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# Whither Copyright? Transformative Use, Free Speech, and an Intermediate Liability Proposal

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Whither Copyright?  
Transformative Use, Free Speech, and an Intermediate  
Liability Proposal

*John Tehranian\**

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## I. INTRODUCTION

“In the beginning was the Word, and the Word was with God, and the Word was God.”<sup>1</sup> We have come a long way from this opening line to the Gospel according to John, as deification has morphed into reification. In 1987, the United States Supreme Court prohibited a nonprofit organization’s use of the term “Gay Olympic Games” because of a federal statute which granted an exclusive property right over the word “Olympic” to the United States Olympic Committee (“USOC”).<sup>2</sup>

1. *John* 1:1.

2. Section 110 of the Amateur Sports Act of 1978, originally enacted as 36 U.S.C. § 380, gave the United States Olympic Committee the right to prohibit commercial and promotional uses of the word “Olympic” and related Olympic symbols. Inter alia, the statute provides Lanham Act remedies against any person who “uses for the purposes of trade, to induce the sale of any goods or services, or to promote any theatrical exhibition, athletic performance, or competition” the word “Olympic” or “Olympiad.” *Id.* § 220506.

As the Court found, the value of the term “Olympic” “was the product of the USOC’s ‘own talents and energy, the end result of much time, effort, and expense,’”<sup>3</sup> and, as such, it was within Congress’s Commerce Clause powers to reward the USOC with exclusive rights to use the word.<sup>4</sup> By granting the USOC intellectual property protection in the use of a single word outside of the commercial sphere, regardless of any potential for consumer confusion, the High Court’s ruling consecrated Congress’s decision to extend to the USOC powers far beyond the traditional ambit of trademark law.<sup>5</sup> In short, the decision marked a fundamental expansion in the gamut of intellectual property protections, despite the potential impact on the expressive rights of those wishing to use the term “Olympic” in noncommercial contexts.

In recent years, such cases have spurred a wave of law review literature critiquing intellectual property jurisprudence for failing to appreciate the deleterious impact of trademark and copyright enforcement on the exercise of free speech rights.<sup>6</sup> As the argument

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3. S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm., 483 U.S. 522, 533 (1987) (quoting *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562, 575 (1977)).

4. *Id.* at 534–35.

5. While trademark law provides intellectual property protection to certain phrases and even single words, such protection is unavailable to generic terms, 15 U.S.C. § 1052(f) (2000), and is typically limited to cases where consumer confusion might result, *id.* § 1066 (allowing denial of a trademark application if the mark so resembles a previously registered mark that it would be likely “to cause confusion or mistake or to deceive”); *accord id.* § 1127. Of course, the consumer-confusion rationale of trademark law has already begun to fade as the courts have expanded the reach of trademark protection in recent years, as states have granted anti-dilution protections to certain “strong” trademarks, *see, e.g.*, CAL. BUS. & PROF. CODE § 14330 (West Supp. 2005), and as Congress has amended the Lanham Act to include special anti-dilution protection for famous marks, Federal Trademark Dilution Act of 1995, 15 U.S.C. § 1125(c).

6. *See, e.g.*, C. Edwin Baker, *First Amendment Limits on Copyright*, 55 VAND. L. REV. 891, 903 (2002); C. Edwin Baker, *Giving the Audience What It Wants*, 58 OHIO ST. L.J. 311, 323 (1997); Yochai Benkler, *Free as the Air to Common Use: First Amendment Constraints on the Enclosure of the Public Domain*, 74 N.Y.U. L. REV. 354, 366–67 (1999); Yochai Benkler, *Siren Songs and Amish Children: Autonomy, Information, and Law*, 76 N.Y.U. L. REV. 23 (2001); Yochai Benkler, *Through the Looking Glass: Alice and the Constitutional Foundations of the Public Domain*, 66 LAW & CONTEMP. PROBS. 173 (2003); Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 YALE L.J. 1533, 1556–57 (1993); David Lange, *Recognizing the Public Domain*, LAW & CONTEMP. PROBS., Autumn 1981, at 147; Mark A. Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 DUKE L.J. 147 (1998); Lawrence Lessig, *Copyright’s First Amendment*, 48 UCLA L. REV. 1057 (2001); Jessica Litman, *The Public Domain*, 39 EMORY L.J. 965 (1990); Neil Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L.J. 283, 285 (1996); Neil Weinstock Netanel, *Locating Copyright Within the First Amendment Skein*, 54 STAN. L. REV. 1, 16 (2001) [hereinafter *Locating Copyright*]; Neil Weinstock Netanel, *Market Hierarchy and Copyright in Our System of Free Expression*, 53 VAND. L. REV. 1879 (2000); L. Ray Patterson & Stanley F. Birch, Jr.,

typically goes, congressional acquiescence to regular copyright-term extensions and the expansion of trademark protection beyond the goal of consumer protection have enlarged copyright and trademark monopolies in a manner that has undermined the “uneasy truce”<sup>7</sup> between intellectual property rights and the First Amendment. As a result, internal safeguards such as the fair-use doctrine and the idea/expression dichotomy<sup>8</sup> are no longer adequate to protect vital free speech interests. Although a few scholars have argued otherwise,<sup>9</sup> the weight of authority in the academy supports the view that a clash exists between intellectual property and First Amendment rights and that copyright and trademark monopolies must be more carefully circumscribed in order to protect expressive freedoms.

At first glance, the courts appear to have taken a different view of the intersection of First Amendment and intellectual property rights by systematically dismissing the existence of any clash between the two bodies of law. For example, the possibility of a conflict between free speech rights and copyright has been so seldom acknowledged that only one appellate court—the Eleventh Circuit in *SunTrust Bank v. Houghton Mifflin Co.*<sup>10</sup>—has ever explicitly applied the First Amendment’s Free Speech Clause to constrain enforcement of a copyright.<sup>11</sup> Moreover, in its most salient pronouncements on copyright law, the Supreme Court has explained away any clash between free speech rights and copyright by arguing that any tension can be handled through intrinsic limits on

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*Copyright and Free Speech Rights*, 4 J. INTEL. PROP. L. 1 (1996); Jed Rubenfeld, *The Freedom of Imagination: Copyright’s Constitutionality*, 112 YALE L.J. 1 (2002); Eugene Volokh, *Freedom of Speech and Intellectual Property: Some Thoughts After Eldred*, 44 LIQUORMART, and BARTNICKI, 40 HOUS. L. REV. 697 (2003).

7. Mark A. Lemley, *The Constitutionalization of Technology Law*, 15 BERKELEY TECH. L.J. 529, 531 (2000).

8. The idea/expression dichotomy, a basic tenet of copyright doctrine, holds that only expressions, and not underlying ideas and facts upon which expressions may be based, may receive copyright protection. See *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991) (denying copyright protection to an alphabetical listing of residential phone numbers on the basis of the idea/expression dichotomy).

9. See, e.g., David McGowan, *Why the First Amendment Cannot Dictate Copyright Policy*, 65 U. PITT. L. REV. 281 (2004); Raymond T. Nimmer, *First Amendment Speech and the Digital Millennium Copyright Act: A Proper Marriage*, in *COPYRIGHT AND FREE SPEECH: COMPARATIVE AND INTERNATIONAL ANALYSES 1* (Jonathan Griffiths & Uma Suthersanen eds., 2005).

10. 268 F.3d 1257, 1277 (11th Cir. 2001) (finding that a preliminary injunction issued by the district court to prevent publication of the *Gone with the Wind* parody, *The Wind Done Gone*, “was at odds with the shared principles of the First Amendment and the copyright law, acting as a prior restraint on speech”).

11. *Locating Copyright*, *supra* note 6, at 3.

copyright, including fair use and the idea/expression dichotomy. As the Court explained in *Eldred v. Ashcroft*, “copyright’s built-in free speech safeguards are generally adequate to address [any conflict with free speech rights].”<sup>12</sup> Similarly, in rejecting a First Amendment argument in *Harper & Row Publishers, Inc. v. Nation Enterprises*, the Supreme Court ruled that the Copyright Act already embodied First Amendment protections through its “distinction between copyrightable expression and noncopyrightable facts and ideas, and the latitude for scholarship and comment traditionally afforded by fair use.”<sup>13</sup>

Even more strikingly, the courts have uniformly rejected arguments that the anticircumvention provisions in the Digital Millennium Copyright Act<sup>14</sup> violate the First Amendment by proscribing speech that would otherwise be available under copyright law’s fair-use defense.<sup>15</sup> Thus, courts have found no First Amendment encroachment even under digital rights management regimes that wholly deny any form of fair use to individuals.<sup>16</sup>

The goal of this Article is not to rehash the extant literature on the weighty subject of the tension between two important bodies of law; law reviews are rife with compelling arguments which assess the threat to free speech rights from the expansion of intellectual property monopolies. Rather, by exploring the wide gulf that appears to exist between the academy and the courts on this vital issue, this Article examines how we might reduce the tension between First Amendment doctrine and copyright law in particular.<sup>17</sup>

As I argue, both academics and the courts have grown increasingly concerned about the dominant influence of corporate interests in guiding

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12. 537 U.S. 186, 221 (2003). It should be noted, however, that the Court did suggest that the D.C. Circuit spoke too broadly when it stated that copyright cases are categorically immune from First Amendment challenges. *See id.*

13. 471 U.S. 539, 560 (1985); *see also* *New Era Publ’ns Int’l, ApS v. Henry Holt & Co.*, 873 F.2d 576, 584 (2d Cir. 1989) (holding that “the fair use doctrine encompasses all claims of first amendment in the copyright field”).

14. *See* 17 U.S.C. § 1201(a)–(b) (2000) (proscribing the circumvention of digital rights management technology that controls access to copyrighted works, the trafficking of such anti-circumvention devices, and the circumvention of digital rights management technology that imposes limits on the use of copyrighted works, respectively).

15. *See, e.g., Universal City Studios, Inc., v. Corley*, 273 F.3d 429 (2d Cir. 2001); *United States v. Elcom Ltd.*, 203 F. Supp. 2d 1111 (N.D. Cal. 2002).

16. *See, e.g., Davidson & Assocs., Inc. v. Internet Gateway*, 334 F. Supp. 2d 1164 (E.D. Mo. 2004).

17. Although the tension between trademark and intellectual property law flagged in this Introduction is worthy of further analysis, it is beyond the scope of this Article.

copyright law and the implications of this trend in the dissemination of knowledge; however, their responses have been different. Academics have framed the debate as a clash between the First Amendment and intellectual property law. Although courts have avoided such a categorization, they have not been altogether oblivious to the dangers in the unfettered expansion of copyright law. Indeed, a careful examination of jurisprudence in the intellectual property arena reflects judicial circumspection over the effect of intellectual property expansion on the ability of individuals to make speech. Courts have drawn a firm line on the idea/expression dichotomy; and, in other areas where they have had the discretion to formulate new balancing tests, First Amendment interests have played a role in constraining the scope of intellectual property rights. Nevertheless, courts have been unable to address fully the First Amendment concerns inherent in copyright law.

This Article argues that the central obstacle in addressing the tension between copyright protection and free expression rights is not the existence of a vast ideological rift between the academy and the judiciary; rather, the central obstacle is structural. Simply put, the statutory scheme of the present copyright regime forces courts to choose between two extreme options: infringement or fair use. If courts find infringement, hefty statutory damages typically ensue—up to \$150,000 per willful act—that are often well in excess of actual damages. On the other hand, if courts find fair use, an unauthorized user of a copyrighted work is able to exploit, without permission or payment, the work of another with impunity, thereby free-riding on the creative success of the original author. This zero-sum regime has ultimately precluded courts from effectively balancing First Amendment and intellectual property considerations.

Just as the modern torts revolution precipitated the evolution of comparative liability that overrode the harsh binary features of prior negligence doctrine, copyright law could benefit from the introduction of an intermediate liability option. Specifically, free expression issues become most pressing in the copyright arena when transformative uses—uses that “add[] something new, with a further purpose or different character, altering [an original creative work] with new expression, meaning, or message”—are made of creative works.<sup>18</sup> As a result, this

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18. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994). The definition of what constitutes a transformative work is, of course, subject to great debate. As I argue, however, this is an issue the courts should more vigorously engage themselves in as it goes to the heart of the utilitarian rationale for copyright protection. See *infra* Part IV.C.2.a. For the purposes of the

Article proposes the creation of a third option in the liability calculus: transformative, or productive, uses of copyrighted works that would otherwise constitute infringements should be made exempt from statutory or actual damages. Such uses should be deemed, per se, noninfringing. However, commercial exploitation of transformative works would be subject to an accounting of profits—profits that would, as a default rule, be evenly split between the author of the original work and the transformative user.

Several benefits would accrue from such an intermediate liability option. First, courts would be discharged from the harsh, draconian choice between massive infringement liability and fair use—a binary that has prevented courts from fully addressing the free-speech issues inherent in copyright enforcement. For transformative users of copyrighted works, liability would never exceed profitability; consequently, free expression rights would not be denied because of monetary concerns. This limitation of liability would in turn advance key First Amendment interests. Moreover, such an intermediate liability option also advances the original, utilitarian vision of the federal copyright system—the maximization of dissemination of creative works to the public so as to advance progress in the arts.<sup>19</sup> Meanwhile, copyright owners would continue to receive reasonable payments for the commercial exploitation of their works.

In making these arguments, Part II first explores the growing tension between the property rights granted through copyright law and the expressive rights secured through the First Amendment. Part III then examines how courts have addressed, and seemingly denied, the clash between free expression rights and intellectual property rights. Specifically, I argue that the natural-law aspects of the fair-use test have prevented courts from allowing most transformative uses, save parody, to escape infringement liability. This result not only harms progress in the arts—the basic goal of the copyright system—but also undermines free speech rights. Drawing from the California Supreme Court’s recent jurisprudence on the right to publicity, I argue that a doctrinal alternative to copyright’s fair-use test would better promote progress in the arts and free expression. To this effect, Part IV begins by reviewing and assessing

Comment [RCC1]: CM 5.162

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intermediate liability proposal, I draw upon the definition adopted by the Supreme Court in *Campbell*. See *infra* note 215 and accompanying text.

19. See U.S. CONST. art I, § 8, cl. 8 (empowering Congress to “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”).



the virtues and shortcomings of several prominent proposals debated in the literature to date. Drawing upon this analysis, I then present an intermediate liability alternative for copyright infringement litigation that frees courts from the harsh infringement/fair-use binary of the current legal regime and thereby advances both expressive rights and the utilitarian goals of the copyright regime.

## II. COPYRIGHT AND THE FIRST AMENDMENT

### A. *The Growing Clash*

The modern notion of copyright infringement endorses an unflinching protection of the inherent property rights of an author in the fruits—both literal and nonliteral, reproductive and derivative—of her intellectual labor. This expansive first-author protection has had a detrimental impact on progress in the arts and caused a serious clash with rights to free expression. As Ray Patterson has observed, “freedom of speech depends in a large measure upon the existence of a public domain.”<sup>20</sup> Indeed, the public domain provides the building blocks from which individuals can construct their own speech. But as the scope of intellectual property expands, the scope of available speech diminishes.

Once upon a time, copyright looked very different from its modern analogue. As envisioned at the time of the Constitution, copyright laws served to prevent wholesale piracy, or slavish reproductions, of creative works as a part of the larger project of encouraging dissemination of creative works to the public. Thus, copyright was not a natural-rights doctrine that sought to protect the inherent interests of authors in the fruits of their creative labor; rather, it was a utilitarian doctrine that served to encourage publication of new and transformative works by granting limited monopoly rights as an economic incentive for such activity.<sup>21</sup>

As a critical corollary to this original vision of copyright, transformative uses of another’s creative work were viewed as per se noninfringing—specifically, courts emphasized the degree to which such uses contributed to progress in the arts, the central goal of the copyright regime.<sup>22</sup> Thus, prior to the mid-nineteenth century, and in the English

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20. L. Ray Patterson, *Folsom v. Marsh and Its Legacy*, 5 J. INTELL. PROP. L. 431, 444 (1998).

21. John Tehranian, *Et Tu, Fair Use? The Triumph of Natural-Law Copyright*, 38 U.C. DAVIS L. REV. 465 (2005).

22. *Id.* at 474–80.

jurisprudence that guided our own, courts considered whether a use was transformative as the central factor in the infringement calculus,<sup>23</sup> and they uniformly deemed activities such as translation and abridgment per se noninfringing. Despite the fact that such results undermined the inherent property rights of authors in the fruits of their labor, courts felt that unauthorized translations, abridgements, and other transformative uses of copyright works advanced the ultimate goal of the copyright system—progress in the arts—more than would heavy natural-law protection.<sup>24</sup>

However, the last century has witnessed a radical expansion in the scope of protections afforded copyright owners.<sup>25</sup> As I have argued elsewhere, the advent of the fair-use test played a central role in this transformation by reintroducing natural-law elements to the infringement calculus.<sup>26</sup> First enunciated in Justice Story's opinion in *Folsom v. Marsh*,<sup>27</sup> the fair-use balancing test is now codified in section 107 of the Copyright Act<sup>28</sup> and balances at least four factors to determine when

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23. *Id.*

24. *See, e.g.*, *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 652 (1834) (“An abridgement fairly done, is itself authorship, requires mind; and is not an infringement, no more than another work on the same subject.”); *Stowe v. Thomas*, 23 F. Cas. 201, 207 (C.C.E.D. Pa. 1853) (No. 13,514) (“To make a good translation of a work often requires more learning, talent and judgment, than was required to write the original. Many can transfer from one language to another, but few can translate. To call the translations of an author's ideas and conceptions into another language, a copy of his book, would be an abuse of terms, and arbitrary judicial legislation.”); *Story v. Holcombe*, 23 F. Cas. 171, 173 (C.C.D. Ohio 1847) (No. 13,497) (finding that “[a] fair abridgment of any book is considered a new work, as to write it requires labor and exercise of judgment”); *Newbery's Case*, (1773) 98 Eng. Rep. 913, 913 (Ch.) (finding that an abridgement constitutes “an act of understanding . . . in the nature of a new and meritorious work.”); *Gyles v. Wilcox*, (1740) 26 Eng. Rep. 489, 490 (Ch.) (“[A]bridgments may with great propriety be called a new book, because not only the paper and print, but the invention, learning, and judgment of the author is shewn in them, and in many cases are extremely useful, though in some instances prejudicial, by mistaking and curtailing the sense of an author.”); *Burnett v. Chetwood*, (1720) 35 Eng. Rep. 1008, 1009 (Ch.) (“[A] translation might not be the same with the reprinting [of] the original, on account that the translator has bestowed his care and pains upon it.”).

25. *See, e.g.*, Lloyd L. Weinreb, *Fair Use*, 67 *FORDHAM L. REV.* 1291, 1297–98 (1999) (“[C]opyright has transformed from an exclusive right to make copies, quite narrowly construed, to an exclusive right to significant reproductive use of the work in any form, not at all restricted to that in which it was embodied by the owner of the copyright. That transformation was signaled notably in the Copyright Act of 1976, which replaced the numerous particular provisions describing the copyright owner's rights in the 1909 Act with five brief, unqualified provisions that cover just about any use of a copyrighted work other than private edification or enjoyment of it in the form in which it was published.” (internal citations omitted)).

26. Tehranian, *supra* note 21.

27. 9 F. Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4,901).

28. 17 U.S.C. § 107 (2000).

someone can make use of a copyrighted work without permission from or payment to its owner: (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole, and (4) the effect of the use upon the potential market for and value of the copyrighted work.<sup>29</sup> Under the fair-use test, especially its second, third and fourth factors, the degree to which an alleged infringer was free-riding on the creative labor of another became the central focus of courts in the infringement calculus.<sup>30</sup> Thus, the emphasis of courts in determining infringement liability has shifted from what *use is made of* a copyrighted work (acknowledged only in the first fair-use factor) to *how much is taken from* a copyright work (assessed through the last three fair-use factors). The result has been a vast expansion in copyright protection from its original ambit—the prohibition of slavish reproduction of someone’s creative work—to a natural-rights vision of copyright that seeks to protect the inherent property right of an author in her creations.<sup>31</sup>

Comment [RCC2]: CM 7.90

The consequences of this dramatic theoretical shift in the underpinnings of copyright law are numerous. Copyright law now protects not only against literal reproduction of a copyrighted work, but against nonliteral borrowing and unauthorized creation of derivative works. By the end of the nineteenth century, such uses as translation,

29. *Id.*

30. See Tehranian, *supra* note 21, at 484–87.

31. In *Stowe v. Thomas*, 23 F. Cas. 201 (C.C.E.D. Pa. 1853) (No. 13,514), for example, Harriet Beecher Stowe sued the author of an unauthorized German translation of her celebrated work, *Uncle Tom’s Cabin*, for copyright infringement. In rejecting Stowe’s claim, the Court found that the German translation was transformative—not a mere slavish reproduction—and that its creation took an act of great intellectual and creative energy: “To make a good translation of a work,” noted Justice Grier, “often requires more learning, talent and judgment, than was required to write the original. Many can transfer from one language to another, but few can translate. To call the translations of an author’s ideas and conceptions into another language, a copy of his book, would be an abuse of terms, and arbitrary judicial legislation.” *Id.* at 207. Thus, the Court dismissed the claims that the translation merely free-rode on Stowe’s intellectual efforts and the natural rights that stemmed from those efforts. In language that would stun modern observers, the Court deemed that

[b]y the publication of Mrs. Stowe’s book, the creations of the genius and imagination of the author have become as much public property as those of Homer or Cervantes. (Uncle Tom and Topsy are as much publici juris as Don Quixote and Sancho Panza.) All her conceptions and inventions may be used and abused by imitators, play-rights and poetasters. (They are no longer her own—those who have purchased her book, may clothe them in English doggerel, in German or Chinese prose. Her absolute dominion and property in the creations of her genius and imagination have been voluntarily relinquished.)

*Id.* at 208 (internal citation omitted).

novelization, dramatization, and abridgement were deemed infringing.<sup>32</sup> With the promulgation of the 1976 Copyright Act, the breadth of derivative works protection grew even more dramatically: Congress adopted an expansive definition of what constituted a derivative work<sup>33</sup> and granted authors the exclusive right to prepare *all* derivatives of their copyrighted works.<sup>34</sup>

On the constitutional front, however, expressive rights have also grown in scope. Over the past half-century, courts have expanded their reading of the First Amendment to incorporate entertainment and artistic creations as speech entitled to full constitutional protection.<sup>35</sup> Ironically, however, the expanding ambit of copyright law has limited the ability of individuals to engage in numerous forms of speech. As a consequence, unprecedented liability has attached to a variety of artistic and transformative expressions drawing upon existing works, despite the extension of First Amendment protection to entertainment and artistic creations. The slightest unauthorized sample of a sound recording can result in a multimillion-dollar judgment, even if a significant and expressive new work of music is created through use of the sample.<sup>36</sup>

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32. *See, e.g.*, Copyright Act of 1870, ch. 230, § 86, 16 Stat. 198 (granting copyright owners the exclusive right to dramatize and translate their works); Copyright Act of March 4, 1909, ch. 320, § b, 35 Stat. 1075 (granting authors the exclusive right to “translate the copyrighted work into other language or dialects, or make any other version thereof, if it be a literary work; to dramatize it if it be a nondramatic work; to convert it into a novel or other nondramatic work if it be a drama; to arrange or adapt it if it be a musical work; to complete, execute, and finish it if it be a model or design for a work of art”).

33. Under the current Copyright Act, passed in 1976, a derivative work is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a “derivative work.”  
17 U.S.C. § 101 (2000).

34. *See id.* § 106(2).

35. *See, e.g.*, *Hurley v. Irish-American Gay, Lesbian, and Bisexual Group of Boston*, 515 U.S. 557 (1995) (finding that a nonpolitical parade without an articulate or clear message constitutes protected speech under the First Amendment); *Southeastern Promotions, Ltd. v. Conrad*, 420 U.S. 546 (1975) (finding that theatrical productions constitute speech protected under the First Amendment); *Burstyn v. Wilson*, 343 U.S. 495, 499–502 (1952) (holding, for the first time, that movies are protected as speech under the First Amendment); *Winters v. New York*, 333 U.S. 507, 510 (1948) (holding that low-brow writing is “as much entitled to the protection of free speech as the best of literature”).

36. *See Bridgeport Music, Inc. v. Dimension Films*, 383 F.3d 390, 398 (6th Cir. 2004) (holding that any unauthorized sample of a sound recording, no matter how small, constitutes

Expressive art and writing that draw without permission on copyrighted images and characters to criticize or illuminate our values, assess our social institutions, satirize current events, or comment on our most notorious cultural symbols are similarly prohibited.<sup>37</sup>

In channeling Ronald Dworkin, William Fisher has argued that any government bent on increasing the

“complexity and depth of the forms of life open to” its subjects . . . [has an interest in] protect[ing] the culture’s language as a whole and its artistic vocabulary in particular “from structural debasement or decay”—both by preserving and making accessible to the public “a rich stock of illustrative and comparative collections” of art and by fostering “a tradition of artistic innovation.”<sup>38</sup>

By encouraging the dissemination of creative works to the public, copyright law can advance these expressive interests. However, in its unyielding restraint of transformative uses, especially at a time when technology is radically expanding the palette of artistic possibilities, the modern copyright regime limits the artistic vocabulary and therefore serves to suppress significant expressive interests. At a minimum, therefore, there is a significant tension between copyright protection and free speech.<sup>39</sup>

#### *B. The Inadequacy of Fair Use in Protecting Free Expression*

Moreover, fair use—the ostensible vehicle for protecting expressive rights and the public domain in copyright jurisprudence—has failed to do

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copyright infringement); *Jarvis v. A & M Records*, 827 F. Supp. 282 (D.N.J. 1993); *Grand Upright Music Ltd. v. Warner Bros. Records, Inc.*, 780 F. Supp. 182 (S.D.N.Y. 1991).

37. See *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997) (finding that a satire of the O.J. Simpson trial based on *The Cat in the Hat* infringed Dr. Seuss’s copyright); *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992) (finding that modern artist Jeffrey Koons’s kitschy mutilation of a photograph featuring a couple and some puppies that served as a satire of suburban American aesthetic sensibilities infringed the copyright of the original photographer); *Paramount Pictures Corp. v. Carol Publ’g Group*, 11 F. Supp. 2d 329 (S.D.N.Y. 1998) (finding that a book that analyzed, mocked, and satirized all things *Star Trek* violated Paramount’s copyright in the television show); *Castle Rock Entm’t, Inc. v. Carol Publ’g Group, Inc.*, 955 F. Supp. 260 (S.D.N.Y. 1997) (finding that a humorous guidebook to the *Seinfeld* series violated Castle Rock’s copyright in the television show).

38. William W. Fisher III, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1659, 1753 (1988) (quoting Ronald Dworkin, *Panel Discussion: Art as a Public Good*, 9 COLUM. J.L. & ARTS 143, 153–56 (1985)).

39. The derivative rights doctrine is not alone in aggravating the tension between copyright law and expressive rights. The tension has been further exacerbated by the fair-use test and the ways in which it has been applied in recent years. See *infra* Part III.B.

its job. Simply put, under the fair-use test, courts cannot give free speech interests appropriate weight. The nature of the fair-use test, which envisions copyright as a strong natural-law property interest, precludes such balancing. Far from checking the scope of copyright protections in order to protect the expressive interests of the public, therefore, the fair-use test has actually served to expand, rather than diminish, the copyright monopoly, thereby undermining the utilitarian goals of the Copyright Clause.<sup>40</sup> Specifically, the fair-use test prevents many forms of transformative use from escaping liability from copyright infringement.<sup>41</sup> Hence, modern copyright law has impeded original and socially useful speech. At the same time, other elements of the fair-use test have unjustifiably suppressed free speech interests.

First, the expressive rights of a copyright user, embodied in the transformative-use doctrine, constitute only a meager fraction of the fair-use test, playing a role in only one of the section 107 factors—“the purpose and character of the use.”<sup>42</sup> On a rhetorical level, transformative use has grown increasingly important in the fair-use calculus in recent years. In *Campbell v. Acuff-Rose*,<sup>43</sup> the Supreme Court extensively cited and adopted the reasoning of Judge Pierre Leval’s influential article, *Toward a Fair Use Standard*,<sup>44</sup> wherein Leval advocates making transformative use a stronger consideration in the fair-use test.<sup>45</sup>

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40. Several critical facts indicate that our federal copyright regime, as envisioned by the Framers, sought to grant individuals a limited monopoly in their creative works as a means to encourage creation and dissemination of original works to the public, not to recognize an inherent property interest to which individuals are entitled over the fruits of their intellectual labors. First, the Copyright Clause of the Constitution, which grants Congress the power to “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,” U.S. CONST. art I., § 8, cl. 8, and the first Copyright Act, which was entitled “An Act for the encouragement of learning,” 1 Copyright Act of 1790, ch. 15, § 1, 1 Stat. 124 (repealed 1831), are grounded in explicitly utilitarian language. Secondly, under the original copyright regime, protection was offered only to published works, therefore invoking an explicit quid pro quo that extended the benefits of the copyright monopoly to creative works that were actually disseminated to the public. Finally, the Supreme Court’s decision in *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591 (1834), explicitly rejected the continued viability of the common-law copyright regime grounded in natural-rights principles. See Tehranian, *supra* note 21, at 470–74.

41. See Tehranian, *supra* note 21, at 492–504.

42. 107 U.S.C. § 107(1) (2000).

43. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 576 (1994).

44. Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1116 (1990).

45. The *Campbell* Court, citing Leval’s work, emphasized the importance of transformative use in the copyright infringement calculus and the need to determine whether “the new work merely ‘supersede[s] the objects’ of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.” 510 U.S. at 579 (internal citations omitted).

However, in all but the case of parody, transformative uses have not found solace in the fair-use doctrine.<sup>46</sup> The courts have generally permitted unlicensed transformative uses solely for modalities such as parody, which inherently necessitate a derivative user conjure up the original work.<sup>47</sup> As the *Campbell* Court concluded, “Parody needs to mimic an original to make its point . . . whereas satire can stand on its own two feet.”<sup>48</sup> This formulation of the transformative-use component of the section 107 balancing test is laden in the discourse of property rights, allowing borrowing only when conditions *require* it. Such a view casts fair use, rather than copyright, as a privilege.<sup>49</sup>

Moreover, even if an individual is fairly confident that a particular expressive use is protected as fair use, one can never be sure: the jurisprudence in the fair-use arena is notoriously unpredictable.<sup>50</sup> The line between idea and expression, which bears directly on fair-use matters,<sup>51</sup> is particularly problematic. As Learned Hand once conceded, “Nobody has ever been able to fix that boundary, and nobody ever can.”<sup>52</sup> Moreover, by the fair-use statute’s own admissions, the four factors listed are not comprehensive.<sup>53</sup> There is also little consistency in

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46. Compare *Campbell*, 510 U.S. 569 (finding fair use in 2 Live Crew’s parody of Roy Orbison’s song *Pretty Woman*), with *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992) (finding no fair use in Jeff Koons’s satirical appropriation of Art Rogers’s *Puppies* photograph). As Naomi Voegtli argues, under the fair-use test, appropriationist works are unlikely to survive a fair use defense:

First, the purpose of the use is often commercial; second, appropriative works generally do not fall within a category of works for which the courts have traditionally granted fair use . . . ; third, appropriative works often take a substantial portion of the original and/or a portion of the original that is considered most valuable; and fourth, many appropriative works appeal to a different audience, and thus have little effect on the market of the original. . . . [Courts often] presume[] a negative economic effect based on the commercial nature of defendant’s appropriative work.

Naomi Abe Voegtli, *Rethinking Derivative Rights*, 63 BROOK. L. REV. 1213, 1227–28 (1997).

47. See Tehranian, *supra* note 21.

48. *Campbell*, 510 U.S. at 580–81.

49. See Tehranian, *supra* note 21.

50. See Leval, *supra* note 44, at 1105–06.

51. The idea/expression dichotomy bears heavily on the second factor of the fair-use test, which judges the nature of the copyrighted work, granting greater fair use rights to factual (idea-based) materials and lesser fair use rights to fanciful (expression-based) materials. See 17 U.S.C. § 107(2) (2000).

52. *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930).

53. “The factors contained in Section 107 are merely by way of example, and are not an exhaustive enumeration.” 4 MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* § 13.05[A] (2005). See also *Castle Rock Entm’t, Inc. v. Carol Publ’g Group, Inc.*, 150 F.3d 132, 141 (2d Cir. 1998) (noting that “the four listed statutory factors in § 107 guide but do not control [a court’s] fair use analysis”).

the way that the various four (or more) factors are weighed.<sup>54</sup> Wildly disparate outcomes on similar fact patterns have resulted, making copyright cases hard to decipher and reconcile.<sup>55</sup> For example, as Rebecca Tushnet points out, “After decades of litigation, it is still difficult to tell when and whether one can photocopy copyrighted materials, even for scientific research.”<sup>56</sup>

The capricious outcome of fair-use cases has, of course, been previously observed.<sup>57</sup> However, it is particularly troubling in light of the free speech implications involved (and the courts’ denials thereof). It is axiomatic that cases implicating free speech interests require heightened judicial scrutiny of legislative action and acute concern over the potential chilling effects that vague rules and overbroad regulations can have on the exercise of First Amendment rights.<sup>58</sup> However, when such issues ostensibly fall under the aegis of intellectual property law, the impact of overbroad regulations and vague rules on the chilling of speech are frequently ignored.<sup>59</sup> There is little doubt that the nebulous fair-use standards have prompted and will continue to prompt self-censorship in the private realm. Potential infringers will be unwilling and unable to bear the substantial costs of litigation as well as the risk of liability, even

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54. One exception, perhaps, is the fourth factor—market harm—which the Supreme Court has mysteriously deemed the most important factor in the balancing test. *See Stewart v. Abend*, 495 U.S. 207, 238 (1990).

55. *See, e.g.,* BRUCE P. KELLER & JEFFREY P. CUNARD, *COPYRIGHT LAW: A PRACTITIONER’S GUIDE* § 8.2 (noting that the “exact contours [of the fair use doctrine] are difficult to define precisely”).

56. Rebecca Tushnet, *Copyright as a Model for Free Speech Law: What Copyright Has in Common with Anti-Pornography Laws, Campaign Finance Reform, and Telecommunications Regulation*, 42 B.C. L. REV. 1, 24 (2000). Despite the explicit text of the 1976 Copyright Act, which states that “the fair use of a copyrighted work, . . . for purposes such as . . . teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright,” 17 U.S.C. § 107, the courts have still managed to find a plethora of instances where use of a copyrighted work for teaching, research, or scholarship constitutes infringement. *See, e.g.,* *Princeton Univ. Press v. Michigan Document Servs.*, 99 F.3d 1381 (6th Cir. 1996); *Am. Geophysical Union v. Texaco*, 37 F.3d 881 (2d Cir. 1994); *Duffy v. Penguin Books*, 4 F. Supp. 2d 268 (S.D.N.Y. 1998); *Television Digest, Inc. v. U.S. Tel. Ass’n*, 841 F. Supp. 5 (D.D.C. 1993); *Basic Books, Inc. v. Kinko’s Graphics Corp.*, 758 F. Supp. 1522 (S.D.N.Y. 1991).

57. *See* Tushnet, *supra* note 56, at 24.

58. *See, e.g.,* *United States v. Carolene Prods. Co.*, 304 U.S. 144, 152 n.4 (1938) (noting the application of heightened scrutiny to government action implicating First Amendment rights).

59. *See, e.g.,* Rosemary J. Coombe, *Objects of Property and Subjects of Politics: Intellectual Property Laws and Democratic Dialogue*, 69 TEX. L. REV. 1853, 1867–68 (1991); Jessica Litman, *Reforming Information Law in Copyright’s Image*, 22 U. DAYTON L. REV. 587, 612–13 (1997); Tushnet, *supra* note 56, at 24.



where it does not or should not exist.<sup>60</sup> The result not only suppresses free speech but also hinders the progress of the arts. This risk is particularly exacerbated by the massive statutory damages<sup>61</sup> available under copyright law—up to \$150,000 per act of willful infringement.<sup>62</sup> The exorbitance of these penalties inhibits anyone but the most bold and well-financed potential infringers from relying upon a fair-use defense.<sup>63</sup>

Finally, fair use is an affirmative defense. Prior to the development of the fair-use doctrine, courts viewed acts of borrowing, if they were sufficiently transformative, as *noninfringing* uses.<sup>64</sup> In other words, the burden of persuasion remained on the copyright holder to demonstrate that the work was infringing and not transformative. Under *Folsom* and its progeny, once a prima facie showing of borrowing was made, the burden then shifted to the alleged infringer to demonstrate that their use was excusable. Thus, a party justifying use bears the burden of persuasion at trial on all issues involved in a fair-use analysis.<sup>65</sup> Despite the plaintiff's alleged burden of showing a likelihood of success on the merits to obtain injunctive relief, some courts have even placed the burden of persuasion on the defendant for any fair-use defense at the preliminary injunction phase.<sup>66</sup> Again, this rule stands in stark contrast to the typical judicial tack when dealing with free speech interests: prior restraints are strongly disfavored and presumptively invalid.<sup>67</sup> Given the social utility of transformative uses in advancing the arts, it is unusual

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60. Coombe, *supra* note 59, at 1868 ("Faced with the threat of legal action, most local parodists, political activists, and satirical bootleggers will cease their activities.")

61. Doubtlessly, these statutory damages incorporate a punitive component; moreover, statutory damages are frequently far in excess of actual damages. As a result, one wonders whether, given the Supreme Court's recent jurisprudence limiting punitive damages on due process grounds, *see* *BMW v. Gore*, 517 U.S. 559, 562 (1996), copyright's statutory damages provisions may violate due process rights in many cases.

62. 17 U.S.C. § 504(c)(2) (2000).

63. For a small, but emblematic, example, see Fred S. McChesney, *Just Let Me Read Some of That Rock 'n Roll Music*, 1 GREEN BAG 2d 149 (1998) (describing the reluctance of publishers to allow the quotation of music lyrics, no matter how short, in academic books for fear of legal action against them).

64. *See supra* notes 24, 31.

65. *See* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994).

66. *See, e.g., A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1014 n.3 (9th Cir. 2001) (resting the burden of proof with respect to a fair use claim in a preliminary injunction hearing on the defendant); *Video Pipeline, Inc. v. Buena Vista Home Entm't*, 192 F. Supp. 2d 321, 335 (D.N.J. 2002); *Hofheinz v. AMC Prods., Inc.* 147 F. Supp. 2d 127, 137 (E.D.N.Y. 2001); *Columbia Pictures Indus., Inc. v. Miramax Films Corp.*, 11 F. Supp. 2d 1179, 1189 (C.D. Cal. 1998).

67. *See, e.g., Near v. Minnesota*, 283 U.S. 697 (1931) (deeming prior restraints invalid in all but the most extreme circumstances).

that these burdens are not reversed, especially since First Amendment rights are involved.

### III. JUDICIAL RESPONSES TO THE CLASH

All told, the ambit of copyright protection has expanded dramatically over the past two centuries. However, copyrighted works do not merely represent a form of intellectual property; they also constitute the chief vehicle for the expression and transmission of political, artistic, social, and cultural messages. A growing tension between copyright and speech rights has therefore emerged. Meanwhile, as a result of its vindication of natural-law copyright constructs, its minimal consideration of transformative use, its limits as an affirmative defense, and its notorious ambiguity, the fair-use doctrine—the public-interest mechanism responsible for checking the copyright monopoly—has failed to protect expressive rights adequately. In spite of these circumstances, however, the judicial response to the tension between copyright and expressive rights has been mixed.

One strain of copyright jurisprudence evokes a discourse of denial that, upon cursory examination, suggests a lack of judicial appreciation for the free-speech implications ubiquitous throughout the copyright landscape. However, as I argue, a more nuanced examination of recent copyright-related jurisprudence reveals concern for expressive interests with respect to a number of issues, including the drawing of the idea/expression line, the shaping of equitable remedies in infringement suits, and the circumscription of neighboring doctrines such as the right of publicity. Ultimately, however, the harsh infringement/fair-use choice that courts face in infringement suits has foreclosed full consideration of the First Amendment interests frequently at stake in copyright litigation.

#### *A. The Clash Denied: Free Expression and the Hegemony of the Property Rights Discourse*

Copyright impedes free speech rights. Simply put, “Copyright law is a serious restriction on speakers’ ability to express themselves the way they want.”<sup>68</sup> After all, copyright laws can prevent you from “writing, painting, publicly performing, or otherwise communicating what you

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68. Eugene Volokh & Brett McDonnell, *Freedom of Speech and Independent Judgment Review in Copyright Cases*, 107 YALE L.J. 2431, 2434 (1998).

please.”<sup>69</sup> While good justifications may exist for the limitations that copyright places on free speech,<sup>70</sup> the federal courts have seemingly resolved any conflict by denying the existence of any clash between the intellectual property monopolies and expressive rights instead of balancing and addressing the tensions between the two bodies of law. As Michael Birnhack notes, rather than acknowledging the strain between the First Amendment and copyright legislation, courts have internalized the conflict, confining it to the borders of copyright law.<sup>71</sup>

### 1. *Judicial denial?*

Indeed, courts have repeatedly justified the categorization of copyrighted works as property rather than speech by arguing that the fair-use provisions developed at common law and codified by Congress in the 1976 Copyright Act,<sup>72</sup> as well as the idea/expression dichotomy, subsume any First Amendment concerns raised by the enforcement of copyright. Moreover, the Supreme Court has rarely acknowledged the intersection of First Amendment and copyright jurisprudence. Over the past thirty-five years, for example, the Supreme Court has decided five cases on the relatively rare activity of flag burning, but only four intellectual property cases touching on the First Amendment.<sup>73</sup> More importantly, the Supreme Court has seemingly denied any tension between intellectual property and free expression rights when dealing with such issues. *Eldred v. Ashcroft* illustrates such a denial.

In *Eldred*, the petitioner argued that the Copyright Term Extension Act,<sup>74</sup> which granted a twenty-year extension in all subsisting

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69. Lemley & Volokh, *supra* note 6, at 165–66.

70. For example, there may be expressive value to the act of reproducing your favorite book in whole so that you can share copies of the book with everyone you meet. However, such an action would nevertheless constitute a copyright violation. Simply put, the impact that such an action has on the economic incentives for creation and dissemination of the copyrighted work outweighs the expressive value of reproducing the work with impunity.

71. Michael Birnhack, *Copyright Law and Free Speech After Eldred v. Ashcroft*, 76 S. CAL. L. REV. 1275 (2003).

72. See 17 U.S.C. § 107 (2000).

73. See Volokh, *supra* note 6, at 698. Compare *United States v. Eichman*, 496 U.S. 310 (1990), *Texas v. Johnson*, 491 U.S. 397 (1989), *Spence v. Washington*, 418 U.S. 405 (1974), *Smith v. Goguen*, 415 U.S. 566 (1974), and *Street v. New York*, 394 U.S. 576 (1969), with *Eldred v. Ashcroft*, 537 U.S. 186 (2003), *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1985) (copyright), *S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522 (1987) (deciding the issue of property right in the word “Olympics” as used for commercial purposes), and *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977) (right of publicity).

74. 17 U.S.C. §§ 302(a), 302(c), 304.

copyrights, delayed the entrance of expressive materials into the public domain, thereby affecting the First Amendment rights of the petitioner and subjecting the statute to heightened judicial review.<sup>75</sup> In response, the Court denied any clash between copyright monopolies and free speech rights. Instead, the Court emphasized the compatibility of the two, noting blithely that “the [First] Amendment and the Copyright Clause were adopted close in time. This proximity indicates the Framers’ view that copyright’s limited monopolies are compatible with free speech principles.”<sup>76</sup>

Even if the Court’s logic regarding proximity is sound, history indicates how far we have deviated in the past two centuries from the Framers’ notion of copyright (and, for that matter, free speech).<sup>77</sup> Copyright, at the time of the Framers, was a utilitarian doctrine that proscribed wholesale reproduction of texts in order to ensure that publishers would possess the necessary economic incentives to disseminate creative works.<sup>78</sup> Copyright terms lasted a total of fourteen years, the preparation of derivative works was not one of the exclusive rights conferred by the copyright monopoly, and transformative use of a copyrighted work (including the acts of abridgement and translation) was considered a per se noninfringing activity. Thus, while copyright, as understood by the Framers, may not have clashed with free speech principles, this says precious little about whether our modern notion of copyright might. The *Eldred* majority thoroughly ignores the dramatic expansion in the scope of copyright protection over the past two hundred years.<sup>79</sup>

Moreover, the *Eldred* Court internalized the conflict, suggesting that any potential clash between free speech and copyright could be handled through intrinsic limits on copyright, including fair use and the idea/expression dichotomy: “[C]opyright’s built-in free speech safeguards are generally adequate to address [any conflict with free speech rights].”<sup>80</sup> These words echo the opinion in *Harper & Row* some

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75. *Eldred*, 537 U.S. at 193–94.

76. *Id.* at 190.

77. *See supra* Part II (discussing the historical evolution of theories underlying copyright protection).

78. *See* Tehranian, *supra* note 21.

79. *See supra* Part II (documenting the expansion in copyright protections over the past two centuries).

80. *Eldred*, 537 U.S. at 221. Importantly, however, the Court did suggest that the D.C. Circuit spoke too broadly when it stated that copyright cases are categorically immune from First Amendment challenges. *Id.*

two decades earlier, when, in rejecting a separate First Amendment argument, the Supreme Court ruled that the Copyright Act already embodied First Amendment protections through its “distinction between copyrightable expression and uncopyrightable facts and ideas, and the latitude for scholarship and comment traditionally afforded by fair use.”<sup>81</sup> With this guidance from the Supreme Court, it is not surprising that appellate courts have rarely acknowledged any clash between the First Amendment and copyright law.<sup>82</sup>

The courts, of course, are not alone in this denial. Melville Nimmer also explains away the tension between copyright and free speech by arguing that the conflict is “generally ameliorated by copyright’s role in incentivizing new expression and by copyright’s ‘internal safety valves,’ copyright law doctrines that limit the scope and duration of copyright holder rights.”<sup>83</sup> A recent article in the *Yale Law Journal* is similarly revealing.<sup>84</sup> In the piece, Paul M. Schwartz and William Michael Treanor assess the level of judicial scrutiny that copyright legislation should face. They conclude that courts should apply rational basis review since copyright constitutes constitutional property.<sup>85</sup> Remarkably, the authors never acknowledge that copyright frequently implicates free speech issues and constitutes limited monopoly rights over our cultural currency, thereby making it different from other forms of property; in their lengthy article, the authors never once mention the First Amendment, and they refer only once to the notion of free speech. Thus, the authors entirely ignore the free speech considerations ubiquitous throughout the copyright landscape. The repeated categorization of copyright as property has enabled blithe dismissal of the reality that copyrighted works constitute the chief vehicle through which individuals convey speech and exercise their First Amendment rights.

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81. *Harper & Row*, 471 U.S. at 560; *see also* *New Era Publ'ns Int'l, ApS v. Henry Holt & Co.*, 873 F.2d 576, 584 (2d Cir. 1989) (holding that “the fair use doctrine encompasses all claims of first amendment in the copyright field”).

82. *See Locating Copyright*, *supra* note 6, at 3.

83. *Id.* at 4 (explaining Melville B. Nimmer’s article but noting that the potential tension between the First Amendment protections and copyright, as Nimmer explains it, made much more sense in the 1970s, when it was first noted, *see* Melville B. Nimmer, *Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?*, 17 *UCLA L. REV.* 1180, 1186–1204 (1970)); *see also* Robert C. Denicola, *Copyright and Free Speech: Constitutional Limitations on the Protection of Expression*, 67 *CAL. L. REV.* 283, 289–99 (1979).

84. Paul M. Schwartz & William Michael Treanor, *Eldred and Lochner: Copyright Term Extension and Intellectual Property as Constitutional Property*, 112 *YALE L.J.* 2331 (2003).

85. *See id.*

## 2. *The triumph of natural-law copyright*

What is particularly significant about the dismissal of the unresolved clash between copyright and free speech is the way in which it is laden in the discourse of property rights, signaling the hegemony of a natural-rights vision of copyright over an instrumentalist view and the concomitant immunization of copyright law from First Amendment scrutiny. There is no clash because, as the district court in *Eldred v. Reno* wrote, “there are no First Amendment rights to use the copyrighted works of *others*.”<sup>86</sup> Similarly, in only somewhat more demure language, the Supreme Court in *Eldred v. Ashcroft* contended that “[t]he First Amendment securely protects the freedom to make—or decline to make—one’s own speech; it bears less heavily when speakers assert the right to make *other people’s speeches*.”<sup>87</sup> With this pronouncement, Justice Ginsburg, writing for the majority, espoused a sharply natural-rights vision of copyright by drawing a clear distinction between the right we have to make our “own speech” under the First Amendment and our significantly curtailed ability to borrow “other people’s speeches.”<sup>88</sup>

The notion that there is an easy differentiation between one’s own speech and the speech of others is, however, an assumption fraught with trouble because all copyrighted speech inevitably builds upon the speech of others. As Benjamin Kaplan notes, “Education . . . proceeds from a kind of mimicry, and ‘progress,’ if it is not entirely an illusion, depends on generous indulgence of copying.”<sup>89</sup> The creative process is inherently iterative. As Jessica Litman has eloquently argued:

All authorship is fertilized by the work of prior authors, and the echoes of old work in new work extend beyond ideas and concepts to a wealth of expressive details. Indeed, authorship is the transformation and recombination of expression into new molds, the recasting and revision of details into different shapes. What others have expressed, and the ways they have expressed it, are the essential building blocks of any creative medium. If an author is successful at what she does, then something she creates will alter the landscape a little. We may not know who she is, or how what she created has varied, if only slightly, the way things seem to look, but those who follow her will necessarily

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86. 74 F. Supp. 2d 1, 3 (D.D.C. 1999) (emphasis added).

87. 537 U.S. 186, 221 (2003) (emphasis added).

88. *Id.*

89. BENJAMIN KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT 2 (1966).

tread on a ground distorted by her vision. The use of the work of other authors in one's own work inheres in the authorship process.<sup>90</sup>

Moreover, while there may be little doubt that in some cases an accused infringer is merely making the speech of others (as in *Eldred*, where the accused infringer adopted, word-for-word, the writings of others), there are a multitude of instances, including derivative-works cases, where an accused infringer has combined the fruit of another's intellectual labor with her own to create something new and original.<sup>91</sup> Such uses not only muddy the notion of speech ownership, they can also contribute to progress in the arts.<sup>92</sup>

All told, the denial of the clash between copyright and free expression has shielded copyright from First Amendment challenges. Thus, in the realm of judicial review, copyrighted speech has received preferred treatment, as it is considered immune from *Bose* standards,<sup>93</sup> which require that cases implicating free speech rights have the record reviewed *de novo* by appellate bodies.<sup>94</sup> This outcome is quite surprising, for, as Eugene Volokh and Brett McDonnell note, "The argument that copyright law should be immune from standard First Amendment procedural rules because it protects property rights strikes us as a non sequitur. Free speech guarantees can't be avoided simply by characterizing a speech restriction as an 'intellectual property law.'"<sup>95</sup> Such conceptual machinations, however, do occur under existing jurisprudence and result in a much more expansive and pro-plaintiff vision of copyright infringement.

*B. The Clash Acknowledged: The Idea/Expression Dichotomy, Misappropriation, Injunctive Relief, and the Right of Publicity*

Contrary to the pessimism of some observers, however, there are areas in which the courts have acknowledged and addressed, albeit unevenly,<sup>96</sup> the clash between free speech principles and intellectual property rights. For example, in delimiting the idea/expression dichotomy, meting out infringement relief, and shaping the

90. Jessica Litman, *Copyright as Myth*, 53 U. PITT. L. REV. 235, 243-44 (1991).

91. See, for example, the cases cited *supra* note 37.

92. See *infra* Part IV.C.

93. *Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S. 485 (1984).

94. See *id.*

95. Volokh & McDonnell, *supra* note 68, at 2445.

96. See Lemley & Volokh, *supra* note 6, at 167-68, 237 n.403.

misappropriation and right of publicity doctrines at common law, the courts have explicitly addressed First Amendment concerns presented by expanding intellectual property protections. However, in each of these instances, the courts have possessed a strong degree of structural discretion and flexibility at their disposal.

*1. Protecting the right to use factual information in speech*

One such area of acknowledgement is the stern divide on the idea/expression dichotomy established by the United States Supreme Court in *Feist Publications, Inc. v. Rural Telephone Services Co.*<sup>97</sup> In this foundational case, Rural Telephone Services claimed copyright in its telephone directory, which alphabetically listed phone numbers in several northwest Kansas communities.<sup>98</sup> Despite the great labor and investment required to produce the Rural white pages, the Court found no subsisting copyright.<sup>99</sup> The Court therefore rejected the Lockean sweat-of-the-brow theory of copyright by denying intellectual property protection to any unoriginal compilation of facts: “[C]opyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information conveyed by a work. . . . ‘No author may copyright facts or ideas. The copyright is limited to those aspects of the work—termed ‘expression’—that display the stamp of the author’s originality.’”<sup>100</sup> *Feist* thereby enervated the natural-rights position that individuals are entitled to intellectual property rights in the fruits of their labor, even in the absence of creativity and originality. First Amendment concerns illuminated the decision, as the Court recognized that unfettered access to basic information played a crucial role in news reporting and other factual speech. As the Supreme Court has noted elsewhere, careful enforcement of the idea/expression dichotomy helps to “strike a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author’s expression.”<sup>101</sup>

Courts have expressed similar free speech concerns in their diligent efforts to reign in attempts to use misappropriation claims to usurp quasi-

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97. 499 U.S. 340 (1991).

98. *Id.* at 342–44.

99. *Id.* at 364.

100. *Id.* at 349–50 (quoting *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 547–48 (1985)) (citations omitted).

101. *Harper & Row*, 471 U.S. at 556.



copyright protection for facts. The misappropriation cause of action gained legal recognition with the Supreme Court's landmark ruling in *International News Service v. Associated Press (INS)*, which granted news organizations temporary ownership of factual information in order to preserve their incentive to expend resources on news-gathering without fear of having rivals free ride on the information by scooping them without payment.<sup>102</sup> Specifically, the *INS* 'hot news' action escaped preemption under the Copyright Act and its dedication of factual data to the public domain.<sup>103</sup>

Subsequent courts, however, have rebuked numerous efforts to extend the 'hot news' rule to other circumstances. In *National Basketball Association v. Motorola, Inc.*,<sup>104</sup> for example, the Second Circuit rejected the argument that the defendant's transmission of basketball scores to its pager customers should give rise to an *INS*-style misappropriation action.<sup>105</sup> As the court held, the Copyright Act and its reservation of factual information to the public domain preempted such an action.<sup>106</sup> Most courts have taken a similarly restrictive view of the circumstances that would warrant grant of copyright-like protection to data by limiting cognizable misappropriation actions to sets of facts almost identical to *INS*.<sup>107</sup>

## 2. Protecting the dissemination of infringing creative speech

Courts have also raised First Amendment concerns in granting injunctive relief in copyright infringement cases. Injunctive relief is discretionary, not mandatory, under the Copyright Act.<sup>108</sup> As a result, courts can carefully scrutinize the situations in which they will grant it, implicitly and even explicitly weighing First Amendment issues in the decision. In *Suntrust Bank v. Houghton Mifflin Co.*,<sup>109</sup> the Eleventh Circuit expressly invoked First Amendment considerations in

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102. *Int'l News Serv. v. Associated Press*, 248 U.S. 215, 236 (1918).

103. *Id.*

104. 105 F.3d 841 (2d Cir. 1997).

105. *Id.* at 853-54.

106. *Id.*

107. *See, e.g., Alcatel USA, Inc. v. DGI Technologies, Inc.*, 166 F.3d 772 (5th Cir. 1999) (discussing how a cause of action based on defendant's misappropriation of the product of plaintiff's extensive labors for use in direct competition against plaintiff was preempted as the cause of action did not require time-sensitivity of plaintiff's work product required under *INS* "hot news" exception).

108. 17 U.S.C. § 502(a) (2000).

109. 268 F.3d 1257 (11th Cir. 2001).

overturning a preliminary injunction issued by a district court to enjoin the publication of *The Wind Done Gone*, an allegedly infringing parody of *Gone With the Wind*. In strongly worded free speech language, the court found that injunctive relief “was at odds with the shared principles of the First Amendment and the copyright law, acting as a prior restraint on speech.”<sup>110</sup>

While other Circuits have not been as explicit, First Amendment considerations have influenced decisions to deny injunctive relief in cases of otherwise clear infringement. In *Abend v. MCA, Inc.*,<sup>111</sup> for example, the Ninth Circuit found that the defendants’ movie *Rear Window* violated the copyright that Abend held in the underlying story. Significantly, however, the Ninth Circuit refused to enjoin the continued distribution of *Rear Window* by recognizing its artistic achievements and the public’s interest in viewing the celebrated work. The court concluded that these “compelling equitable considerations”<sup>112</sup> weighed against enjoining distribution of the film. In reviewing the case, the Supreme Court declined the opportunity to reconsider the injunction issue.<sup>113</sup> Four years later, in *Campbell v. Acuff-Rose*, the Supreme Court cited to *Abend* in cautioning courts that public access considerations weigh against the automatic grant of injunctive relief, even where infringement is well established.<sup>114</sup>

The High Court’s scrutiny of injunctive relief in intellectual property cases was not unique to *Campbell* and the parody issue. Almost three decades ago, in *Zacchini*, the Supreme Court found that Zacchini (the “Human Cannonball”) could recover damages against a local television station for broadcasting his entire act on the evening news.<sup>115</sup> However, in so holding, the majority distinguished between Zacchini’s right to be paid for use of his performance (at issue in the case) versus his right to injunctive relief (not at issue in the case).<sup>116</sup> As the Court hinted, the

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110. *Id.* at 1277.

111. 863 F.2d 1465 (9th Cir. 1988), *aff’d sub nom.* *Stewart v. Abend*, 495 U.S. 207 (1990).

112. *Id.* at 1478.

113. *Stewart*, 495 U.S. 207.

114. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 n.10 (1994) (“Because the fair use enquiry often requires close questions of judgment as to the extent of permissible borrowing in cases involving parodies (or other critical works), courts may also wish to bear in mind that the goals of the copyright law, ‘to stimulate the creation and publication of edifying matter,’ . . . are not always best served by automatically granting injunctive relief when parodists are found to have gone beyond the bounds of fair use.” (quoting Leval, *supra* note 44, at 1134) (citation omitted)).

115. *Zacchini v. Scripps-Howard Broad. Co.*, 433 U.S. 562 (1977).

116. *Id.* at 573–74.

latter would trigger significant concerns over public access to legitimate news stories.<sup>117</sup>

*3. Limiting the right of publicity on First Amendment grounds: Comedy III's transformative-use approach*

Recent jurisprudence on the right of publicity—which grants individuals copyright-like protection in the commercial use of their name, voice, or likeness—has explicitly acknowledged the clash between free speech rights and intellectual property laws,<sup>118</sup> and has even sought to address the clash through an increased emphasis on transformative use. Most prominently, the California Supreme Court has squarely identified the growing tension between the First Amendment and state statutes granting publicity rights to celebrities. The approach of the California courts to this issue provides important guidance on how the judiciary can better reconcile the tension between free speech rights and copyright protection.

After wrestling with the vast expansion of celebrity publicity rights in the past few decades, the California Supreme Court has developed a test to address the First Amendment issues raised by the rights. The court's ruling in *Comedy III Productions, Inc. v. Gary Saderup, Inc.*<sup>119</sup> represents the opening salvo in this enterprise. In the case, Comedy III Productions, the registered owner of all intellectual properties once held by The Three Stooges, sued Gary Saderup, an artist who had made a charcoal drawing of The Three Stooges and had then reproduced the drawing for a series of lithographs and T-shirts that he sold to the general public.<sup>120</sup> Comedy III claimed that the lithographs and T-shirts violated

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117. *Id.* (“An entertainer such as petitioner usually has no objection to the widespread publication of his act as long as he gets the commercial benefit of such publication. Indeed, in the present case petitioner did not seek to enjoin the broadcast of his act; he simply sought compensation for the broadcast in the form of damages.”). Similarly, in the Second Circuit's decision to deny an *en banc* rehearing in *New Era v. Henry Holt*, the entire Second Circuit acknowledged the impropriety of automatically granting injunctive relief, even in instances of clear infringement. As both the concurring and dissenting opinions in the case recognized, public access concerns reflective of First Amendment values caution against enjoining public distribution of infringing works. See *New Era Publ'ns Int'l, APS v. Henry Holt, Co.*, 884 F.2d 659, 661, 664 (2d Cir. 1989) (concurring and dissenting opinions), *denying reh'g en banc to* 873 F.2d 576 (2d Cir. 1989).

118. See generally Roberta Rosenthal Kwall, *The Right of Publicity vs. the First Amendment: A Property and Liability Rule Analysis*, 70 IND. L.J. 47 (1994); Pamela Samuelson, *Reviving Zacchini: Analyzing First Amendment Defenses in Right of Publicity and Copyright Cases*, 57 TUL. L. REV. 836 (1983).

119. 21 P.3d 797 (2001).

120. *Id.* at 800–01.

the Stooze's right to publicity, as they constituted an unauthorized reproduction of the likeness of The Three Stooges.

Right away, the discourse of the court stands in stark contrast to the existing jurisprudence in the intellectual property arena. The opening words of the opinion read: "A California statute grants the *right of publicity* . . . . The United States Constitution prohibits the states from abridging, among other fundamental rights, freedom of speech. In the case at bar, we resolve a conflict between these two provisions."<sup>121</sup> Such an explicit acknowledgement of a clash between intellectual property protections and free speech rights stands in direct opposition to the tack taken by the United States Supreme Court in such cases as *Eldred v. Ashcroft* and *Harper & Row v. Nation Enterprises*.<sup>122</sup>

According to the California Supreme Court, the right of publicity threatens core free speech values on two levels. First, the right of publicity can impede robust public discourse and debate since celebrities take on public meaning. Thus, the appropriation of their likeness "may have important uses in uninhibited debate on public issues, particularly debates about culture and values."<sup>123</sup> Second, the right of publicity can impede numerous means of personal expression and self-actualization. Since "celebrities take on personal meanings to many individuals . . . the creative appropriation of celebrity images can be an important avenue of individual expression."<sup>124</sup> Celebrities, as core components of our cultural currency and symbols of individual aspirations, group identities, and values, are a part of the common language of an increasingly networked and interdependent global economy.

With these observations, the *Comedy III* court then determined the best way to balance celebrity publicity rights with First Amendment rights. The court first considered, but rejected, adoption of the Copyright Act's fair-use test,<sup>125</sup> choosing instead to adopt a transformative-use

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121. *Id.* at 799. As the *Comedy III* court went on to state, "The state's interest in preventing the outright misappropriation of . . . intellectual property by others is not automatically trumped by the interest in free expression or dissemination of information; rather . . . the state law interest and the interest in free expression must be balanced, according to the relative importance of the interests at stake." *Id.* at 806.

122. *See supra* Part III.A.

123. *Comedy III*, 21 P.3d at 803.

124. *Id.*

125. *Id.* at 807–08. Of course, under section 107 of the Copyright Act, federal courts are bound to consider the four-part fair-use balancing test, though they are likely free to add additional factors to the calculus. *See supra* note 55. By contrast, the California courts are not bound by the fair-use test when considering rights of publicity.

inquiry. The court's analysis on this point is particularly significant. Unauthorized uses of celebrity likenesses are protected by the First Amendment so long as sufficient creative elements have been added to transform the use into more than an imitation. The court reasoned that "[a]nother way of stating the inquiry is whether the celebrity likeness is one of the 'raw materials' from which an original work is synthesized, or whether the depiction or imitation of the celebrity is the very sum and substance of the work in question."<sup>126</sup> Oddly enough, the threshold inquiry recalls that of copyright cases from the early days of the Republic: a court must determine whether "the work in question adds significant creative elements so as to be transformed into something more than a mere celebrity likeness or imitation."<sup>127</sup>

In *Comedy III*, the court concluded that there was insufficient (virtually no) transformative effect in Saderup's drawings.<sup>128</sup> The facts of the case therefore warranted no limit in the application of the right of publicity on free speech grounds. However, the court has subsequently used the *Comedy III* test in other cases to curtail publicity rights on the basis of the First Amendment.

For example, in 2003, the court drew on *Comedy III* to vindicate DC Comics' use of the Winter Brothers' likeness in the Autumn Brothers cartoon characters.<sup>129</sup> The Autumn Brothers appeared in two editions of the *Jonah Hex* comic book series and were depicted as half-human, half-worm creatures who, like the Winters, were albinos, had long hair, and were named Johnny and Edgar.<sup>130</sup> The court found that the Autumn Brother characters possessed significant creative elements that rendered them more than mere likenesses or imitations of the Winter Brothers.<sup>131</sup> Additionally, the cartoon characters were part of a "larger story, which is itself quite expressive."<sup>132</sup> Consequently, DC Comics' use of the Winter Brothers' likeness was transformative and noninfringing.

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126. *Comedy III*, 21 P.3d at 809.

127. *Id.* at 799. It is significant to note that the *Comedy III* decision is not without its problems. Most centrally, as Eugene Volokh argues, the *Comedy III* court uses at least three rather different definitions in the course of its opinion to determine what constitutes transformative use. See Eugene Volokh, *Freedom of Speech and the Right of Publicity*, 40 HOUS. L. REV. 903, 916-17 (2003).

128. *Comedy III*, 21 P.3d at 811.

129. See *Winter v. DC Comics*, 69 P.3d 473 (Cal. 2003).

130. *Id.* at 476.

131. *Id.* at 479.

132. *Id.*

Significantly, and contrary to modern copyright jurisprudence, the *Comedy III* test embraces an expansive vision of transformative use, recognizing that such noninfringing uses are not limited to the realm of parody—a position contrary to that frequently taken by federal courts in the copyright context.<sup>133</sup> The First Amendment lies at the heart of this analysis: “[T]ransformative elements or creative contributions that require First Amendment protection are not confined to parody and can take many forms, from factual reporting . . . to fictionalized portrayal . . . , from heavy-handed lampooning . . . to subtle social criticism.”<sup>134</sup> The *Comedy III* court reasoned that “because celebrities take on public meaning, the appropriation of their likenesses may have important uses in uninhibited debate on public issues, particularly debates about culture and values.”<sup>135</sup>

This rationale applies with equal, if not greater, vigor to copyrighted works. The appropriation of copyrighted works can play an important role in uninhibited debate on public, especially cultural, issues. Since copyrighted works take on personal meanings to many individuals, their appropriation can also form an important avenue for individual expression. Even more significantly, the appropriation of copyrighted works can bolster the entire purpose of copyright law—the progress of arts—by introducing new and important creative works into the public sphere. Copyrighted works are not merely a form of property; they are also a form of speech. Indeed, in the digital era, they constitute the primary vessel through which individuals convey their social and political messages. If a fundamentally natural-law based doctrine such as publicity rights (which protects the inherent right of celebrities in their name and likeness) must be delimited by First Amendment concerns through a transformative-use test, then it makes sense to do so with copyright law—law that emanates from the utilitarian bent and instrumentalist language of the Constitution’s Copyright Clause that empowers Congress to “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.”<sup>136</sup>

The California Supreme Court’s recent jurisprudence on the right of publicity reveals that, contrary to some academic suggestions, courts are

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133. *See supra* Part III.B.

134. *Comedy III*, 21 P.3d 797, 809 (2001).

135. *Id.* at 803.

136. U.S. CONST. art I, § 8, cl. 8.

not oblivious to the perilous effect that expansions in intellectual property protections can have on expressive rights. Unfettered by the statutory shackles of copyright's fair-use test, courts can better alleviate the tension between copyright and free expression, while simultaneously restoring a more utilitarian vision of copyright consistent with the Framers' intent, through a renewed emphasis on transformative use.

#### IV. AN INTERMEDIATE ALTERNATIVE TO THE INFRINGEMENT/FAIR-USE DICHOTOMY

As illustrated, the vast expansion of the copyright monopoly over the past two centuries has resulted in a growing tension between the property rights granted to authors in their creative works and the expressive rights guaranteed to the public under the First Amendment. A cursory examination of the judicial response to this tension reveals denial, with courts blithely dismissing any conflict between copyright and expressive rights. However, in certain copyright-related contexts, the courts have explicitly acknowledged and addressed First Amendment concerns presented by expanding intellectual property protections.<sup>137</sup> In each of these instances, however, the courts have possessed a strong degree of structural discretion and flexibility. In delineating the idea/expression dichotomy, the courts have had great discretion as a result of the relative lack of statutory guidance. In meting out relief, courts have enjoyed wide latitude and have therefore considered First Amendment factors when contemplating injunctions in infringement cases. In confronting misappropriation suits, the courts have had sole power to define the (common-law) action and to determine whether the cause of action is preempted under the Copyright Act. In circumscribing the right of publicity, the novelty of the doctrine, its common law origins, and the lack of precedent shaping its limits have enabled such courts as the California Supreme Court to engage in *sui generis* balancing tests to incorporate expressive interests.

By contrast, on the issue of fair use, the four-part balancing test and the century-and-a-half of precedent interpreting it have combined to limit courts to a draconian dichotomy. Either a court can find fair use—in which case a defendant can make a specific use of a copyrighted work with no permission or payment to the copyright holder—or the court finds infringement—in which case a defendant faces the possibility of astronomical statutory damages. This harsh binary is particularly

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137. See *supra* Part III.B.

troublesome given the broad statutory definition of a derivative work and the fact that transformative uses—uses that advance dissemination of creative works with new meanings, expression, and messages—typically fail to qualify for fair-use protection under the current balancing test. Since transformative uses implicate the expressive rights of their creators and advance the utilitarian goals of the federal copyright regime, this Article seeks to unburden them through the proposal of an intermediate liability alternative.

*A. Reconciling Copyright and Expressive Rights:  
Assessing the Extant Proposals*

In recent years, scholars have proposed a plethora of reforms to address the expanding scope of the copyright monopoly, the challenges raised by emerging technologies, and the classic tension between incentivizing creation and dissemination of creative works while simultaneously encouraging widespread access to these works and their reuse and adaptation. For example, William Landes and Richard Posner have suggested the creation of indefinitely renewable copyrights;<sup>138</sup> both Neil Netanel and William Fisher have advocated the taxation of technologies used for copyright infringement to compensate copyright holders;<sup>139</sup> and Joseph Liu has argued that the scope of fair use should increase on a sliding scale as copyrighted works grow older.<sup>140</sup> A number of proposals have also touched upon the reconciliation of First Amendment concerns with the modern copyright regime. Before advancing a specific doctrinal reform to address the expressive-rights constraints identified in this Article, it bears considering the relative merits and weaknesses of these proposals. At least three broad categories of proposals exist: refinement of the fair-use test, the movement of copyright from a property to a liability regime, and the judicial imposition of joint authorship. As I argue, despite their virtues, the extant proposals either fail to or do not fully address the precise expressive rights concerns raised by transformative uses.

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138. William M. Landes & Richard A. Posner, *Indefinitely Renewable Copyright*, 70 U. CHI. L. REV. 471 (2003).

139. WILLIAM W. FISHER, PROMISES TO KEEP: TECHNOLOGY, LAW, AND THE FUTURE OF ENTERTAINMENT 199 (2004). Neil Weinstock Netanel, *Impose a Noncommercial Use Levy To Allow Free Peer-to-Peer File Sharing*, 17 HARV. J.L. & TECH. 1 (2003).

140. Joseph P. Liu, *Copyright and Time: A Proposal*, 101 MICH. L. REV. 409, 410 (2002).



*1. Refining the fair-use test*

*a. Focusing on market failure.* To begin with, a number of scholars have advocated refinement of the fair-use test.<sup>141</sup> Besides Judge Leval's proposal,<sup>142</sup> the most widely discussed vision—intended as both a descriptive means to reconcile prior fair-use jurisprudence and a predictive and prescriptive model for future fair-use cases—comes from Wendy Gordon, who has advanced a reformulation of the fair-use test to address specific instances of market failure—where the transaction costs for obtaining the permission to use a work exceed the value of a work to a user.<sup>143</sup> Motivated by this dilemma, Gordon suggests a fair-use test that balances three factors: (a) the existence of market failure for the use of a copyrighted work, (b) the public interest served by the use, and (c) the effect of uncompensated use on the original copyright owner's incentive to create.<sup>144</sup>

While highlighting the important transaction cost concerns that dominate the fair-use landscape, Gordon's proposal does not successfully advance the transformative-use and expressive-rights concerns highlighted in this Article.<sup>145</sup> As Gordon herself writes, "[T]he 'productive' status of a user is at best merely a secondary indicator that [the concerns in her vision of fair use] may be satisfied. . . . [I]t is the user faced with market failure, whether he is a second author or an 'ordinary' user, who is the traditional judicial and statutory object of fair use solicitude."<sup>146</sup> For example, Gordon's proposal does nothing to encourage the dissemination of noncommercial transformative uses of copyrighted works, particularly where the owner of the copyright refuses to allow any use of the work or demands a price that the noncommercial user simply cannot pay.<sup>147</sup> These situations deserve the most exacting

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141. See, e.g., Fischer, *supra* note 38; Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors*, 82 COLUM. L. REV. 1600 (1982); Leval, *supra* note 44; Lloyd L. Weinreb, *Fair's Fair: A Comment on the Fair Use Doctrine*, 103 HARV. L. REV. 1137 (1990); David Lange & Jennifer Lange Anderson, *Copyright, Fair Use and Transformative Critical Appropriation* 130, 140 (Nov. 9, 2001) (presented at the Duke Conference on the Public Domain), available at <http://www.law.duke.edu/pd/papers/langeand.pdf>.

142. See *supra* Part III.

143. Gordon, *supra* note 141, at 1618.

144. *Id.* at 1601, 1614.

145. For an excellent discussion on the broader questions raised by Gordon's analysis, see Lloyd L. Weinreb, *Fair Use*, 67 FORDHAM L. REV. 1291, 1300–02 (1999).

146. Gordon, *supra* note 141, at 1601, 1654.

147. For instance, there is no strict market failure in the ability to obtain permission to use a popular song for the purposes of a transformative political satire of the 2004 elections akin to that of

First Amendment scrutiny as they involve speech most likely to contain original expressive content absent a profit motive. Moreover, as David Lange and Laura Lange Anderson have eloquently argued, the primacy of the marketplace in Gordon's heuristic is not entirely appropriate for the equitable fair-use doctrine:

Sometimes, though an antecedent work is available, and at a price and on terms that one reasonable person or another might find unobjectionable, still the price and terms may be the subject of resistance on principled grounds, so that in effect the continued interposition of the copyright regime amounts to a state-sanctioned approval of one political agenda as against another, an approval wrought through the suppression of dissident speech and writings. And sometimes, far more simply, a pearl is beyond price. Sometimes it is inappropriate, even garish, to think in terms of a market. Sometimes, in short, the market does not fail. Sometimes the market is irrelevant.<sup>148</sup>

*b. A presumption in favor of transformative use.* To this effect, Lange and Anderson have also proposed their own twist to the fair-use test, arguing that all transformative uses, not merely parodies, should receive a presumption of fair use.<sup>149</sup> However, several problems plague this plan. First of all, the Lange/Anderson proposal does little to reduce the fair-use balancing test's uncertainty—and the concomitant and profound chilling effects that result from it. Even with a presumption of fair use for transformative works, significant doubt remains, *ex ante*, as to whether a use is transformative in the first place. The Lange/Anderson proposal therefore comes no closer than the existing fair-use test to alleviating this uncertainty. Like the Leval proposal, the Lange/Anderson model also fails to acknowledge the federal courts' repeated limitation of transformative use to parody, not satire, and their reduction of the transformative-use test to a calculus on necessity;<sup>150</sup> the Lange/Anderson proposal proves problematic because it proffers a more expansive notion of transformative use than the courts have been willing to adopt without

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JibJab, *see infra* note 223: one need simply obtain permission from the copyright holder of the musical composition. As a result, in such a circumstance, Gordon's proposal would not support fair use. However, if the copyright holder demands too high a price for a license or refuses to license the musical composition altogether, society will be denied the benefit of the creation and dissemination of a transformative use of the original copyrighted work.

148. Lange & Anderson, *supra* note 141, at 147.

149. *Id.* at 130.

150. *See infra* Part III.B.

bridging this gap. As a consequence, there is no reason to believe that the judiciary will abandon its circumscribed notion of transformative use.

Finally, as Lange and Anderson themselves note, fair use is an equitable doctrine at its core. Yet the existing system of fair use and the proposals by both Gordon and Lange/Anderson embrace a winner-take-all system that leaves the author of the original work aggrieved with no legal recourse whatsoever for a taking deemed “fair.”<sup>151</sup> To address this problem, Lange and Anderson offer a corollary to their fair-use proposal: for works that have not earned an original author sufficient money to recoup a return, any transformative uses should be considered joint works with apportionment of profits.<sup>152</sup> Though intriguing, such a proposal is ultimately ill advised. Determining when and if an original work has earned its author a “fair return” is fraught with difficulty—the idea of a just return is both impossible to define and hard to measure.

*2. Damages, not injunctions: moving copyright to a liability, rather than property, regime*

While some groups focus on redefining fair use, several other proposals have sought to maximize the dissemination of creative works by reconceptualizing copyright as a liability, rather than property, regime. Such proposals have taken two principal forms: the judicial option and the legislative option.

*a. The judicial option: strict scrutiny of injunctive relief.* First, reformers have suggested that courts limit the availability of injunctive relief in cases of infringement, thereby restricting recovery to damages alone. Footnote ten of the Supreme Court’s opinion in *Campbell v. Acuff-Rose* appears to endorse such a tack:

Because the fair use enquiry often requires close questions of judgment as to the extent of permissible borrowing in cases involving parodies (or other critical works), courts may also wish to bear in mind that the goals of the copyright law, “to stimulate the creation and publication of edifying matter,” . . . are not always best served by automatically granting injunctive relief when parodists are found to have gone beyond the bounds of fair use.<sup>153</sup>

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151. Lange & Anderson, *supra* note 141, at 152.

152. *Id.* at 154.

153. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 n.10 (1994) (quoting Leval, *supra* note 44, at 1134).

In the decade since the *Campbell* decision, however, courts have demonstrated a remarkable reluctance to embrace a pure liability regime for copyright law.<sup>154</sup> The dramatic shift in copyright from a state-granted utilitarian privilege to a natural-law property right<sup>155</sup> has undoubtedly foreclosed the wholesale adoption of a liability regime. Thus, injunctive relief and the award of monetary damages have generally continued to go hand-in-hand.

Even if more widely embraced, the footnote-ten solution does not fully address the First Amendment concerns raised in three ways. First, as described earlier,<sup>156</sup> the continued availability of statutory damages, which often exceed actual damages by a wide margin, casts widespread chilling effects on potential speech. Second, a footnote-ten solution does not unfetter noncommercial transformative uses. Although the footnote-ten solution enables noncommercial transformative users to speak freely (i.e., without government restraint), it does not enable them to speak *freely* (i.e., without payment of significant damages). Where such noncommercial transformative uses constitute core speech deserving of First Amendment protection, such uses properly deserve freedom in both senses of the word.

Finally, a footnote-ten solution still fails to address one of the most serious risks of the fair-use regime: uncertainty. *Ex ante*, even if a use is unlikely to infringe (or fall subject to only monetary damages), a transformative user still cannot be sure whether an injunction would issue under the blurry standards articulated under *Campbell* and its progeny. Thus, the judicial option, fraught with uncertainty and unknown economic costs, can only partially solve the problem.

*b. The legislative option: expanding the scope of compulsory licenses by statute.* Instead of leaving the decision to a reluctant judiciary, some observers have advocated statutory adoption of a pure liability regime, through a system of compulsory license, for certain types of otherwise infringing activity.<sup>157</sup> Indeed, compulsory licenses are valuable devices

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154. A decoupling of injunctive and monetary relief has simply not occurred, despite this admonition by the *Campbell* Court and the decision not to issue injunctive relief, despite infringement, in *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988), *aff'd sub nom. Stewart v. Abend*, 495 U.S. 207 (1990), *see supra* Part III.A.2.

155. *See* Tehranian, *supra* note 21.

156. *See supra* Part III.B.

157. *See, e.g.*, LAWRENCE LESSIG, FREE CULTURE: HOW BIG MEDIA USES TECHNOLOGY AND THE LAW TO LOCK DOWN CULTURE AND CONTROL CREATIVITY 193–98 (2004) (endorsing, at least for a time, a compulsory licensing scheme to support digital music distribution); LAWRENCE LESSIG,

for granting the public access to copyrighted works while simultaneously providing authors with compensation (albeit fixed) for the use of their works. The modern copyright regime uses such licenses in carefully circumscribed instances, most notably by enabling anyone to cover a published musical composition,<sup>158</sup> by allowing cable operators to retransmit television and radio signals<sup>159</sup> and satellite providers to retransmit superstation and network broadcasts,<sup>160</sup> and by permitting certain digital audio transmissions<sup>161</sup> and noncommercial broadcasting.<sup>162</sup>

However, besides the bureaucratic complexities that inevitably arise in the rate-determination process, compulsory licenses possess only a limited ability to reconcile the expressive interests raised by the expansive modern copyright regime. As Diane Zimmerman has argued, compulsory fees “contribute to inevitable wealth-based informational disparities among members of society. Access conditioned on ability to pay can lead to distortions that offend our norms of individual equality, and that impede the possibility of fully realizing individual potential.”<sup>163</sup> Simply put, to have free speech, some speech (considered part of the public domain) must be free in an economic sense.

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THE FUTURE OF IDEAS, ch. 7 (2001) (praising the utility of compulsory schemes in a variety of contexts, including cable retransmissions of broadcast signals and the mechanical “cover song” right for music); Fred Von Lohmann, *New Music Rules Are Needed*, DAILY PRINCETONIAN, April 14, 2003, available at <http://www.dailyprincetonian.com/archives/2003/04/14/opinion/7930.shtml> (advocating a compulsory license scheme to resolve the threat faced by the music industry from peer-2-peer file sharing). Judge Alex Kozinski and Christopher Newman have also come close to advancing a compulsory licensing system in certain contexts. They have proposed a thoughtful profit-allocation regime to address concerns about transformative use and expressive rights. See Alex Kozinski & Christopher Newman, *What's So Fair About Fair Use?* 46 J. COPYRIGHT SOC'Y 513 (1999). For transformative uses, their statutory reform eliminates the fair-use defense and statutory damages, seeks to curb the availability of injunctive relief, restricts profit disgorgement to those returns directly attributable to the infringement, and altogether eliminates recovery of actual damages stemming from critical evaluation of a copyrighted work. *Id.* at 525–26. Additionally, the scheme uses attorneys' fees provisions to encourage parties to reach license arrangements prior to litigation. *Id.* at 526. Despite its strong merits, the proposal relies on greater willingness to scrutinize strictly claims for injunctive relief. As I have discussed earlier, however, a decade of jurisprudence has revealed judicial reluctance to accept the footnote-ten solution advanced by *Campbell*. See *supra* Part IV.A.2.a.

158. 17 U.S.C. § 115 (2000).

159. *Id.* § 111(d).

160. *Id.* § 119.

161. *Id.* § 114(d).

162. *Id.* § 118.

163. Diane Leenheer Zimmerman, *Is There a Right To Have Something To Say? One View of the Public Domain*, 73 FORDHAM L. REV. 297, 368 (2004).

Edwin Baker has observed, “[S]peech freedom is a liberty—not a market—right. Freedom of speech gives a person a right to say what she wants. It does not give the person a right to charge a price for the opportunity to hear or receive her speech.”<sup>164</sup> Specifically, the law should permit, without charge, the creation of certain transformative uses (and fair uses) of copyrighted works. A regime in which limited duplication of copyrighted works for academic use is subject to a compulsory license rather than a fair-use defense would only exacerbate plutocratic tendencies in our educational system. A regime where parody is subjected to a compulsory license rather than a transformative-use defense would exclude individuals or publishers falling below a certain economic threshold from the right to engage in mocking exegesis of our cultural canon. Such results not only undermine individual expressive rights (and divide them on economic grounds), but also prevent society from achieving the central goal of the copyright system: maximizing the creation and dissemination of original works.

### *3. Judicial creation of joint authorship*

In a sidebar to their proposal advocating the presumptive fairness of unlicensed transformative uses, Lange and Anderson suggest that transformative uses of works that have not yet earned a fair return for their original creator should be designated as joint works of authorship between the original creator and the transformative user.<sup>165</sup> Given the problems of defining and measuring the concept of fair return, such a proposal is somewhat quixotic. However, Lange and Anderson do not consider a related and more practical position: applying the heuristic of joint authorship as the default rule for *all* transformative uses. This joint-authorship solution ameliorates two of the key tensions between copyright law and expressive rights: it unfetters noncommercial uses—if a use does not generate profit, it creates no liability. It also subverts the harsh binary of the extant copyright regime in which either (1) an original creator is able to interdict all uses of her work, or (2) an unauthorized user is free to exploit a copyrighted work without any remuneration to its original creator.

Although joint ownership relieves some of the tensions between copyright law and expressive rights, it also suffers from the same key problem afflicting the proposals discussed *supra*: continued *ex ante*

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164. Baker, *First Amendment Limits on Copyright*, *supra* note 6, at 903.

165. Lange & Anderson, *supra* note 141, at 154–55.

uncertainty over what counts as a transformative use (and the chilling effects that therefore result). Moreover, the federal courts have exhibited a profound reluctance to divide property rights, particularly in the copyright context. For example, courts have repeatedly invoked strained interpretations of section 101's definition of joint works to avoid the partitioning of ownership.<sup>166</sup> As J. David Yarbrough has pointed out, nearly every modern court faced with a joint work issue has "duly noted the consequences of co-ownership of a copyright, perhaps in an attempt to justify the miscarriage of justice that was imminent in most of those cases."<sup>167</sup> As another observer has understatedly rued, "the joint work doctrine has been treated grudgingly."<sup>168</sup>

Similarly, when given specific discretion by statute to divide rights in a work on equitable grounds, the courts have often demurred. Under the original 1976 Copyright Act, for example, an individual who innocently infringed a work that omitted notice of its copyrighted status received exemption from actual and statutory damages.<sup>169</sup> Additionally, a court possessed explicit discretion under the statute to award the infringer profits, issue injunctive relief, and impose a compulsory license to allow continuing infringement.<sup>170</sup> Despite this grant of power to create joint ownership, courts largely ignored this section of the Act and declined Congress's invitation to impose a compulsory licensing scheme.<sup>171</sup> All told, the reluctance of courts to issue joint-authorship relief to litigants has created a significant practical obstacle to a plan relying on judicial discretion for such an intermediate liability solution.

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166. J. David Yarbrough, Jr., *What's Mine Might Be Yours: Why We Should Rethink the Default Rule for Copyright Co-ownership in Joint Works*, 76 TUL. L. REV. 493, 508-09 (2001) (arguing that the decision in *Childress v. Taylor*, 945 F.2d 500 (2d Cir. 1991), created an intent requirement far beyond that mandated in section 101(a) (intent to merge contributions) by requiring intent to form a joint work and by requiring an independently copyrightable contribution from each putative co-author, despite an absence of such a requirement by statute).

167. *Id.* at 509 n.114 (citing *Thomson v. Larson*, 147 F.3d 195, 199 (2d Cir. 1998); *Childress v. Taylor*, 945 F.2d 500, 508-09 (2d Cir. 1991); *Clogston v. Am. Acad. of Orthopedic Surgeons*, 903 F. Supp. 1156, 1162 (W.D. Tex. 1996); *Respect, Inc. v. Comm. on the Status of Women*, 815 F. Supp. 1112, 1119 (N.D. Ill. 1993)).

168. Laura G. Lape, *A Narrow View of Creative Cooperation: The Current State of Joint Work Doctrine*, 61 ALB. L. REV. 43, 54 (1997).

169. 90 Stat. 2541, 2578, §§ 405(b), 406(a) (1976).

170. *Id.*

171. See R. Anthony Reese, *The History of Innocent Infringement Liability in Copyright Law* 45-48 (2005) (unpublished manuscript, on file with author).

### B. The Proposal

#### 1. The basics

As this analytical survey indicates, a variety of shortcomings plague extant proposals for copyright reform, especially as they relate to unfettering transformative uses and advancing expressive rights. After all, as I have argued, transformative uses of copyrighted works lie at the heart of the growing tension between the First Amendment and intellectual property protections.<sup>172</sup> Drawing upon the strengths of the joint authorship proposal discussed *supra*, this Article advances an intermediate liability alternative that would undermine the harsh binary of the existing infringement/fair-use regime while averting the problems that doom the joint-authorship proposal—*ex ante* chilling effects and the judicial reluctance to impose divided ownership schemes. In short, the intermediate liability alternative would encourage the creation and dissemination of transformative uses to the simultaneous benefit of the utilitarian goals of the copyright regime and the free speech rights of the public.

Under the intermediate liability alternative, a court would first determine whether a work is infringing. If the work infringes, a defendant could proffer two defenses—fair use and transformative use. The fair-use defense would continue to function as it currently does, providing immunity from liability for individuals meeting the four-part balancing test delineated in section 107 of the Copyright Act. Thus, such practices as time-shifting would remain protected and insulated from liability,<sup>173</sup> as would other nontransformative activities (including some forms of Xeroxing for noncommercial academic purposes) that have been deemed fair use. Pursuant to the fair-use doctrine, such uses would be absolved of payment or apportionment.

However, if a defense of fair use fails, a defendant can elect the intermediate liability option by arguing that she has engaged in transformative use of the copyrighted work. To do so, she must have properly registered her work as a transformative use with the Copyright Office. Drawing upon the Supreme Court's reigning definition, a use is transformative if it "adds something new, with a further purpose or

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172. See *supra* Part II.

173. See *Sony v. Universal*, 464 U.S. 417 (1985) (deeming time-shifting—the use of a VCR for the purposes of recording a television program for later viewing—fair use).



different character, altering the first [work] with new expression, meaning, or message.”<sup>174</sup> To assist in this determination, the Copyright Office would issue guidelines that define certain categories of use as transformative, thereby providing *ex ante* guidance on what constitutes transformative use.<sup>175</sup>

Under this new intermediate liability option, transformative uses would include, *inter alia*, parody, satire, digital sampling, and appropriationist modern art, as each of these activities draws upon copyrighted works to create a new work of art imbued with new expressions that criticize or illuminate our values, assess our social institutions, satire current events, or comment on our most notorious cultural symbols.<sup>176</sup> For uses that emerge with the development of new technologies, the Copyright Office would engage in a public comment and consideration system akin to the liability exemption system provided under the Digital Millennium Copyright Act.<sup>177</sup> The Copyright Office would also retain discretion to add to the categories of uses determined “transformative.”

For all such transformative uses registered with the Copyright Office, intermediate liability would attach. The resulting transformative use would be exempt from actual and statutory damages as well as injunctive relief.<sup>178</sup> Thus, the law would permit the creation and dissemination of transformative use without the consent of the author of the original work from which the transformative use drew. By default, however, the original author of the copyrighted work and the transformative user of that work would evenly divide all profits resulting from the commercial exploitation of the transformative work.<sup>179</sup>

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174. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994); *see also* Leval, *supra* note 44, at 1111 (defining transformative use as a use that “adds value to the original—if the quoted matter is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings”).

175. I am indebted to a conversation with Pamela Samuelson for this aspect of the proposal.

176. *See* Tehranian, *supra* note 21.

177. *See* 17 U.S.C. § 1201(a)(1)(B)–(E) (2000); Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 67 Fed. Reg. 63,578-01 (Oct. 15, 2002); Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 65 Fed. Reg. 64,556, 64,574 (Oct. 27, 2000).

178. Of course, subject to deference to the Copyright Office, federal courts would have the right to review a determination of transformative use.

179. As I argue later, it is anticipated that most copyright users and copyright owners will enter into arrangements much more nuanced than this default option. *See infra* notes 180–83 and accompanying text. On a related note, therefore, most enforcement will fall in private hands with the option of litigation should the parties breach their contractual profit-sharing arrangements.

Upon cursory examination, the decision to create a default position of even profit apportionment appears somewhat arbitrary. After all, under the Coase theorem, the same outcome will result regardless of initial legal entitlement assuming zero transaction costs.<sup>180</sup> However, two grounds subvert the traditional Coasian admonishment regarding the irrelevance of initial entitlement distributions and support such a default position. First of all, the Coasian world is, of course, characterized by a lack of transaction costs.<sup>181</sup> By contrast, the world of copyright permissions is replete with transaction costs, especially given the absence of a centralized clearinghouse for effectuating licensing and the nebulous and poorly documented chains of copyright title. Given the free speech issues inherent in transformative use of copyrighted works, a default position allowing, rather than proscribing, transformative uses is warranted.

Secondly, although the Coasian world does not necessarily envision the refusal of certain parties to deal as a market failure,<sup>182</sup> the presence of such parties undermines progress in the arts. In the world of copyright licensing, there are many parties that simply decline to permit any transformative uses of their works, even if they might derive substantial economic advantages from such licensing. Since such holdouts impede the availability of transformative uses to society—uses that the Supreme Court has deemed accretive to the central goal of copyright to advance progress in the arts<sup>183</sup>—a default position that facilitates transformative use is preferable to the current system, which discourages it.

What is critical here is not the value judgment that may be signified through a choice to divide profits evenly between the original copyright owner and the transformative user. Indeed, if debate over the issue warrants a different balance—say 90% to 10% in favor of the original copyright owner, or 10% to 90% in favor of the transformative user—so be it. What is key is the creation of a liability option that subverts the draconian choice presently faced by the courts. Currently, if a court finds infringement, then ownership of the transformative use is divided 100% to 0% in favor of the original copyright owner. By contrast, if a court finds fair use, then ownership of the transformative use is divided 0% to 100% in favor of the transformative user. The default position of even

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180. See Ronald H. Coase, *The Problem of Social Cost*, 3 J.L. & ECON. 1 (1960).

181. *Id.*

182. *Id.*

183. “[T]he goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

profit division can easily be contracted around, but it creates a reasonable starting point for negotiations between the original copyright owner and the transformative user. Specifically, by creating a default position of profit sharing, the intermediate liability regime prevents original copyright owners from discriminating between favorable and unfavorable transformative uses of their copyrighted works.

Most importantly, noncommercial users would be free to appropriate copyrighted works for transformative purposes without compensation. Thus, the proposed regime unburdens precisely the type of speech that has historically received the greatest protection under First Amendment jurisprudence—noncommercial expression. Meanwhile, commercial users would be able to appropriate copyrighted works for transformative purposes for a price that grows only in proportion to the profit earned from exploitation of the work. Thus, liability would never exceed profitability, thereby advancing constitutionally protected expressive freedoms. Taken together, such a scheme would alleviate free speech concerns, encourage transformative uses that promote progress in the arts, and maintain the economic incentives for authors to create and disseminate their works.

## 2. *Clarifications and limitations*

A similar theory has been proposed in the model for the Xanadu project; this proposal was envisioned as a digital library and hypertext publishing system where users could link to the works of others and create their own derivative works based thereon.<sup>184</sup> Theorist Theodor Nelson created this model so that copyright owners would waive their derivative rights when placing their work on the system but would receive royalties for derivative creations; royalties would be shared between the author of the original work and the individual making use of the original work to create a derivative product.<sup>185</sup>

The intermediate liability proposal is also similar to the joint authorship proposal assessed above,<sup>186</sup> but it possesses several key advantages over the joint authorship proposal. First, it diminishes the uncertainty problem afflicting wholesale judicial determination of

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184. See THEODOR H. NELSON, *LITERARY MACHINES* (87.1 ed. 1987); see also Pamela Samuelson & Robert Glushko, *Intellectual Property Rights for Digital Library and Hypertext Publishing Systems*, 6 HARV. J.L. & TECH. 237, 247–55 (1993).

185. Samuelson & Glushko, *supra* note 184, at 249.

186. See *supra* Part IV.A.3.

transformative use by setting out, *ex ante*, the types of uses deemed transformative for the purposes of intermediate liability.<sup>187</sup> Certainly, courts can review these determinations, but the findings of the Copyright Office would be entitled to heavy deference. Second, this proposal routes around the profound judicial reluctance to divide ownership of copyright<sup>188</sup> by putting the issue in the hands of the Copyright Office. Finally, the proposal avoids one of the implications of joint authorship—that the original creator both authorized and collaborated in the creation of the transformative work. Under the intermediate liability proposal advanced by this Article, a transformative work cannot be attributed to the original author unless the original author requests it. Trademark law will take an increasingly important role under such a regime to ensure an absence of confusion regarding the origin of copyrighted works.

For example, if I write a satire of the 2008 elections based on *Star Wars*, I can make use of the storyline, characters (e.g., Yoda, Darth Vader, Luke Skywalker) and terms (e.g., Jedi, lightsaber, *Star Wars*) from the movie series, but I cannot attribute my satire to George Lucas. If anything, a disclaimer on my work should make it clear that it is an unauthorized derivative work. However, George Lucas, as the original copyright holder to *Star Wars*, would be entitled to a presumptive 50% of any profits that result from the creation of my work.

It is also important to note the limits of this proposal. As Rebecca Tushnet and Lloyd Weinreb have both pointed out, a use need not be transformative to possess a valuable purpose.<sup>189</sup> Sometimes, as in the case of classroom duplication, providing copies of copyrighted works serves a significant social end.<sup>190</sup> Moreover, a number of existing limitations on the copyright monopoly serve important free speech interests without advancing transformative-use rights. These constraints include the idea/expression dichotomy, the denial of copyright to government works, the first-sale doctrine, compulsory licenses, liability exemptions for schools and libraries, the merger doctrine, and the lack of a broad performance right for sound recordings.<sup>191</sup> Interests in pure

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187. See *supra* notes 174–77 and accompanying text.

188. See *supra* notes 166–68 and accompanying text.

189. Rebecca Tushnet, *Copy This Essay: How the Fair Use Doctrine Harms Free Speech and How Copying Serves It*, 114 *YALE L.J.* 535, 568–72 (2004); Weinreb, *supra* note 141, at 1143.

190. Tushnet, *supra* note 189, at 568–72 (arguing that pure copying can advance First Amendment interests in self-expression, persuasion and affirmation). Many of her examples, however, are arguably transformative and not pure copying, such as cover versions of songs or plays and original juxtapositions of copyrighted works. See *id.*

191. *Id.* at 553.

copying will continue to be served by application of the fair-use test and the existing limits on the copyright monopoly. Meanwhile, this Article seeks to address the transformative-use problem in copyright law.

### *C. Concerns*

The intermediate liability scheme proposed here is not without several immediate concerns on implementation, workability, and incentivization grounds. Each of these three areas is addressed in turn.

#### *1. Implementation*

*a. Enactment of the intermediate liability scheme.* Deviating from law review tradition, I first consider the actual practicality of implementing the intermediate liability scheme advanced here. Statutory change will undoubtedly be difficult. Robert Merges has characterized the history of intellectual property rights over the past one-hundred years as a century of “solicitude” by corporate interests bent on maximizing monopoly-like protections for their intellectual properties.<sup>192</sup> Simply put, the derivative rights doctrine provides the content creation industries with an economic boon that—Panglossian optimism aside—they are unlikely to give up without a massive fight. Nevertheless, this fact does not obviate the need to consider doctrinal alternatives to the modern copyright regime, especially in light of its increasing clash with expressive interests.

Moreover, in recent years, the public has demonstrated increasing awareness over the impact of the modern copyright regime on expressive freedoms and quotidian activities. Additionally, just as the boom in peer-to-peer file sharing has benefited many companies—including cable and DSL operators, computer and hard drive manufacturers, and consumer electronics providers<sup>193</sup>—there are also powerful corporate interests that could benefit from the type of revisions advanced here. Companies that sell the technological tools for making transformative uses would stand to profit from a regime that expanded transformative rights. Greater “fair use” rights could also inure to the long-run economic benefit of the content creation industry. Despite losing the *Sony v. Universal* decision, the entertainment industry did not suffer a precipitous demise. In fact, the

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192. See Robert P. Merges, *One Hundred Years of Solicitude: Intellectual Property Law, 1900-2000*, 88 CAL. L. REV. 2187, 2191 (2000).

193. See John Tehranian, *The High Court in Cyberspace: A Preview of MGM Studios v. Grokster*, UTAH B.J., Mar/Apr. 2005, at 28.

legality of the VCR and the DVD and the deeming of time-shifting as fair use have vastly expanded revenue-generation opportunities for the Hollywood studios; they now earn more profit from DVD/video rental and sales than from theatrical ticket sales.<sup>194</sup> Thus, a coalition of consumer rights groups, technology manufacturers, and innovative content providers could provide support for the adoption of the intermediate liability proposal.

*b. Rethinking the derivative rights doctrine.* Adoption of an intermediate liability scheme would inextricably necessitate a reexamination of the derivative rights doctrine. As the Supreme Court argued in *Campbell*, the creation and dissemination of transformative works advances the constitutional goal of progress in the arts.<sup>195</sup> However, the broad exclusive right of copyright owners to prepare derivative works has swallowed up the ability of transformative users to escape infringement liability, thereby undermining the key goal of the federal copyright regime. Commenting on an Illinois court's blunt rejection of a transformative-use claim by the creator of a guidebook on Beanie Babies on the grounds that such an activity violated the derivative works rights of the Beanie Baby creators,<sup>196</sup> Matthew Bunker noted, "[C]reating a derivative work is at least suggestive of some transformation. When coupled with the addition of new information and interpretation regarding the toys, the claim at least deserves serious judicial analysis."<sup>197</sup>

However, the strictures of section 106 of the Copyright Act do not allow for such analysis as they unequivocally provide copyright owners with the exclusive right to "prepare derivative works based upon the copyrighted work."<sup>198</sup> While original copyright laws protected solely against slavish reproduction of an entire work, modern copyright law expansively protects the actual copyrighted work itself (whether borrowed in part or whole), nonliteral elements of the copyrighted work, and any derivative works based upon the copyrighted work.<sup>199</sup> Thus, translations and abridgements, formerly considered transformative uses

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194. *Id.*

195. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

196. *Ty, Inc. v. Publ'ns Int'l, Ltd.*, 81 F. Supp. 2d 899 (N.D. Ill. 2000).

197. Matthew D. Bunker, *Eroding Fair Use: The "Transformative" Use Doctrine After Campbell*, 7 COMM. L. & POL'Y 1, 11 (2002).

198. 17 U.S.C. § 106(2) (2000).

199. *See supra* Part II.A.

of a copyrighted work and therefore per se noninfringing,<sup>200</sup> are now categorized as derivative works that come under the exclusive right of a copyright owner under section 106.<sup>201</sup> Indeed, section 101 of the Copyright Act defines a ‘derivative work’ 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, abridgment, condensation, or any other form in which a work may be recast, *transformed*, or adapted.”<sup>202</sup> This definition, which implicates transformative uses as derivative ones, undermines the very viability of a transformative-use defense in copyright law.

As copyright historically evolved from the narrow right to interdict duplication of one’s original work to a broader right to interdict, irrespective of form, any borrowing of the elusive intellectual essence of one’s original work, an artificial hierarchy of works emerged to rationalize the expansion of an author’s property right.<sup>203</sup> Appealing to the romantic notion of authorship as a flash of genius, this hierarchy presented “some works . . . as inherently superior due to their supposed originality, [and] relegated [other works] to the now, by definition, inferior status of derivatives.”<sup>204</sup> This unchallenged hierarchy—which began to take shape in the nineteenth century—begs reconsideration on two important grounds: the important role of transformative use in the advancement of the arts and the value of transformative use on expressive grounds.

To revitalize the role of transformative use in copyright jurisprudence, the derivative works doctrine must therefore be reexamined. Naomi Voegtli, for one, has suggested fine-tuning the

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200. See *supra* note 3 and accompanying text.

201. In 1870, Congress overturned the *Stowe* decision by statute, explicitly adding the right to translate one’s work to the list of exclusive rights guaranteed to a copyright owner. See Copyright Act of 1870, ch. 230, § 86, 16 Stat. 198, 212 (1870) (current version at 17 U.S.C. ch. 1 (2000)). In the meantime, the protection afforded to abridgement and commentary has shrunk markedly over the past century, particularly in recent years. See, e.g., *Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1370 (2d Cir. 1993) (finding that defendants’ book about television program *Twin Peaks* infringed copyrights in teleplays for series); cf. *Castle Rock Entm’t v. Carol Publ’g Group, Inc.*, 955 F. Supp. 260, 268 (S.D.N.Y. 1997) (holding that *Seinfeld Aptitude Test*, trivia book on all things *Seinfeld*, constituted unauthorized derivative work that infringed Castle Rock’s copyright in *Seinfeld* television program).

202. 17 U.S.C. § 101 (emphasis added).

203. Oren Bracha, *The Ideology of Authorship Revisited* (2005) (unpublished manuscript, on file with author).

204. *Id.* As discussed earlier, such “inferior” works included translations and abridgements. See *supra* Part II.A.

definition of derivative works so that they constitute “either (1) a work based significantly upon one or more pre-existing works, such that it exhibits little originality of its own or that it unduly diminishes economic prospects of the works used; or (2) a translation, sound recording, art reproduction, abridgment, and condensation.”<sup>205</sup> Contrary to the existing definition of derivative work, a revised definition must draw a distinction between uses that are transformative and uses that are merely derivative. The first part of the Voegtli definition accomplishes this goal by simply defining a derivative work as a nontransformative use of someone else’s copyrighted work. The adoption of such a definition of derivative work would go a long way towards reconciling the inherent conflict between the present definition of derivative works and the viability of transformative-use defenses to infringement. The second part of Voegtli’s definition represents a catch-all for potentially transformative uses that, for public policy reasons, may be deemed to nevertheless infringe under the derivative rights doctrine. Potentially transformative uses that the courts feel would not sufficiently advance progress in the arts could be placed under the second part of the derivative works definition.

Quite simply, we should ask ourselves whether translations, sound recordings, art reproductions, abridgements, condensations, and other heretofore unknown manipulations of copyrighted works in the digital age are sufficiently accretive to progress in the arts that we want to encourage their dissemination without fear of infringement liability. If the answer is no, then the second part of Voegtli’s definition should be integrated into a revision of the derivative rights doctrine. Inevitably, adoption of the intermediate liability proposal advanced here will require wholesale reconsideration of the derivative right—a doctrine whose expansive terms have contributed heavily towards the growing tension between copyright and expressive rights.

## 2. *Workability*

*a. Defining transformative use.* Once adopted, the intermediate liability standard for transformative uses of copyrighted works will not be without potential challenges on workability grounds.<sup>206</sup> For example,

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205. Naomi Abe Voegtli, *Rethinking Derivative Rights*, 63 *BROOK. L. REV.* 1213, 1267 (1997).

206. See, e.g., Laura G. Lape, *Transforming Fair Use: The Productive Use Factor in Fair Use Doctrine*, 58 *ALB. L. REV.* 677, 724 (1995) (arguing that even the meager renewed emphasis on



some observers have speculated that a transformative-use inquiry in copyright litigation would necessarily implicate the Copyright Office and the courts in the business of judging the quality of artistic works.<sup>207</sup> Certainly, these entities have shied away in the past from emphasizing the transformative-use criteria in the fair-use balancing test simply because of a fear of marking judgments about the quality of art—an act inherently fraught with difficulty. As Justice Holmes explained a century ago, “It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits.”<sup>208</sup> However, determining what constitutes transformative use is not commensurate to an assessment of whether the use of a copyrighted work in question is in good or bad taste, whether the message (or lack thereof) of the allegedly infringing work is agreeable, or whether the result of the alleged infringement is sublime. As the California Supreme Court stated in its adoption of transformative use as a doctrinal limitation on the right of publicity:

In determining whether the work is transformative, courts are not to be concerned with the quality of the artistic contribution—vulgar forms of expression fully qualify for First Amendment protection. On the other hand, a literal depiction of a celebrity, even if accomplished with great skill, may still be subject to a right of publicity challenge. The inquiry is in a sense more quantitative than qualitative, asking whether the literal and imitative or the creative elements predominate in the work.<sup>209</sup>

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productive use hailed by the *Campbell* Court “stands in the way of sensible application of fair use and should be abandoned as a doctrinal dead-end”). See generally Volokh, *supra* note 6.

207. Laura Lape, for example, argues that

[d]isadvantages of the productive use doctrine include: (1) courts are unclear as to what productive use is; (2) productive use doctrine focuses on productivity as an end in itself; (3) the productive use factor distracts attention from the central consideration of the first factor of section 107, the social utility of the use; (4) to the extent that productive use is equated with non-superseding use, productive use doctrine permits the fourth factor of section 107 to be counted twice, thus canceling out the impact of the first factor; and (5) productive use doctrine encourages courts to evaluate the quality of any work produced by the defendant.

Lape, *supra* note 206, at 724.

208. *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903).

209. *Comedy III Prods., Inc., v. Gary Saderup, Inc.*, 21 P.3d 797, 809 (Cal. 2001). The court later added, “Although the distinction between protected and unprotected expression will sometimes be subtle, it is no more so than other distinctions triers of fact are called on to make in First Amendment jurisprudence.” *Id.* at 811; see, e.g., *Miller v. California*, 413 U.S. 15, 24, 93 (1973)

Thus, in the copyright context, to ascertain transformative use, the Copyright Office and the courts would examine whether something new and creative, possessing the ability to contribute to progress in the arts, has been developed through the allegedly infringing use.<sup>210</sup> Specifically, they would draw upon the Supreme Court's definition of a transformative use as one that "adds something new, with a further purpose or different character, altering the first [work] with new expression, meaning, or message."<sup>211</sup> Thus, slavish imitation of a copyrighted work, even if accomplished with great skill, would not qualify as transformative. But, even vulgar transmogrifications of a copyrighted work, if infused with creative and original elements, would qualify as transformative uses. As the Supreme Court has conceded, although "transformative use is not absolutely necessary for a finding of fair use . . . the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works."<sup>212</sup> With advancement of the arts representing the chief goal of copyright protection, one must make some judgment about which policies could benefit progress in that arena and which ones would not so benefit.

Naturally, drawing the line between transformative and non-transformative uses is laden with subjectivity. However, making such a determination in the administrative and judicial contexts is both feasible and less troublesome than the muddled fair-use test critiqued in this Article and elsewhere. As noted earlier, a transformative-use test is consistent with the utilitarian origins of the Copyright Clause of the Constitution; such prominent consideration of transformative use would bring back the notion of progress in the arts to the forefront of the copyright calculus. Further, adoption of a transformative-use test would help alleviate the growing clash between copyright law and free speech rights.

This proposal does not dictate a return to the same judgments as our predecessors about what constitutes transformative use. Perhaps, we will not view the act of translation or abridgement as sufficiently transformative or accretive to progress in the arts to warrant intermediate

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(requiring determination, in the context of work alleged to be obscene, of "whether the work, taken as a whole, lacks serious literary, artistic, political, or scientific value").

210. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

211. *Id.*; see also Leval, *supra* note 44, at 1111 (defining transformative use as a use that "adds value to the original — if the quoted matter is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings").

212. *Campbell*, 510 U.S. at 579 (citation omitted).

liability under the proposed regime. However, because of the strong expressive component latent in transformative works and the high potential of transformative works to advance progress in the arts, transformative value should lie at the heart of our calculus in carving out an exception to traditional copyright liability. Both the dictates of the First Amendment and the Copyright Clause warrant explicit assessment of the expressive and progressive value of each use—be it a form of postmodern art, digital sampling, or some heretofore unknown technological manipulation—of copyrighted works.

*b. Moral rights and the potential for market glut.* Under the intermediate liability regime, the public could make transformative uses of copyrighted works with impunity. This raises two critical, and related, concerns. First, the proposal might precipitate a glut of derivative works on the market that would undermine the value, both economically and artistically, of the original works. Second, creators would lose control over the products of their imagination—including the very characters, plotlines, visuals, and semantics that they perceive as extensions of themselves.<sup>213</sup> As Samuelson and Glushko succinctly state, “Authors often regard their writings as expressions of their personalities. Any tampering with their texts may be viewed by such authors as a ‘mutilation’ of the work, as objectionable as if someone had the effrontery to walk up to you and cut your hair without your permission.”<sup>214</sup>

The effective functioning of the section 115 compulsory mechanical license<sup>215</sup> over the past century not only diffuses both of these concerns but also illustrates the tremendous social benefit that can accrue from the ability to make unauthorized transformative uses of the copyrighted works of others.<sup>216</sup> Under the existing copyright regime, the creator of

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213. This is, admittedly, one negative byproduct of the proposal endorsed here. However, such a concern is less pressing in an American context than in a European context, where the copyright regime gives more recognition to the moral rights of authors. Given the utilitarian slant of American copyright law (in both theory and origin), such concerns become deflated when weighed against the vital First Amendment interests at stake and the proposal’s ability to advance the creation and dissemination of creative works.

214. Samuelson & Glushko, *supra* note 184, at 257.

215. 17 U.S.C. § 115 (2000).

216. Register of Copyrights, Marybeth Peters, has recently advocated the repeal of the section 115 compulsory license, but that position appears to be a function of recent technological developments in the online digital transmission of music and not a response to the general merits of the compulsory license in the pre-digital era or the arguments being made here. See *Music Licensing Reform: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H.*

the original work holds the exclusive right to reproduce a copyrighted work and to prepare a derivative product based thereon. However, since 1909, music compositions have enjoyed an exception to this rule. Section 115 of the Copyright Act provides that anyone can record a cover version of a copyrighted, non-dramatic musical composition and distribute copies of it.<sup>217</sup> No permission is required from the original composer; a cover artist need only provide the copyright owner or the Copyright Office with notice of her intentions to record a cover song<sup>218</sup> and pay a per-album fee fixed by a copyright arbitration royalty panel.<sup>219</sup> Although full transformative use of musical compositions cannot be made under the statute, cover artists are free to tinker with the composition in order to adapt it to a particular musical genre: “a compulsory license includes the privilege of making a musical arrangement of the work to the extent necessary to conform it to the style or manner of interpretation of the performance involved.”<sup>220</sup> Thus, without any authorization from the original artist, Limp Bizkit can record a thrash-metal version of George Michael’s pop song, *Faith*; Luna a dreamy, lo-fi cover of Guns N’ Roses’s *Sweet Child O’ Mine*; William Shatner a loungy take on Pulp’s alternative rock classic *Common People*; and Dynamite Hack an acoustic folk-rock rendition of NWA’s gangsta rap *Boyz ‘N tha Hood*.

In fact, as the history of modern music has demonstrated, the public, musicians, and the music industry have benefited tremendously from the availability of the compulsory mechanical license. Although Bob Dylan is a remarkable songwriter and musician, there are few who would consider his renditions of *All Along the Watchtower* and *Mr. Tambourine Man*—two songs that he composed and also recorded—superior to the remarkable covers of those songs by Jimi Hendrix and the Byrds, respectively. Hendrix’s version of *All Along the Watchtower* helped launch him into rock’s pantheon; it also secured the place of Dylan’s composition in rock history. The availability of a section 115 license therefore enabled Hendrix to expand his popularity and introduced a whole new audience to the works of both Dylan and Hendrix.

Despite its seemingly perennial platform in support of strong copyright protection, the recording industry has ardently supported

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*Comm. on the Judiciary*, 109th Cong. 2 (2005) (statement of Marybeth Peters, Register of Copyrights).

217. 17 U.S.C. § 115(a).

218. *Id.* § 115(b).

219. *Id.* § 115(c).

220. *Id.* § 115(a)(2).

maintenance of the compulsory mechanical license scheme. The music industry's view of the compulsory mechanical license stands in stark contrast to its position on other copyright issues. In hearings before the House Committee on the Judiciary in 1967, the recording industry argued that "performers need unhampered access to musical material on nondiscriminatory terms. . . . [T]he 1909 statute adopted the compulsory license as a deliberate anti-monopoly condition on the grant of [copyright]. . . . They argue that the result has been an outpouring of recorded music, with the public being given lower prices, improved quality, and a greater choice."<sup>221</sup> At the very least, we should ask ourselves whether the same logic might apply to motion pictures, literary works, and other copyrightable subject matter.

On this point, there is also a favorable body of experience. Although the mechanical licensing scheme applies only to musical compositions, the public enjoys unadulterated access to any creative works once the work's copyright term expires. In the United States, almost any work published prior to 1923 has fallen into the public domain and can therefore be used and abused without fear of infringement. Yet, we have not witnessed an avalanche of derivative works that undermine the artistic integrity and vision espoused by these original works. Moreover, the only harm to the commercial market for these original works has stemmed, not from the universal ability to make transformative uses of these works, but because the works can now be slavishly reproduced without running afoul of copyright laws.

According to ardent protectionists such as Jack Valenti, former President of the Motion Picture Association of America,

A public domain work is an orphan. No one is responsible for its life. But everyone exploits it use, until that time certain when it becomes soiled and haggard, barren of its previous virtues. Who, then, will invest the funds to renovate and nourish its future life when no one owns it?<sup>222</sup>

However, the practices of Valenti's own industry undermine the credibility of his claim. Neither the works of Jane Austen nor those of

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221. H.R. DOC. NO. 90-83, at 66 (1967), *quoted in* LAWRENCE LESSIG, *FREE CULTURE* 58 (2004).

222. *Copyright Term, Film Labeling, and Film Preservation Legislation: Hearings on H.R. 989, H.R. 1248, and H.R. 1734 Before the Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary*, 104th Cong. 55 (1995) (statement of Jack Valenti, President and CEO, Motion Picture Association of America) (*quoted in* Tyler Ochoa, *Origins and Meanings of the Public Domain*, 28 U. DAYTON L. REV. 215, 256 (2002)).

William Shakespeare have become soiled or haggard: the interest in their novels and plays continues to thrive and their works continue to enjoy such high popular regard that Hollywood studios have based numerous movies on them. Ultimately, the works of Jane Austen are not any less revered, meaningful, or commercially successful because of Alicia Silverstone's *Clueless*; Shakespeare is none the worse because of the Julia Stiles vehicle, *O*.<sup>223</sup>

Finally, the proposal advanced by this Article would not unilaterally wrest power from the hands of artistic innovators. While the intermediate liability option will diminish the control that creators have in one sense, it will expand control in another sense. Though the ambit of the right to exclude would shrink so that creators could no longer prevent recoding<sup>224</sup> of their copyrighted works, artists would simultaneously enjoy an expanded palette of expressive possibilities, including the right to engage in transformative uses of all existing copyrighted works.

*c. Audience interests in semiotic stability.* According to critics of reform, an expansive transformative-use regime not only threatens the moral rights of artists, it also undermines interests that consumers of copyrighted works have in their sustained integrity. In a provocative article<sup>225</sup> that draws on the work of Landes and Posner,<sup>226</sup> Justin Hughes has cast light upon a latent cost stemming from the dissemination of transformative uses: the harm that copyright audiences suffer when a work loses the stability of its meaning.

To this effect, Hughes first identifies and critiques the literature advocating greater freedom for making transformative uses of

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223. Unauthorized transformative uses of copyrighted works can even reignite the meaning and value of the original works. Take, for example, JibJab's brilliant use of Woodie Guthrie's *This Land Is Your Land* in satirizing George W. Bush and John Kerry during the 2004 elections. See <http://www.jibjab.com/162.html> (last visited November 8, 2005). The satire not only provided both amusement and meaning to millions who saw it but also brought renewed attention to Guthrie's song and his oeuvre. Interestingly, the creators of the satire faced the threat of an infringement suit from the owners of the publishing rights to Guthrie's song. Ultimately, the threats were dropped after, inter alia, the Electronic Frontier Foundation learned that the publisher's copyright in the Guthrie song had likely lapsed and that *This Land* had therefore fallen into the public domain. See Electronic Frontier Foundation, *Music Publisher Settles Copyright Skirmish over Guthrie Classic*, August 24, 2004, available at [http://www.eff.org/news/archives/2004\\_08.php](http://www.eff.org/news/archives/2004_08.php).

224. For a discussion of recoding, see Justin Hughes, 'Recoding' *Intellectual Property and Overlooking Audience Interests*, 77 TEX. L. REV. 923 (1999).

225. *Id.*

226. Landes & Posner, *supra* note 138, at 486-88 (noting the value that consumers may derive from uniformity in cultural icons).

copyrighted works. As Hughes points out, this “deconstructionist” line has emphasized the rights of secondary users, especially minority groups, to access and recode copyrighted work in order to advance interests related to free expression and personhood development.<sup>227</sup> However, in Hughes’s view, such copyright deconstructionists ignore the valuable role that *limitations* on transformative uses play in advancing personhood interests:

[P]utting the focus on the need of some non-owners to recode the cultural object de-emphasizes how much all non-owners rely on that same cultural object having a stable, commonly understood set of meanings. This need for stability exists both for the non-owners who want to recode and for a vast, (literally) silent majority who derive utility from the object’s stable meanings.<sup>228</sup>

Thus, Hughes suggests that the deconstructionist literature has wholly ignored the vast positive social externalities that accrue from preserving the stability of cultural images. As Hughes rhetorically asks, “What justifies concern for the gay artist who wants to print postcards of John Wayne wearing pink lipstick but no concern for the young, heterosexual army recruit who wants to identify with a stable image of John Wayne?”<sup>229</sup>

Though thought-provoking, Hughes’s critique suffers from a fatal flaw: audience interests in stability of meaning are fundamentally different from interests advancing transformative use. In a regime where transformative uses are presumptively not allowed, the expressive interests of those making the transformative use and the personhood interests of those consuming such uses are necessarily suppressed. By contrast, when transformative uses are allowed, the stability of cultural hieroglyphics is not necessarily undermined. Indeed, as Hughes himself concedes,<sup>230</sup> many cultural icons that have fallen into the public domain (and therefore subject to free recoding)—including Shakespeare, the Statue of Liberty, and the Mona Lisa—have retained their core meanings. Moreover, as Mark Lemley points out, audience interests in stable cultural iconography probably apply only to a small subset of

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227. Hughes, *supra* note 224, at 928.

228. *Id.* at 941 (emphasis omitted).

229. *Id.* at 958.

230. “That people need some stability in the meaning of cultural objects does not mean that laws are needed to ensure that stability. Many cultural objects retain stable meanings even when they are unprotected. Examples might be the Statue of Liberty, the *Mona Lisa*, Mount Rushmore, and the Eiffel Tower.” *Id.* at 961.

copyrighted works that have achieved widespread dissemination.<sup>231</sup> Thus, when weighing competing utilities between regimes favoring and restricting transformative uses, it makes sense to err on the side of an expansive right to recode.

To this effect, market competition can best guide the clash between core and fluid meaning and the utilities that they provide. Rather than using artificially granted monopolies to create a static intellectual property semiotic, copyright policy should allow transformative uses to compete against original meanings. In short, if the stability interest in John Wayne's representation of the quintessence of rugged American heterosexuality and morality outweighs the aggregate utility that stems from the recoding of John Wayne's image, the marketplace of ideas will so dictate.

### 3. *Preserving economic incentives for artistic creation and dissemination*

Finally, the adoption of an intermediate liability standard for transformative uses would not undermine the ability of authors to recoup their investment in a work or to earn a reasonable royalty. First, as Pierre Leval notes, "the more the appropriator is using the material for new transformed purposes, the less likely it is that appropriative use will be a substitute for the original."<sup>232</sup> As such, transformative works do not interfere with the rightful economic market of the original copyright creator. This observation recalls the words of the California Supreme Court, which noted in *Comedy III* that "when a work contains significant transformative elements, it is not only especially worthy of First Amendment protection, but it is also less likely to interfere with the economic interest protected by the right of publicity."<sup>233</sup>

Admittedly, content creators would no longer enjoy the windfall that has come from the derivative rights doctrine. However, the intermediate liability standard for transformative uses still enables authors to profit substantially from the commercial exploitation of their creative works. Transformative uses of copyrighted works would no longer constitute infringement; but a copyrighted work could not be appropriated without compensation, as the creator of the copyrighted work from which an

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231. Mark A. Lemley, *Ex Ante Versus Ex Post Justifications for Intellectual Property*, 71 U. CHI. L. REV. 129, 145 (2004).

232. Pierre N. Leval, *Copyright in the Twenty-First Century: Campbell v. Acuff-Rose: Justice Souter's Rescue of Fair Use*, 13 CARDOZO ARTS & ENT. L.J. 19, 22-23 (1994).

233. *Comedy III Prods., Inc. v. Saderup*, 21 P.3d 797, 808 (Cal. 2001).



appropriator draws would, as a default rule, earn half the profits from the commercial exploitation of the transformative end product.<sup>234</sup>

The effect on the incentives to create and disseminate knowledge are likely minimal. Once again, the experience of the compulsory mechanical license is instructive. Section 115 certainly diminishes the rights of musical composers vis-à-vis the rights of other content creators. Under current law, individuals are not free to film their own remake of George Lucas's *Star Wars* or write their own sequel to F. Scott Fitzgerald's *The Great Gatsby*; yet anyone can record and distribute for profit their own interpretation of The Beatles's *Yesterday*, regardless of how odious the cover might seem to Paul McCartney. Indeed, once a musical composer releases a song to the world, she no longer possesses the right to control who can take that song and make it her own. Nevertheless, modern copyright discourse hears little outcry from musical composers about individuals taking their songs, violating the moral rights to their artistic creations, profiting unfairly from the commercial exploitation of their lyrics and music, and grotesquely bowdlerizing the integrity and vision of their works. The suggestion that a musician would withhold public release of his musical composition—because of the knowledge that, under existing law, others can cover the song with impunity—simply does not pass the laughter test. In a similar vein, given the commercial incentives that will still remain for the dissemination of copyrighted works even under the intermediate liability scheme, artists of all stripes will continue to release their material to the public.

#### V. CONCLUSION

As our examination of modern copyright jurisprudence has revealed, the gap between the academy and the courts is not as large as supposed, and the courts have expressed growing concerns over the ever-expanding gamut of intellectual property protections and their potential clash with expressive rights. However, shackled by the fair-use doctrine, courts have been unable to address fully the First Amendment issues inextricably interwoven in the fabric of copyright law. After all, copyrighted works are not just a form of property; they are also the primary means through which modern individuals exercise their expressive rights.

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234. See *supra* notes 194–98 and accompanying text.

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As a result, this Article proposes a new intermediate liability standard that would apply to transformative uses. Such a standard would provide a much needed alternative to the harsh dichotomy of existing law, which forces courts to categorize any use of a copyrighted work as either an infringement—in which case the use is subjected to weighty statutory damages—or a fair use—in which case the use is excused without any liability whatsoever. Early copyright jurisprudence gave special protection to transformative uses since such uses contributed to the underlying goal of the federal copyright system—progress in the arts—and supported expressive rights. By targeting transformative uses, the intermediate liability regime will encourage progress in the arts, rekindle the utilitarian underpinnings of copyright law as envisioned by the Framers, advance the protection of vital free speech interests, and still retain important economic rewards for the creators of copyrighted content.