one of the authorized sequels

196. 17 U.S.C. § 106(2) (2012) (emphasis added).

197. *See* Yen, *supra* note 58, at 92 ("[C]opyright need not protect uses that authors have no intention of exploiting, for protecting those uses would have no effect on copyright's financial incentives.").

198. *See, e.g.*, LAWRENCE LESSIG, THE FUTURE OF IDEAS: THE FATE OF THE COMMONS IN A CONNECTED WORLD 251-52 (2002) (arguing in favor of copyright system that would require copyright holders to renew copyright registrations every five years); William M. Landes & Richard A. Posner, *Indefinitely Renewable Copyright*, 70 U. CHI. L. REV. 471, 473 (2003) (arguing in favor of copyright system that would require copyright holders to renew copyright registrations every ten years).

199. Indeed, the Supreme Court has recognized that the goals of the copyright system may outweigh granting an injunction to an individual copyright holder in any given case. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578 n.10 (1994) ("[C]ourts may also wish to bear in mind that the goals of copyright law, 'to stimulate the creation and publication of edifying matter,' are not always best served by automatically granting injunctive relief." (citation omitted)); *see also* Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1132 (1990) (noting that while injunctive relief may be warranted in cases of simple piracy, it is not appropriate where there is "a strong public interest in the publication of the secondary work [a]nd the copyright owner's interest may be adequately protected by an award of damages for whatever infringement is found.").

200. 268 F.3d 1257 (11th Cir. 2001).

201. Memorandum of Law in Support of Plaintiff's Motion for a Temporary Restraining Order and Preliminary Injunction at 2, 4-5, SunTrust Bank v. Houghton Mifflin Co., 136 F. Supp. 2d 1357 (N.D. Ga. 2001) (No. 1:01-CV-701-CAP) (describing licensing activities), *available at* http://www.houghtonmifflinbooks.com/features/randall_url/pdf/Memorandum_Plaintiff_Restraining_Order_Preliminary_Injunction.pdf.

202. *Id.* at 4-5 ("[T]he contract for the Second Sequel specifically provides that neither Scarlett O'Hara nor Rhett Butler may die, thus preserving the expectations of an avid reading public, as well as the Mitchell Trusts' ability to authorize sequels in the future.").

203. *Id.* at 2 (asserting negative impact of *The Wind Done Gone*).

204. 268 F.3d at 1277 (setting aside lower court's injunction).

was later published, seemingly unaffected by publication of *The Wind Done Gone*.[205]

This Article's proposal thus continues to provide a stimulus to authors to build on their own work and to counteract the stagnation that may otherwise occur.[206] Because copyright authors automatically receive rights for their entire lives plus one generation, their incentive to make improvements is already lower compared to other areas of intellectual property. Blocking copyrights allows for a more particular, circumscribed consideration of harm to the copyright owner, so that the use of each work can be optimized.

Another consideration that should be affirmatively excluded in assessing damages for infringement of the derivative right is the desire of the author of the preexisting work to exert editorial management over the work or aspects of the work. Some copyright holders seek to control the products of their creative efforts absolutely, and they rely on the derivative right to attempt to do so. For example, the administrators of the Margaret Mitchell Trust sought to ensure that sequels to *Gone with the Wind* did not involve homosexuality, miscegenation, or the death of any main characters.[207] Some courts have expressed sympathy for this desire to control.[208]

The idea of such broad and subjective authorial control over how a work is interpreted is on questionable footing as a matter of literary theory,[209] however, and

205. DONALD MCCAIG, RHETT BUTLER'S PEOPLE (2007).

206. *See, e.g.*, U.S. v. Aluminum Co. of Am., 148 F.2d 416, 427 (2d Cir. 1945) ("Many people believe that possession of unchallenged economic power deadens initiative, discourages thrift, and depresses energy; that immunity from competition is a narcotic, and rivalry is a stimulant, to industrial progress."); Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1060 (2005) (describing how giving creators control over improvements and new uses that might be made of their works restricts progress in a variety of ways).

207. *See supra* note 202 and accompanying text (noting contractual restrictions); Declaration of Pat Conroy at 1, SunTrust Bank v. Houghton Mifflin Co., 136 F. Supp. 2d 1357 (N.D. Ga. 2001) (No. 1:01-CV-701-CAP), *available at* http://www.houghtonmifflinbooks.com/features/randall_url/pdf/Declaration_Pat_Conroy.pdf (stating that estate of Margaret Mitchell required a pledge that Conroy, if granted permission to write sequel to *Gone with the Wind*, would not "write anything about miscegenation or homosexuality.").

208. For example, the district court for the Southern District of New York wrote:

> [S]ome artists may be further incentivized to create original works due to the availability of the right not to produce any sequels. This might be the case if, for instance, an author's artistic vision includes leaving certain portions or aspects of his character's story to the varied imaginations of his readers, or if he hopes that his readers will engage in discussion and speculation as to what happened subsequently. Just as licensing of derivatives is an important economic incentive to the creation of originals, so too will the right not to license derivatives sometimes act as an incentive to the creation of originals.

Salinger v. Colting, 641 F. Supp. 2d 250, 268 (2009), *vacated*, 607 F.3d 68 (2d Cir. 2010); *see also* UMG Recordings, Inc. v. MP3.com, Inc., 92 F. Supp. 2d 349, 352 (S.D.N.Y. 2000) (stating that a among a copyright holder's rights is "the right, within broad limits, to curb the development of such a derivative market by refusing to license a copyrighted work or by doing so only on terms the copyright owner finds acceptable").

209. *See, e.g.*, Roland Barthes, *The Death of the Author*, *in* DAVID H. RICHTER, FALLING INTO THEORY, CONFLICTING VIEWS ON READING LITERATURE 222, 225 (1994) (describing post-structural literary theory and noting, "a text's unity lies not in its origin but in its destination [with the reader]");

the law should not be used to effectuate such dominion over the work. Indeed, copyright law is intended to provide an incentive for creators in the form of an economic benefit, not in the form of exclusive control of all possible uses of the work. Exerting such control over a work through the derivative works right is even more troublesome when the estate or heirs of the initial author are asserting the copyright. With copyright protection extending well beyond the author's lifetime, it is often remote rights holders who seek to control the creation of derivative works.[210] This kind of control is undesirable when exerted by the author herself and is even less defensible when exerted by remote rights holders who do not necessarily have any special understanding of the author's intentions.[211]

Lastly, deterrence should not play a role in determining damages when a derivative author has acted in good faith, as defined in this Article. Courts often take into consideration the deterrent value of sanctions in imposing punishment on a copyright infringer.[212] Yet, when the defendant has acted in good faith and is furthering the purpose of the copyright system by making more creative works available to the public—the very activity that the copyright system wants to encourage rather than dissuade—theories of deterrence and punishment should not factor into the appropriate remedy.

D. FEAR OF *LOKEY FROM MALDEMAR* AND OTHER POSSIBLE OBJECTIONS

In 1978, Lisa Litchfield wrote a one act musical play, entitled *Lokey from Maldemar*, about the adventures of two aliens on Earth.[213] Litchfield later sent her play to Universal City Studios ("Universal") in the hope that Universal would enter into an agreement with her to develop the play into a movie, but Universal declined.[214] After Universal released its movie, *E.T.*, about an alien who lands on Earth and befriends three children and their mother, Litchfield sued Universal,

William K. Wimsatt, Jr. & Monroe C. Beardsley, *The Intentional Fallacy*, *in* W.K. WIMSATT, JR., THE VERBAL ICON 1, 5 (Univ. of Ky. Press 1954) ("The poem is not the critic's own and not the author's (it is detached from the author at birth and goes about the world beyond his power to intend about it or control it). The poem belongs to the public.").

210. *See* Spoo, *supra* note 49, at 1781, 1821-26 (noting that heirs and estates of authors "use extended copyrights to discourage or control the use of . . . works by scholars, critics and others").

211. *See id.* at 1827 ("Extremely long copyrights have placed monopoly control in the hands of heirs and transferees who are remote historically, and sometimes temperamentally, from the authors whose rights they administer and from the origins of the writings they jealously protect. Genetic connection is no guarantee of literary sensitivity or historical responsibility."); *see also* ROBERTA ROSENTHAL KWALL, THE SOUL OF CREATIVITY: FORGING A MORAL RIGHTS LAW FOR THE UNITED STATES 160 (2009) ("An author's external work embodies her personal meaning and intended message and is thus reflective of her individual, intrinsic, creative process. No one, not even the author's spouse and children, can substitute a personal judgment regarding the substance of the author's meaning and message."); Richard A. Posner, *Comment on Merrill on the Law of Waste*, 94 MARQ. L. REV. 1095, 1097 (2011) (noting the difficulties of determining intentions of right holders in the law in general).

212. *See, e.g.*, Int'l Korwin Corp. v. Kowalczyk, 665 F. Supp. 652, 658 (N.D. Ill. 1987) (noting that the court should focus on defendant's conduct and the deterrent effect of the sanction imposed in determining the amount of statutory damages for copyright infringement).

213. Litchfield v. Spielberg, 736 F.2d 1352, 1354 (9th Cir. 1984).

214. *Id.*

Steven Spielberg and the four other producers of *E.T.*.[215] Like the plaintiff in *Anderson v. Stallone*,[216] Litchfield accused a prominent media entity of copying her unknown work.

Many content providers in the entertainment industry fear similar suits and seek to avoid being the target of them.[217] Limiting the general public's ability to create derivative works is a way for traditional content providers to insulate themselves against liability: if unauthorized creators could assert rights to their own derivative works based on popular characters and story lines, not only would established content providers face competition, but they would also run the risk of being accused of copyright infringement when creating their own, authorized derivative works.

It is not surprising that some traditional content providers would object to increasing the ability of unauthorized creators to produce derivative works. The system, as it currently functions, favors many of these entities, which have the leverage and resources to obtain licenses to works likely to be exploited in derivative form, eliminating otherwise valuable competition.[218] Although strike suits may occur, they are not a sufficient reason to so severely limit unauthorized derivative works. Claims such as these can be vetted on the merits. In the *Litchfield* case, for example, Universal was able to show a lack of copying.[219] Moreover, Universal made this showing at the summary judgment stage, even though the issue on which the court decided the case—lack of substantial similarity

215. *Id.* at 1355.

216. 11 U.S.P.Q.2d 1161, 1169 (C.D. Cal. 1989); *see supra* Part II (discussing case).

217. The notice on The Walt Disney Company's website is typical of how large corporate content providers approach unsolicited submission of creative work to avoid such problems:

> While we are always happy to hear from our Guests, it is the long-standing policy of The Walt Disney Company not to accept unsolicited submissions of creative material. This is to avoid any misunderstandings if your ideas are similar to those we have developed independently. We must therefore request that you do not send to us any original creative materials such as screenplays, stories, song lyrics, original artwork, etc.
>
> Any communication or material you do transmit to the Site by electronic mail or otherwise will be treated as non-confidential and non-proprietary. Anything you transmit or post may be used by The Walt Disney Company or its affiliates for any purpose, including, but not limited to, reproduction, disclosure, transmission, publication, broadcast, and posting.

Contact Us, Terms and Conditions, DISNEY, http://disney.go.com/guestservices/contact (last visited Oct. 5, 2013). As noted previously, the traditional film industry is particularly dependent on preexisting works. *See* Dietz *supra* note 56 (citing study demonstrating that a large number of movies are sequels, remakes and adaptations).

218. As then-Judge Breyer explained in the context of book publishing:

> [Book publishers'] power to accumulate . . . exclusive licenses to publish may nonetheless, at least in theory, inhibit . . . competition. This power may, for example, allow a few publishers to build "stables" of popular writers. The presence of such a "stable" may strongly attract other writers with valuable manuscripts and make it more difficult for a newcomer to obtain the promising manuscripts necessary to become established in the publishing industry.

Breyer, *supra* note 66, at 318. A limited number of publishing houses may also decrease the opportunities for new authors, who may thus be doubly disadvantaged by the limitations on their inability to rely on preexisting works for inspiration.

219. 736 F.2d at 1358, 1355.

between the copyrighted work and the defendants' work—is a fact-intensive issue.[220] The *Anderson* case was similarly decided in the defendants' favor at the summary judgment stage.[221]

Another objection copyright owners might raise is that a more permissive attitude toward the unauthorized use of copyrighted works for derivative purposes reduces the economic incentive to create in the first instance. It is questionable, however, whether copyright law is a motivating factor in general, let alone with respect to any particular author, in the preparation of creative works.[222] To the extent that copyright law does supply such an incentive, it is further questionable whether the exclusive right to prepare derivative works in particular is needed to provide it.[223] As now-Justice Stephen Breyer has noted, many authors of popular novels, which are common sources of inspiration for derivative works, are already wealthy, have a considerable talent for writing, or write for the literary, rather than monetary, value of their work.[224] Thus a purported decrease in income that would result from less copyright protection would not be a disincentive to create new works.[225] In light of the lack of empirical evidence on the incentive effect of copyright law, striking the balance in favor of a *speculation* about the creation of new works, at the expense of works that have already actually been created, is unwise. Moreover, the approach outlined in this Article does allow the holder of the copyright in the preexisting work the space to exploit the derivative right if desired, because that factor is considered in the injunctive relief analysis. In addition, the author of the initial work still enjoys the benefit of being "the original,"[226] and will be compensated with damages proportionate to the value of her preexisting work's contribution to the derivative work.

The chief policy-based argument against blocking copyrights is based on a moral or natural rights justification for copyright law.[227] This philosophy of copyright law is rooted in the belief that copyright protection is necessary to preserve the integrity of an author's creation as an extension of her personality or

220. *Id.*

221. 11 U.S.P.Q.2d (BNA) 1161, 1174 (C.D. Cal. 1989).

222. Many scholars have cast doubt on the idea that copyright law is an effective incentive in the creation of the initial work. *See, e.g.*, Mandel, *supra* note 43, at 2008 (noting that intellectual property "law's ability to promote creativity not only may be limited, but could even be detrimental, to the extent it turns an artist's or inventor's internally motivated activity into one conducted for the copyright or patent prize."); Yen *supra* note 58, at 82 ("Courts seldom have hard evidence about either the quantity or quality of the creative activity that copyright fosters."). Under this thinking, the derivative right, one step removed from the initial work, is arguably even more questionable as an incentive.

223. *See supra* note 10 (noting other rights possessed by the copyright holder).

224. *See* Breyer, *supra* note 66, at 311-12.

225. *Id.* at 312.

226. Shubha Ghosh, *The Merits of Ownership; or, How I Learned to Stop Worrying and Love Intellectual Property: Review Essay of Lawrence Lessig,* The Future Of Ideas, *and Siva Vaidhyanathan,* Copyrights and Copywrongs, 15 HARV. J.L. & TECH. 453, 487-88 (2002) (noting that audiences would be far more interested in seeing George Lucas' sequel to *Star Wars* than a version created by the author of the article).

227. *See, e.g.*, Merges, *supra* note 19, at 2659 n.15 (suggesting that moral rights justification is the best explanation for the lack of blocking copyrights doctrine).

being.[228] Relatedly, some courts and commentators have espoused an "author-as-God" view of copyright law that would grant authors broad control over their works.[229] Under this theory, derivative rights in particular would provide an author the potential means to control later uses of her work that might impact her persona, reputation or creative identity.

One response to this argument is simply to reject it on the ground that U.S. copyright laws are based on a utilitarian rationale, driven by economic considerations.[230] The Copyright Act allows for only limited recognition of moral rights, and only with respect to a very narrow class of works.[231] It is precisely because of the potential emotional attachment, accepted by moral rights theories, that an author may have to her work that the law must intervene to make possible beneficial commercial transactions that might otherwise not occur due to an author's categorical unwillingness to reach any agreement.[232] Moreover, a moral rights argument is generally problematic on the ground that appeal to such fairness-based theories can eventually lead to overly expansive rights.[233]

Yet the moral rights justification presents an argument deserving of a more measured response. Although moral rights are unlikely to become the predominant

228. *See, e.g.*, SCHECHTER & THOMAS, *supra* note 23, at 18 (describing how, under a natural rights theory of copyright law, "[a]uthors are . . . seen as bearing a personal relationship with their creative expression"); *id.* at 138 (regarding moral rights regimes in countries outside the United States, noting that "[w]orks of authorship also reflect their creator's personality in that they are unique extensions of the author herself. Moral rights are said to recognize the dignity and worth of individuals"); *see also* Breyer, *supra* note 66, at 284 (noting an argument based on an "author's 'moral rights' to reap the fruit of his labors or to control what he has created").

229. *See* SunTrust Bank v. Houghton Mifflin Co., 136 F. Supp. 2d 1357, 1384 (N.D. Ga. 2001) ("The right to answer those questions [about the fate of characters in *Gone with the Wind*] . . . legally belongs to Ms. Mitchell's heirs, not [the defendant]."), *rev'd*, 268 F.3d 1257 (11th Cir. 2001); UMG Recordings, Inc. v. MP3.com, Inc., 92 F. Supp. 2d 349, 352 (S.D.N.Y. 2000) (stating that the copyright holder has "the right, within broad limits, to curb the development of . . . a derivative market by refusing to license a copyrighted work or by doing so only on terms the copyright owner finds acceptable."); Breyer, *supra* note 66, at 284 (recounting an argument by "a noted French lawyer" that "a book cannot be printed without the author's permission, for just as 'the heavens and the earth belong to [God], because they are the work of his word . . . [s]o the author of a book is its complete master, and as such can dispose of it as he chooses'").

230. JOYCE ET AL., *supra* note 168, at 53 ("The utilitarian position always has been premised, at least implicitly, on economic reasoning. In recent years, [copyright law's] economic foundations have become more and more explicit."); *see also* KWALL, *supra* note 211, at xiii ("American copyright law rewards economic incentives almost exclusively"); Lemley, *supra* note 19, at 1034 (arguing that the rationale for derivative rights "should stand or fall on its economic merits"). Scholars have certainly argued in favor of greater recognition of moral rights, but the utilitarian theory remains authoritative. KWALL, *supra* note 211, at 6.

231. *See* 17 U.S.C. § 106A (2012) (granting authors of "work[s] of visual art" the right to prevent violations of their moral rights); *id.* § 101 (defining "work of visual art" narrowly to exclude many categories of works such as "any poster, map, globe, chart, technical drawing, diagram, model, applied art, motion picture or other audiovisual work, book, magazine, newspaper, periodical").

232. *See supra* note 58 and accompanying text (noting authors' potential emotional attachment to copyrighted works).

233. *See, e.g.*, JOYCE ET AL., *supra* note 168, at 58 (noting that theories based on an appeal to fundamental fairness often contain no internal checks, which can result in the protection of every product of the mind for an unlimited period).

theory of copyright protection,[234] U.S. copyright law has grown more receptive to a moral rights justification as it has made concessions to international law,[235] and the issue accordingly warrants additional consideration.

Even granting room for some acceptance of moral rights, the approach to damages for unauthorized derivative works outlined in this Article can accommodate moral rights concerns. Drawing again upon tort law, authors can seek to establish the pecuniary value of alleged reputational harms, as is the case with defamation actions. This potential harm would manifest in certain categories of works more than others.[236] For example, a painting may be more likely to embody the creator's self, as contemplated by the moral rights theory, than a map. In this sense, then, the proposal herein is more favorable to the creators of preexisting works than existing law, as courts generally have not been receptive to these types of noneconomic harms in arriving at damages for copyright infringement.[237] Courts and juries should be skeptical of claims of reputational harm,[238] but, if proven, they could compensate for it.[239]

Finally, there also exists a practical objection based on the difficulty of parsing out the respective contributions from the preexisting and derivative works.[240] It is necessary, however, that a derivative work be significantly different from the preexisting work in order to even obtain protection in the first place, and the author of the derivative work appropriately bears the burden of showing this difference.[241] This baseline requirement for a work to even be considered a derivative aids in severability at the outset.

234. *See, e.g.*, Wendy J. Gordon, *Toward a Jurisprudence of Benefits: The Norms of Copyright and the Problem of Private Censorship*, 57 U. CHI. L. REV. 1009, 1019 n.43 ("Despite occasional flirtations, American law by and large has not adopted th[e] European notion of *droit moral*; and it should not do so, at least not without substantial limitations. The notion, as interpreted abroad, seems to ignore the moral rights of *audiences* . . . and may pay insufficient respect to values Americans associate with the First Amendment.").

235. JOYCE ET AL., *supra* note 168, at 55 (noting that the natural rights justification "has animated successive revisions of the Berne Convention for the Protection of Literary and Artistic Property, up to and including the 1971 Paris Revision, to which the United States adhered in 1989"); *see also* Deidré A. Keller, *Recognizing the Derivative Works Right as a Moral Right: A Case Comparison and Proposal*, 63 CASE W. RES. L. REV. 511, 515 (2012) (arguing that the right to prepare derivative works should be expressly recognized as a moral right and accordingly limited to the life of the author).

236. JOYCE ET AL., *supra* note 168, at 56 (arguing that the moral rights justification "applies better to some categories of copyrighted works than others").

237. *See* Yen, *supra* note 58, at 106 (noting, in context of fair use analysis for parodies, "courts' refusal to count the harm of criticism on the author's emotional welfare in its intuitive cost-benefit analysis").

238. *See, e.g.*, Michael D. Birnhack, *The Idea of Progress in Copyright Law*, 1 BUFF. INTELL. PROP. L.J. 3, 5-6 (2001) (discussing problems with romanticized concepts of authorship and the process of making creative works).

239. This may, admittedly, be difficult to prove. *See, e.g.*, Bohannan, *supra* note 135, at 24 ("When a copyright holder publishes a work, she voluntarily discloses the work to the world. And because the copyright holder is no longer in exclusive physical control of the work, there is no reason to think that others will impute the defendant's message to her.").

240. *See supra* note 123 (noting the *Anderson* court's concern with severability)

241. *See supra* note 9 and accompanying text (discussing requirement that the derivative work be significantly or substantially different from the preexisting work).

Moreover, the type of partitioning required by blocking copyrights, while no doubt difficult, is common in other copyright cases. For example, when a defendant has used both protectable and nonprotectable elements of a plaintiff's work in cases that do not involve an alleged violation of the right to produce derivative works, courts may engage in "dissection," whereby nonprotectable elements are separated out from those that are protectable for purposes of assessing copying in the basic infringement analysis.[242] Similarly, courts in copyright disputes must separate expression (eligible for copyright protection) from ideas (ineligible for copyright protection)[243] and, in determining damages, parse out the value of an infringed work when used as part of a larger infringing work.[244] Severability is thus already a part of copyright jurisprudence.

To the extent that additional tools are needed to assist with partitioning, scholars have suggested useful methods to allocate rights when a creative work is the product of collaboration, as well as models for dividing out the contributions as between the initial creator and a derivative author.[245] If all these tools fail, it only benefits the author of the preexisting work and maintains the status quo. A derivative work can be protected only to the extent that it can be separated from the preexisting work,[246] and the derivative author bears the risk that severability may be impossible.

Rather than being a weakness, this severability requirement makes an equitable rule of recovery for improvers even more compelling in the realm of copyright law as compared with personal and real property. Whereas cases granting relief to an

242. *See* Olson v. Nat'l Broad. Co., 855 F.2d 1446, 1453 (9th Cir. 1988) (quoting Aliotti v. R. Dakin & Co., 831 F.2d 898, 901 (9th Cir. 1987)) (applying rule that "no substantial similarity may be found under the intrinsic test where analytic dissection demonstrates that all similarities in expression arise from the use of common ideas"); Mattel, Inc. v. Azrak-Hamway Int'l, Inc., 724 F.2d 357, 361 (2d Cir. 1983) (applying dissection analysis); 4 NIMMER & NIMMER, *supra* note 100, at § 13.03[A] (explaining dissection analysis).

243. Judge Hand set out his famous "levels of abstraction" test in *Nichols v. Universal Pictures Corp.*:

> Upon any work, and especially upon a play, a great number of patterns of increasing generality will fit equally well, as more and more of the incident is left out. The last may perhaps be no more than the most general statement of what the play is about, and at times might consist only of its title; but there is a point in this series of abstractions where they are no longer protected, since otherwise the playwright could prevent the use of his "ideas," to which, apart from their expression, his property is never extended. . . . Nobody has ever been able to fix that boundary, and nobody ever can.

45 F.2d 119, 121 (2d Cir. 1930).

244. Abend v. MCA, Inc., 863 F.2d 1465, 1479 (9th Cir. 1988) (dividing damages based on parties' respective contributions to work), *aff'd sub nom.* Stewart v. Abend, 495 U.S. 207 (1990).

245. *See, e.g.*, Rochelle Cooper Dreyfuss, *Collaborative Research: Conflicts on Authorship, Ownership, and Accountability*, 53 VAND. L. REV. 1161, 1220 (2000) (describing statutory alternative to current provisions for works made for hire and joint authorship that would provide proportional rights based on collaborators' respective contributions to a work); Ghosh, *supra* note 226, at 488-89 (drawing on principles of cellular biology to posit nucleus and fission models as tools in interpreting definition of 'derivative work'); Mandel, *supra* note 42, at 311 (suggesting a standard for joint authorship in copyright law that would require a "not insignificant" contribution, of content not available in the public domain, to an original aspect of the work).

246. *See supra* Part I.A.2 and Part II (discussing separability).

improver of tangible property often result in a winner-takes-all result because the property cannot be enjoyed by two users simultaneously,[247] such an outcome is not necessary in the copyright context: the nonrivalrous nature of intellectual property allows the owner of the preexisting work to continue to enjoy rights to her own creative expression, without requiring confiscation of either party's work.[248]

IV. CONCLUSION

Sir Isaac Newton's adage, "If I have seen further it is by standing on [the] shoulders of Giants," is well known.[249] Less well known, however, is that Newton was doing precisely what he described even as he wrote his famous words: Newton derived the phrase from the twelfth-century philosopher, Bernard of Chartres,[250] who likened society to "dwarfs perched on the shoulders of giants. . . . [W]e see more and farther than our predecessors, not because we have keener vision or greater height, but because we are lifted up and borne aloft on their gigantic stature."[251] Rather than detract from it, this borrowing only reinforces the truth of Newton's celebrated metaphor.

Copyright owners' "dog-in-the-manger" behavior ignores the reality that Newton correctly acknowledged, and we should be particularly wary of such holdout activity in the context of derivative works. Courts should accordingly adopt principles of blocking copyrights and the more equitable approach to remedies outlined in this Article to account in more nuanced ways for the contributions made by creators of unauthorized derivative works. A blocking copyrights doctrine is consistent with not only the statutory language and legislative history of the Copyright Act but also the policies behind copyright law. Indeed, it is the opposite result—denying rights to derivative authors for their original contributions and penalizing them with an injunction or excessive damages—that is counterproductive to the copyright system's purpose of promoting progress in creative endeavors. A doctrine of blocking copyrights effectively furthers the incentive-based purpose of the copyright laws in favor of derivative authors without compromising incentives for authors of preexisting works, because the latter will still be compensated for the value of the preexisting work.

247. *See, e.g.*, *supra* Part I.B (noting that a title to improved real property may pass in its entirety to the improver).

248. *See supra* note 171 and accompanying text (discussing the nonrivalrous nature of copyrighted works).

249. Letter from Isaac Newton to Robert Hooke (Feb. 5, 1676), *reprinted in* ROBERT K. MERTON, ON THE SHOULDERS OF GIANTS: A SHANDEAN POSTSCRIPT, THE POST-ITALIANTE VERSION 31 (1993).

250. *Id.* at 40, 177-78 (noting Bernard of Chartres' statement, "[i]n comparison to the ancients, we stand like dwarfs on the shoulders of giants"); *see also* Lior Jacob Strahilevitz, *Wealth Without Markets?*, 116 YALE L.J. 1472, 1476 n.5 (2007) ("Newton borrowed [the] phrase from earlier writers, and the first known use of the phrase was by Bernard of Chartres, in approximately 1130.").

251. THE METALOGICON OF JOHN OF SALISBURY: A TWELFTH-CENTURY DEFENSE OF THE VERBAL AND LOGICAL ARTS OF THE TRIVIUM 167 (Daniel D. McGarry trans., Univ. of Cal. Press 1955) (1159).

Although a blocking copyrights approach has at least implicit support from some courts, a clear enunciation and further delineation of the doctrine is needed, coupled with a modification of remedies determinations. This Article suggests an avenue for revisiting and reinvigorating blocking copyrights and proposes criteria with which to redesign remedies for copyright infringement by unauthorized improvers. In doing so, the Article draws in particular on principles from tort and property law, focusing on aspects of those bodies of law that temper the remedies available when property interests are infringed by a subsequent user of property who adds her own, separable contributions. This Article argues that those principles should be incorporated into copyright law, and that they can be conceptually tailored, consistent with key tenets behind the copyright system, to arrive at a remedy scheme that reduces copyright's harsh barriers to entry for unauthorized derivative works and stimulates the continued, cumulative creativity that is necessary for a rich intellectual property marketplace.