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Alienability and Copyright Law

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Introduction

Debates about whether and to what extent copyright is a form of property abound in the literature, and remain by and large inconclusive.[1] Structured as a set of 'exclusive rights' that are vested in an author, who the law treats as the 'owner' of those rights, copyright seems to be modelled on the idea and structure of property law.[2] The rhetoric of 'literary property', which accompanied the passage of the first copyright statute, the Statute of Anne, confirms this intuition.[3]

Discussions of copyright law's nexus to property, however, invariably come to revolve around the relationship between copyright's exclusive rights framework and the 'right to exclude', taken to be central to the very idea of property.[4] Exclusion and exclusivity seem to imply an emphasis on control and unilateral decision-making, which copyright scholars routinely accept as translating well from the institution of property to that of copyright. This idea was captured rather prophetically by Justice Oliver

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[1] See, e.g., Shyamkrishna Balganesh, 'Debunking Blackstonian Copyright' (2009) 118 *Yale Law Journal* 1126; Richard A. Epstein, 'Liberty Versus Property: Cracks in the Foundations of Copyright Law' (2005) 42 *San Diego Law Review* 1; Adam Mossoff, 'Is Copyright Property' (2005) 42 *San Diego Law Review* 29.

[2] 17 USC § 106 (2002).

[3] Mark Rose, *Authors and Owners: The Invention of Copyright* (Cambridge, MA: Harvard University Press, 1993).

[4] For the general connection between property and the right to exclude: see Thomas W. Merrill, 'Property and the Right to Exclude' 77 *Nebraska Law Review* (1998) 730; Shyamkrishna Balganesh, 'Demystifying the Right to Exclude: Of Property, Inviolability, and Automatic Injunctions' (2008) 31 *Harvard Journal of Law & Public Policy* 593; Lior Jacob Strahilevitz, 'Information Asymmetries and the Right to Exclude' (2006) 104 *Michigan Law Review* (2006) 1835.

Wendell Holmes, Jr, who famously observed that '[t]he notion of property … consists in the right to exclude others from interference with the more or less free doing with it as one wills' but that in copyright, property's notion of '[t]he right to exclude is not directed to an object in possession or owned, but is in vacuo, so to speak'.[5] Despite his concession that copyright law's conception of property operates rather differently from that of tangible property, his fundamental basis for the copyright–property analogy originated in the idea of exclusion, and in its being common to both institutions. This tradition today informs most analyses of the copyright–property interface in the United States.

The uni-dimensional focus on exclusion and its contribution to copyright's basic legal architecture has had the effect of directing attention away from other equally important analytical overlaps between copyright and property. Foremost among these is the idea of *alienability*. An essential attribute of ownership, alienability refers to the transmissibility or transferability of whatever forms the object of the property right in question (that is, of the *res*). The power of the owner, the property right-holder, to alienate the object and any rights over it is taken to be a critical component of the bundle of rights that ownership is thought to constitute. Indeed, there are even instances where the absence of such a power (or the inalienability of the right) is taken to imply that the interest in question is not a property right at all.[6] Despite this reality, the idea of alienability has received comparatively little sustained analysis among property theorists.[7] It is therefore hardly surprising that copyright scholars focusing on the copyright–property interface have also focused their attention elsewhere.

Yet alienability as a concept is hardly orthogonal to the structure of copyright and its normative edifice. Ever since its inception, there has remained little doubt that the rights granted by copyright could be assigned or traded away by their original recipients.[8] Indeed, scholars have noted how this was in some ways central to the process by which the first copyright statute came into existence. Publishers supported vesting copyright in authors only because they believed they might be able to acquire these rights in some way or form through the market in due

[5] *White Smith Music Publishing Co.* v. *Apollo Co.*, 209 US 1 at 19 (1908).
[6] Margaret Jane Radin, 'Market-Inalienability' (1987) 100 *Harvard Law Review* 1849 at 1890.
[7] Lee Anne Fennell, 'Adjusting Alienability' (2009) 122 *Harvard Law Review* 1403 at 1405.
[8] Statute of Anne 1710, 8 Anne cl. 19, §II.

course.[9] Over the course of its existence then, and right from its birth, copyright law has had to confront the question of alienability – whether of its own structure of rights or of its various manifestations – in one form or another. And as is to be expected, each of these confrontations made fairly important structural alterations to the content and functioning of the various rights constitutive of copyright.

This chapter examines the interaction between copyright and the concept of alienability to show that it holds important structural and normative lessons for our understanding of the nature of the copyright entitlement, and its limitations. My use of the word 'interaction' is deliberate here, since my focus is not just on the question of whether and how inalienability restrictions internal to copyright doctrine motivate our theoretical understanding of copyright and its allied rights (for example, moral rights), a project that others have focused on previously.[10] The chapter will instead attempt to understand how the copyright entitlement has addressed the basic common law principle (underlying the idea of property) that free alienability ought to remain a default, even if that principle originates outside the domain of copyright doctrine.

More specifically, I look at the interaction in three contexts involving the copyright entitlement, each of varying functional amplitude. The first context involves the rather straightforward manifestation of alienability in copyright's core apparatus, its exclusive rights. While the law has always allowed for alienability here, we see interesting debates about the forms in which such alienability may manifest itself. The second context involves the physical manifestation of the copyright entitlement, that is the chattel in which it is embodied, and the restrictions that copyright may (or put more precisely, may not) impose on its alienability. Much of this interaction is contained in the origins of the 'first sale' doctrine, which emanates from the law's fundamental protection of the basic alienability of the physical embodiment.[11] The third context involves a narrower dimension of the copyright entitlement, namely its conferral of the right to sue for infringement on its holder. In this manifestation, copyright bears a close resemblance to an ordinary actionable claim, which introduces a host of

[9] Rose, *Authors and Owners*, p. 42.

[10] See, e.g., Neil Netanel, 'Copyright Alienability Restrictions and the Enhancement of Author Autonomy: A Normative Evaluation' (1993) 24 *Rutgers Law Journal* 347; Neil Netanel, 'Alienability Restrictions and the Enhancement of Author Autonomy in United States and Continental Copyright Law' (1994) 12 *Cardozo Arts & Entertainment Law Journal* 1.

[11] 17 USC § 109(a) (2008).

additional considerations from debates over the alienability of actionable claims into our understanding of the copyright entitlement. Each of these interactions between copyright and the idea of alienability has played an important role in defining the scope of copyright's peripheries as a functional matter. Additionally though, by telling us what copyright is not, they hold important conceptual and normative lessons for what copyright actually is, which this chapter will attempt to unravel.

The chapter unfolds in three sections. Section one will begin with a brief overview of alienability's role in property, and the idea of market inalienability. Section two then moves to understanding the interaction between copyright and alienability at three different levels: in terms of its exclusive rights, through its possible restrictions on the physical embodiment, and in its manifestation as an actionable claim. Finally, section three tries to extract a few important analytical and normative lessons for copyright that flow from these interactions.

1 Property, alienability and inalienability

Speaking of the connection between property and alienation, Sir William Blackstone famously observed that 'property best answers the purposes of civil life, especially in commercial countries, when its transfer and circulation are totally free and unrestrained'.[12] This principle was to soon become a basic tenet of the common law of property, wherein restraints on the free alienability of both personal and real property are routinely disfavoured. Free alienability thus emerged as a bedrock idea and attribute of ownership. Property theorists routinely identify it as an essential component of the institution. Tony Honoré in his essay on ownership identifies alienability as a standard incident of ownership,[13] and Richard Epstein describes it as one of three identifying features of private property.[14]

Alienability is, however, more than just a descriptive reality of property and ownership. It is additionally believed to be normatively justifiable, especially in libertarian and utilitarian terms. The idea of free alienability comports with the owner's basic autonomy. If property is about the owner's 'despotic dominion' over an object, which in turn manifests itself in

[12] William Blackstone, *Commentaries on the Laws of England* 4 vols. (Oxford: Clarendon Press, 1765–9) vol. II, p. 287.

[13] Tony Honoré, 'Ownership' in Tony Honoré, *Making Law Bind: Essays Legal and Philosophical* (New York: Oxford University Press, 1987), pp. 161, 170–1.

[14] Richard A. Epstein, 'Why Restrain Alienation?' (1985) 85 *Columbia Law Review* 970 at 971.

the idea of exclusion, such dominion becomes operationally meaningless unless the owner has the right and the ability to disentangle himself or herself from the object.[15] Alienability is also thought to be efficiency- (and by implication, welfare-) enhancing, in the utilitarian understanding.[16] In this understanding, alienability allows resources to be put to their most efficient use through market trades, and impediments to such trades are treated as 'inefficient constraints'.[17]

The real puzzle in relation to alienability is, however, to be found in its converse, the idea of inalienability. At its simplest, inalienability refers to the phenomenon under which certain objects or rights are prohibited from being traded on the open market or exchanged freely. The prohibition may be in whole or in part, generalized or contextual.[18] The puzzle that this presents then is explaining why, despite the law's default in favour of free alienability, there are innumerable contexts wherein inalienability rules dominate. From one point of view, these situations represent an understanding that the rights that people have over these objects are not property rights *strictu sensu*, while from another they remain property rights, but weak variants of the same.[19] Scholars have over the years offered a wide variety of justifications for such inalienability restrictions. Some are intrinsic to the *res* in question, while others are extrinsic or instrumental in their character.

Beyond this, however, the alienability–inalienability debate plays an important *constitutive* role in debates about the idea of property. When an interest is rendered inalienable by a legal rule, it can either be treated as a non-proprietary interest or as a form of property, but with special attributes. Few scholars, mostly property dogmatists or essentialists, adopt the former argument. Adopting the latter as opposed to the former approach, however, requires conceding that property interests can exist in varying forms, that is with differing degrees of alienability. Margaret Radin characterizes such an approach as a 'pluralist' one.[20] Limited inalienability, in such an understanding, need not be seen as detracting from an entitlement's structure as a form of property. It derives instead from normative considerations that are integral to the entitlement, but are only ever realized indirectly. In this constitutive role then, inalienability

[15] Blackstone, *Commentaries*, p. 2; Epstein, 'Why Restraint Alienation?' 971.
[16] Epstein, 'Why Restrain Alienation?' 971–2.
[17] Susan Rose-Ackerman, 'Inalienability' (1985) 85 *Columbia Law Review* 931 at 931.
[18] Radin, 'Market-Inalienability' 1852.
[19] *Ibid*. 1890. [20] *Ibid*.

brings to the surface analytical and normative considerations underlying an institution (and its entitlement structure) that would have otherwise gone unnoticed, thereby allowing for a richer account of the entitlement and its justification. An example will help sharpen this point.

Most common law jurisdictions recognize the concept of moral rights in their copyright laws, and almost all of them disallow the transfer or alienation of these rights.[21] Yet several countries, the USA included, allow a creator to waive his or her moral rights in favour of another party, and place no restriction on such waivers being compensated, that is operating as a commercial trade.[22] Moral rights are in this sense partially inalienable as a conceptual matter, and can be contrasted with rights such as fundamental rights (for example, the right to life or free speech) that are completely inalienable in that they cannot even be waived contractually. Despite this partial inalienability, moral rights are sometimes described as property rights that are capable of being 'owned' by creators.[23] Market considerations are thus hardly anathema to their functioning. Yet the limited inalienability that they exhibit tells us something about their structure, and perhaps most importantly about the confluence of normative considerations that seem to motivate their very existence. By allowing them to be traded only when the creator is a party to the trade, the law does not just seem to be endowing these rights only with autonomy- and personality-based considerations. It can additionally be seen as promoting a more targeted utilitarian goal, where the welfare of the creator is prioritized over that of society more generally. Their limited alienability in this sense highlights the possibility that simplistic accounts of such rights as being motivated entirely by deontological considerations may indeed be incomplete.

This is precisely what a focus on copyright law's domains of alienability and inalienability can do for our understanding of its entitlement structure. Over-simplified analogies (of copyright) to real property have all too often produced expansive doctrinal changes and come at great social cost. Recognizing – through an analysis of alienability – that the idea of property is itself pluralistic[24] will go some distance to injecting a

[21] Mira Sundara Rajan, *Moral Rights: Principles, Practice and New Technology* (New York: Oxford University Press, 2011); 17 USC § 106A(e) (2012).

[22] 17 USC § 106A(e)(1) (2012).

[23] 17 USC § 106A(e)(2) (2012).

[24] For a recent account, see Hanoch Dagan, 'Inside Property' (2013) 63 *University of Toronto Law Journal* 1.

degree of nuance into any reliance on property metaphors and analogies in copyright thinking.

2 The copyright–alienability interaction

Free alienability remains an important principle of common law property, and artificial restrictions on alienability are routinely frowned upon. Yet free alienability need not imply absolute alienability. There remain numerous contexts in which the law either allows, or indeed imposes, restrictions on the domain of an entitlement's alienability. While this certainly does not imply that the entitlement somehow becomes inalienable as such, it does in the process shed light on the analytical structure of the entitlement and its normative values. So it is with copyright too. While copyright is, by default, an alienable entitlement, it does confront the idea of inalienability, and the common law's disapproval of restraints on free alienation, in its different functional manifestations.

2.1 The alienability of copyright's exclusive rights

Ever since its origins, copyright's basic structure of exclusive rights has been considered freely alienable.[25] Under US law, as it stands today, the owner of copyright in a work is free to assign it away either in whole or in part, effectively converting the assignee into the new owner.[26] Yet this was not the case prior to 1976. Under the US Copyright Act of 1909, a copyright owner could only ever alienate the set of statutory exclusive rights granted *as a whole*.[27] In other words, the owner was not free to divide them up and transfer them to others individually. This was known as the doctrine of 'indivisibility', and it originated in the English case of *Jeffreys* v. *Boosey*, where the House of Lords emphasized that copyright by principle was 'one and indivisible'.[28] The primary reason for the doctrine was the belief that allowing an owner to divide up the bundle of rights and alienate them independently could result in a defendant being subject to a multiplicity of lawsuits – from different owners – for a

[25] Rose, *Authors and Owners*, pp. 42–3; US Copyright Act of 1790, § 1, 1 Stat. 124 (1790).
[26] 17 USC §201(d) (2005).
[27] Melville B. Nimmer and David Nimmer, *Nimmer on Copyright*, 11gs. (Menands: Matthew Bender, 2012), vol. III, §10.01.
[28] *Jeffreys* v. *Boosey* [1854] 10 ER 681 at 703.

single action.[29] Indivisibility thus gave rise to a unitary conception of the copyright entitlement and its proprietary nature.

The Copyright Act of 1976 abolished the doctrine of indivisibility and effectively replaced it with a principle of infinite divisibility.[30] Not only did it permit each of copyright's enumerated rights to be individually alienated, but it also permitted idiosyncratic sub-rights to be created from the enumerated rights and alienated/assigned independently as well.[31] The idea behind this move was to give copyright owners greater bargaining power vis-à-vis intermediaries and publishers. Scholars have noted how this move contributed to the fragmentation of the copyright entitlement.[32] The assignee of each right or sub-right was treated as the 'owner' of that particular right, and given independent standing to commence a lawsuit for infringement.

Leaving aside the policy concerns motivating the change, however, the move away from a unitary conception of the copyright entitlement has arguably resulted in an important and hitherto underappreciated conceptual alteration to copyright as well. The indivisibility-motivated approach spoke of one copyright and one owner of such copyright, whose interests the system was directed at preserving and protecting. The new approach allows for multiple owners of the rights constitutive of copyright, and looks to protect each of their interests against the defendant's specific actions. It may be true, as David Nimmer points out, that the new approach does not simplistically treat each right as a new copyright in the work, there still being only one copyright in the work.[33] Yet, it modifies our understanding of copyright by converting it into what he describes as a 'label for a collection of diverse property rights'.[34] As an analytical matter, the process had copyright law move its focus from the object being protected to the precise form and context of such protection more directly. Copyright law in the process moved from performing the constitutive role of describing the contours of the author's interest to taking that interest as a pre-determined given and focusing on a framework for protecting its various manifestations – characteristic of changes seen in the move from property to tort.[35]

[29] Nimmer and Nimmer, *Nimmer on Copyright*, vol. III, §10.01[A].
[30] *Ibid*. §10.02. [31] 17 USC § 201(d)(2) (2012).
[32] Molly Shaffer Van Houweling, 'Author Autonomy and Atomism in Copyright Law' (2010) 96 *Virginia Law Review* 549 at 561.
[33] Nimmer and Nimmer, *Nimmer on Copyright*, vol. III, §10.01[A].
[34] *Ibid*. §10.01[A].
[35] Shyamkrishna Balganesh, 'Property Along the Tort Spectrum' (2006) 35 *Common Law World Review* 135; Shyamkrishna Balganesh, 'Quasi-Property: Like, But Not Quite Property' (2012) 160 *University of Pennsylvania Law Review* 1889.

A characteristic feature of property institutions and regimes is that they mediate their signal (usually an exclusionary one) through an object, the thing (or the *res*).[36] This is in contrast to tort or liability regimes that as a structural matter focus more on the actions and their effects rather than an identifiable object. Henry Smith captures this distinction well and notes that tort law takes the action as its basic unit of analysis, and that whereas 'property gives the owner a general right to repel invasions (of an open-ended variety); the more purely tort perspective scrutinizes each particular invasion (or conflicting activity) and announces which ones are impermissible and which ones are permissible'.[37] I have elsewhere described liability regimes that seek to simulate property's exclusionary core as 'quasi-property' interests.[38] Yet the basic point remains the same: tort law (or put more broadly, liability regimes) focuses on the granular actions, usually of an actual or putative defendant – even when their goals are similar to those of property regimes. Copyright's move from alienability as a whole (that is, the unitary conception) to idiosyncratic alienability seems to map onto this distinction rather well. Whereas in the former, the regime's focus was the 'work' and a single copyright in the work, in the latter it seems to be the rights held by actors, which are in turn defined in terms of the actions that they enable and disable. For instance, the exclusive right to distribute a literary work in paperback enables its owner to so distribute the work in the specified form, and simultaneously disables all others from doing so without permission from the owner of that right.

The move from owning a copyright to owning specific rights collectively constitutive of copyright is thus of some conceptual significance, and reveals a shifting emphasis in the law. Even though the law continues to speak of an 'owner' for each right, rather than just a holder, the move arguably dilutes the regime of its singular focus on the thing-ness of the copyright in question.

2.2 The alienability of copyright's physical embodiment

Among the different rights that copyright grants to a creator is the exclusive right to distribute the work.[39] Such distribution can, however, come

[36] James Penner, *The Idea of Property in Law* (New York: Oxford University Press, 2000), pp. 71–2.
[37] Henry Smith, 'Modularity and Morality in the Law of Torts' (2011) 4 *Journal of Tort Law* 14.
[38] Balganesh, 'Quasi-Property'.
[39] 17 USC § 106(3) (2002).

in different forms. One such form involves distributing a physical asset, that is a chattel that embodies the expressive work protected by copyright. In distributing a novel, a bookseller is thus effectively distributing the expressive content embodied in the novel. Assuming that the content was under copyright, a distribution of the novel would seem to infringe the exclusive right to distribute the work that the copyright owner was granted. If the exclusive right to distribute the work were expansively construed in this fashion, it would in effect place a restraint on what owners of a chattel could do whenever the chattel contained copyrighted expression. The owner of a book, lawfully acquired at a bookstore, would be violating the author's copyright when he/she sought to sell or give it to someone else.

On the face of things then, the plain reading of the distribution right runs up against the idea that all tangible property remains freely alienable, an idea that applies to both realty and chattels. The distribution right would not just restrict the forms or types of alienation that a chattel could be subjected to, but would effectively eviscerate such chattels (that is, those embodying copyrighted works) of all alienability. To solve this conflict, a doctrine known as the 'first sale doctrine' emerged, which exempts transfers of the chattel containing the work from infringement, if the transferor obtained the original copy (embodied in the chattel) lawfully.[40] Codified today, it thus permits 'the owner of a particular copy' that is 'lawfully made' under the statute 'to sell or otherwise dispose of the possession of that copy' without liability for infringement.[41]

Nimmer points out that the idea behind the first sale doctrine is to prevent copyright's distribution right from becoming 'a device for controlling the disposition of the tangible personal property that embodies the copyrighted work'.[42] Avoiding restraints on trade and alienation thus motivated the origins of the first sale doctrine in large measure. Without the first sale doctrine, the distribution right would operate as a legal or equitable servitude on the chattel, both of which are generally disfavoured in the common law.[43]

The principle of free alienability and the law's disfavour of restraints on alienation thus operate as external constraints on the shape of the

[40] Nimmer and Nimmer, *Nimmer on Copyright*, vol. II, §8.12.
[41] 17 USC § 109(a) (2008).
[42] Nimmer and Nimmer, *Nimmer on Copyright*, vol. II, §8.12[A].
[43] Zechariah Chafee, Jr, 'Equitable Servitudes on Chattels' (1928) 41 *Harvard Law Review* 945 at 1007.

copyright entitlement. Copyright's exclusive right to distribute the work thus appears to take a subordinate place to the right to freely alienate the physical resource that the owner of the chattel-embodiment is granted. It is important to appreciate that it is not simply that the chattel owner's property rights override copyright's exclusive rights, since there are indeed numerous contexts where copyright's set of exclusive rights is allowed to place restrictions on what the chattel owner can do. For instance, the copyright holder's exclusive right to reproduce the work, or to publicly perform it, place rather significant restrictions on what the chattel owner can do when the chattel embodies the protected work.[44] The first sale doctrine has no applicability in that context, since no 'sale' is implicated. It is only the chattel owner's right to freely alienate the chattel that the copyright entitlement is prohibited from interfering with.

On deeper examination though, the law's seeming preference for the free alienability of the chattel over the copyright owner's exclusive right to distribute and control the work remains largely superficial. The first sale doctrine is structured as an exception to infringement, rather than an affirmative entitlement as such. In other words, the law might have achieved the same functional result by implying a non-exclusive licence to distribute the work in any lawful owner of the physical embodiment; yet it chose not to. The effect of such a presumption would have been the same as the first sale doctrine, but it would have clothed the avowed preference for free alienability in a licence rather than a defence. The good faith purchaser doctrine, or the doctrine of the 'good faith purchaser for value', has long been central to the free alienability of physical chattels.[45] Under this rule, the purchaser of a chattel obtains title to it even when the seller's title is voidable, as long as the purchaser acted in good faith and without knowledge of the underlying taint.[46] The doctrine emerged in an effort to aid commercial transactions, and avoid burdening them with the costs of having to examine the legality of a chain title backwards in time during each successive alienation. It acted, in other words, as support for the principle of free alienability.

Yet the first sale doctrine contains no analogue to the good faith purchaser rule. As currently structured, a valid invocation of the first sale

[44] 17 USC § 106(4) and (5) (2002).

[45] Grant Gilmore, 'The Commercial Doctrine of Good Faith Purchase' (1954) *Yale Law Journal* 1057.

[46] *Ibid*. 1057–62.

doctrine is contingent on the first copy of the work being 'lawfully made' in compliance with the copyright statute.[47] When the first copy is tainted – for example by being unauthorized – its taint affects all subsequent owners of the copy, regardless of their good faith or lack of knowledge as to this taint. Thus, if a publishing house were to infringe an author's work, print a thousand copies of a work, and succeed in selling them to innocent buyers at bookstores, every subsequent sale by an innocent buyer would qualify as an infringement of the distribution right. In other words, every good faith purchaser risks becoming an infringer, since everything depends on the legality (that is lawfulness) of the first copy.

Indeed, the US Supreme Court reaffirmed this position in a very recent decision, where it was called upon to interpret the true scope of the phrase 'lawfully made', on which the legality of a first sale turns under the Act of 1976.[48] The Court concluded that the phrase suggested 'an effort to distinguish those copies that were made lawfully from those that were not' in order to serve copyright's objective of 'combatting piracy'.[49] By disallowing piratical copies from being sold, even when obtained in good faith or innocently, copyright law is today seen to be furthering its 'traditional' objectives,[50] even though as a historical matter early US copyright law excused sellers from liability for good faith sales of infringing copies, that is, when done unknowingly.[51]

An implied licence-based approach would have solved this problem. By having the lawfulness of distribution follow the lawfulness in the alienation of the physical embodiment – rather than the lawfulness of the original act of copying, purchasers without notice of the original illegality, and thereafter seeking to alienate the physical embodiment in good faith, would remain unaffected. Put simply, current copyright law's allowance for the free alienability of the physical chattel seems to stop if the first copy was an unauthorized one; at which point it reverts to encumbering all subsequent alienations with possible illegality – quite contrary to the common law's basic ideal as manifested in the good faith purchaser doctrine.

The conceptual lesson from this particular confrontation between copyright and the principle of alienability is somewhat indirect. On the

[47] 17 USC §109(a) (2008).

[48] *Kirtsaeng* v. *John Wiley & Sons, Inc.*, No. 11-697, 2013 U.S. LEXIS 2371 (19 March 2013).

[49] *Ibid*. 20. [50] *Ibid*.

[51] R. Anthony Reese, 'Innocent Infringement in US Copyright Law: A History' (2007) 30 *Columbia Journal of Law and the Arts* 133 at 160.

face of things, copyright law and its entitlement structure seems to show great respect for the common law's ideal of free alienability in relation to physical chattels. Yet this respect is somewhat limited, for it fails to fully internalize the scope and contours of the common law ideal. In some ways, copyright law's choice of not granting every good faith purchaser of a copy of the work an implied, non-exclusive licence to distribute the work by further sale, is perhaps an indication that copyright law is seeking to preserve the autonomy of the copyright owner to choose that such licences be obtained through the market. The copyright owner's ability to alienate the entitlement (or a part of it) is thus in practice better protected than the chattel owner's right of free alienability.

2.3 The alienability of copyright's right to sue

As an analytical matter, the copyright entitlement is structured as a grant of exclusive rights over the work (to reproduce, distribute, perform, and so on) to the author.[52] The entitlement is then rendered enforceable by empowering the holder of these rights with the power to commence an action against others for interferences with these rights – which copyright law treats as an infringement. Technically speaking, this power (or right) to sue for infringement is not a part of the enumerated bundle of rights conferred on the copyright holder; yet it is integral to copyright's very functioning, since without it the exclusivity promised by the entitlement is potentially meaningless.

Unlike tangible (that is physical) resources, the subject matter of copyright – expression – is a non-rival resource. This means that multiple, simultaneous uses of the resource are possible without interfering with one another. Now when a copyright holder is granted the 'exclusive' right to perform certain actions in relation to expression, this exclusivity – as a functional matter – depends entirely on the legal regime for its validation. In other words, the exclusivity that copyright law promises authors is one of pure *de jure* significance rather than one where a de facto reality is converted into a *de jure* reality by operation of law (as it is in relation to tangible objects).[53] This *de jure* significance in turn emanates from copyright's grant of the right to commence an action for infringement on

[52] 17 USC § 106 (2002).

[53] T. Cyprian Williams, 'Property, Things in Action, and Copyright' (1895) 11 *Law Quarterly Review* 223 at 232.

owners. The right to sue for infringement thus sustains copyright's bundle of exclusive rights, even though it is not an internal part of it.

Despite the centrality to copyright of the right to sue, it remains an open question whether it is capable of being alienated (that is assigned) in the same way as copyright's other exclusive rights. The prevailing consensus, in the USA at least, is that copyright's bare right to sue is incapable of being alienated, independent of any of the exclusive rights enumerated by the statute.[54] While the inalienability of copyright's bare right to sue is often justified by reference to the structure of the copyright statute and its purposes, at least part of the reason, one suspects, derives from the common law's historic discomfort with the alienability of actionable claims.[55]

Early in its development, and right until the nineteenth century, the common law viewed actionable claims, or 'choses in action', as incapable of being freely assigned.[56] This position was motivated in large part by the belief that litigation was an evil worthy of being avoided, and allowing third parties to acquire and continue litigation that they were not directly involved in served no social purpose whatsoever.[57] In due course, this belief came to be relaxed, with the law eventually drawing a distinction between personal and non-personal claims and allowing assignments of the latter though not of the former.[58] While a host of non-personal claims are today treated as freely alienable by the law, copyright claims remain inalienable. I have elsewhere suggested that this rule is deeply flawed and fails to capitalize on the important role that third parties can play in helping the copyright system realize its core objectives.[59] The inalienability of copyright claims, however, also sheds important conceptual light on the structure of the copyright entitlement, at least as perceived by the system.

[54] *Silvers* v. *Sony Pictures*, 402 F.3d 881 (9th Cir. 2005); *Eden Toys* v. *Marshall Field & Co.*, 675 F.2d 498 (2d Cir. 1982); *Righthaven* v. *Democratic Underground*, 791 F.Supp.2d 968 (D. Nev. 2011).

[55] Courts premise their holdings largely on the structure of the Copyright Act and Congress' objectives in enacting it. See, e.g., *Silvers*, 402 F.3d at 885–887.

[56] W. S. Holdsworth, 'The History of the Treatment of "Choses" in Action by the Common Law' (1920) 33 *Harvard Law Review* 997; James Barr Ames, 'The Disseisin of Chattels III: Inalienability of Choses in Action' (1890) 3 *Harvard Law Review* 23.

[57] Ames, 'The Disseisin of Chattels III' 339.

[58] Anthony J. Sebok, 'The Inauthentic Claim' (2011) 64 *Vanderbilt Law Review* 61 at 74.

[59] Shyamkrishna Balganesh, 'Copyright Infringement Markets' (2013) 113 *Columbia Law Review* (forthcoming).

Underlying the inalienability of copyright claims is the belief that as an analytical matter, copyright's exclusive rights over (and relating to) its *res*, original expression, are somehow different from the right to ensure such exclusivity through private enforcement. Copyright's right to sue is thus taken to be of little analytical significance when disconnected from copyright's other exclusive rights. This understanding tracks the historic distinction that scholars made to justify the inalienability of choses in action, namely between transfers of the *res* of a property right and transfers of the right to exclude that constituted the property right.[60] According to this argument, best articulated by James Barr Ames, whereas the former (that is the exclusive rights to the *res*) could be alienated, the latter (that is the right to exclude others from it) was a mere 'chose' and incapable of being transferred since it was based on a right–duty relationship that was personal, and implicated individuals.[61] Only through the consent of all the individuals involved, then, could such a transfer come about. Ames characterized this rule of inalienability as a 'principle of universal law'.[62] Yet as later Legal Realists such as Walter Wheeler Cook pointed out, Ames' argument rested on a dual understanding of the idea of a transfer.[63] By noting that only the *res* and not its surrounding relationships could be transferred, Ames was referring to the physical delivery of the *res* and no more. Yet even when the *res* of a property right is transferred, rights do indeed get transferred even though they are not physically delivered, so to speak.[64] The transfer operates by extinguishing the first set of relationships and recreating a second one in its image. If it could happen during outright transfers of the *res*, then why should it not be allowed during alienations of the right to exclude, independent of the *res*, that is as a chose? As Cook thus concluded: 'it does not seem possible to recognize that the transfer or assignment of a chose in action involved anything fundamentally different from what is involved in a transfer of a chose in possession.'[65] In due course, therefore, the rule of inalienability came to crumble, as its analytical foundations were shown to be baseless.

The distinction between the right to possess the *res* and the right to exclude others from the *res* that informed the rule of inalienability becomes ever more tenuous when we move to copyright. The exclusive

[60] Ames, 'The Disseisin of Chattels III' 339–40.
[61] *Ibid*. 339. [62] *Ibid*.
[63] Walter Wheeler Cook, 'The Alienability of Choses in Action' (1916) 29 *Harvard Law Review* 816 at 817.
[64] *Ibid*. 817–18. [65] *Ibid*. 817.

rights that copyright grants an owner are not exclusive possessory rights of the kind that real property gives owners. They are instead rights that operate by disabling others from performing certain actions.[66] Copyright's rights become exclusive, owing to the non-rivalrous nature of expression, only when they impose correlative duties on all others. Given this reality, it should mean, going by Ames' logic, that copyright's exclusive rights can never be transferred. And yet such alienability has existed ever since copyright's inception.

The alternative position that this leads us to, however, is the possibility that the copyright entitlement as a whole – even in relation to its exclusive rights – is nothing more than a chose in action, given its dependence on the right–duty relationship as an analytical and functional matter. Indeed, prominent lawyers and scholars adopted this position in their analysis of copyright towards the end of the nineteenth century. Copyright's entitlement was thus understood by some to be 'a right to a duty of forbearance' that 'merely imposes a restriction on others' freedom of action'.[67] Conveying nothing of a possessory nature, but a mere entitlement to prevent others from acting, it could only be rendered functional 'by action against infringers' and was thus taken to be analogous to a 'thing in action'.[68]

In due course, as choses in action came to be understood as freely alienable, and as being associated largely with contractual debts, scholars moved away from this position, perhaps for functional reasons. Yet the core analytical insight remains just as true now as it was then. Ironically then, copyright law's continuing reluctance to allow its right to sue to be freely alienated or assigned (in the USA, at least) reveals important analytical details about its core structure of exclusive rights, and the possibility that, strictly speaking, it remains no more than a mere actionable claim, even if alienable in its unmatured form.

3 Lessons: the myth of thing-ness in copyright

Copyright's interaction with the principle of alienability in different contexts is highly illuminative of its core architecture and functioning. Simplistic characterizations of copyright as just another property regime,

[66] Shyamkrishna Balganesh, 'The Obligatory Structure of Copyright Law: Unbundling the Wrong of Copying' (2012) 125 *Harvard Law Review* 1664 at 1669.
[67] Williams, 'Property, Things in Action, and Copyright' 232.
[68] *Ibid*.

coupled with an extensive reliance on real property metaphors and analogies to understand and operationalize its principal concepts and devices, has all too easily prevented much detailed analysis of copyright's basic analytical structure.[69] From the interactions described in the previous section, I identify a few important (and interrelated) structural lessons that may be drawn about copyright.

Copyright's rejection of the unitary conception of the entitlement bundle, its acceptance of the principle of infinite divisibility, and its reluctance to allow anything other than its core set of enumerated exclusive rights to be alienated suggest a richer account of copyright's *res* that it simulates its exclusionary regime around. The standard property analogy assumes that copyright's object, analogous to tangible property's 'thing', is manifested in the original expression that the regime is directed at protecting. In its standard setting, property operates by giving an owner a set of exclusive possessory privileges in relation to a thing, with those privileges being protected by an exclusionary right, that is the oft-referenced right to exclude.[70] Since copyright's subject matter is an intangible, that is expression, the privileges that it grants an owner are not possessory at all – yet they nonetheless are exclusive. Instead of operating in the realm of possession, the exclusivity relates to the performance of certain specified actions in relation to the expression. And as noted earlier, since expression remains non-rival, this exclusivity must of necessity come about by disabling or forbidding similar actions by others.

What this points to then is that copyright's core emphasis lies not in the identification of a thing (or *res*) along the lines of traditional property regimes, but instead in a focus on specific actions that are in turn thought to be equivalent (though not identical) to the possessory privileges granted to owners of tangible resources. Henry Smith describes this distinction as one between 'exclusion-' and 'governance-' based approaches to delineating property rights in intangibles.[71] While this is true, I think it also highlights an important move in copyright law beyond the move away from exclusion, namely the fusion of the ideas of *exclusion* and *exclusivity*. Exclusion refers to the power and/or act of excluding others from an identifiable object, whereas exclusivity focuses

[69] Neil Weinstock Netanel, *Copyright's Paradox* (New York: Oxford University Press, 2008); Balganesh, 'Debunking Blackstonian Copyright'.

[70] James W. Harris, *Property and Justice* (New York: Oxford University Press, 2002), p. 63.

[71] Henry Smith, 'Exclusion versus Governance: Two Strategies for Delineating Property Rights' (2002) 31 *Journal of Legal Studies* 453; Henry Smith, 'Intellectual Property as Property' (2007) 116 *Yale Law Journal* 1742.

on an owner's control over the resource as it affects others.[72] The two are related, but operate in different ways. Exclusion need not entail exclusivity, and conversely, exclusivity need not be protected by exclusion. In relation to standard real property rights, the two of course go together: the owner has a set of exclusive use privileges in a resource, protected by a right to exclude others from the said resource. In recent work, Larissa Katz has argued that whereas exclusion focuses on identifying and protecting the boundaries of the protected object, exclusivity refers to the agenda-setting control that the owner has over such object, analogous to 'sovereignty'.[73]

In relation to traditional tangible resources, exclusion and exclusivity operate differently in so far as the obligations that they impose on everyone other than the owner. Exclusion entails the imposition of a duty of forbearance (or a duty of inviolability) from the identified thing on others; whereas an owner's exclusivity in possession operates as a privilege that allows and enables the owner to do what he/she chooses to with the resource without others being endowed with analogous privileges (that is the so called sole agenda-setting authority).[74] The power to set the agenda for a resource is thus an affirmative enablement, unlike the simple imposition on others of an obligation to stay away from a resource. What is thus crucial to appreciate is that in relation to tangible resources, exclusion operates as a negative liberty while exclusivity operates as a positive liberty.[75]

When we move to copyright, however, as an analytical matter, both exclusion and exclusivity operate as negative liberties. Since possession is theoretically and practically impossible and the subject matter in question is non-rivalrous, the exclusivity only ever relates to a specified set of actions in relation to protected expression over which the owner is given an exclusive privilege. Yet since these privileges are perfectly capable of being exercised by multiple individuals simultaneously without interfering with one another, the exclusivity must be realized through a form of forbearance that essentially tracks the form of forbearance seen in relation to exclusion. But since there is no possessable thing that forms

[72] Larissa Katz, 'Exclusion and Exclusivity in Property Law' (2008) 58 *University of Toronto Law Journal* 275 at 290.

[73] *Ibid*.

[74] Balganesh, 'Demystifying the Right to Exclude' 611–14.

[75] See generally, Isaiah Berlin, 'Two Concepts of Liberty' in Isaiah Berlin, *Four Essays on Liberty* (Oxford University Press, 1969).

the focal point of the exclusivity, it focuses instead on the specific actions that copyright's grant of exclusivity privileges – which has the analytical effect of collapsing the ideas of forbearance from the *res* and forbearance from certain actions. Or put more directly, it collapses the distinction between exclusion and exclusivity. If property does indeed revolve around the 'right to exclude', copyright's underemphasis of exclusion for exclusivity must render it an anomaly within the world of property, or render it a non-proprietary entitlement.

The point has deep functional implications beyond just the analytical and conceptual. First, in taking copyright's basic structure as built around the idea of property, scholars have long tried to identify a thing or *res* for copyright, in an effort to move it closer to the boundary-based framework utilized by property rights centred around the right to exclude. The argument made here would suggest instead that this search is misplaced, for it mistakes the nature of copyright's exclusivity. Copyright's entitlement is hardly about a 'thing', but is instead about actions that indirectly relate to specified subject matter. Yet that should hardly, in and of itself, merit courts' reliance on real property metaphors. The law of battery renders actionable certain actions that constitute interferences with one's bodily integrity. Its focus remains those specific actions – and it thereby does not convert one's body into a thing. So it is with copyright too. Its focus is on potential liability for certain actions (mostly revolving around expressive copying) – no more, no less.

Second, given the centrality of forbearance and disablement to the copyright entitlement's functioning, enforcement – or at the least the threat of such enforcement – remains central to the system. Most discussions of copyright law, and of copyright reform, view copyright litigation as orthogonal to the system, and worthy of being minimized whenever possible. What this ignores is the reality that when shrunk down to its core, copyright operates as an actionable claim (or a 'chose'), and as a result of which its significance derives from the very *actionability* of the claim. Copyright's entitlement thus functions in the 'shadow of the law', or under the continuous threat of private enforcement.[76] Copyright reform efforts would thus do well to look at ways to streamline existing infringement litigation and make it more effective, rather than jettison it altogether.

[76] Robert H. Mnookin and Lewis Kornhauser, 'Bargaining in the Shadow of the Law: The Case of Divorce' (1979) 88 *Yale Law Journal* 950.

Third, given copyright's preference for actions over the *res*, and its willingness to scrutinize a defendant's actions *ex post* during the liability determination, courts, scholars and policy-makers ought perhaps to reconsider their ready recourse to real property metaphors and ideas in structuring the copyright system. They might instead come to recognize that concepts, ideas and structures from other liability-driven areas of private law such as the law of torts, or of unjust enrichment, provide copyright law with mechanisms that are more directly suited not just to its analytical structure, but also to its various normative goals and purposes.[77]

4 Conclusion

In thinking about property law concepts and ideas that may be used to shed light on the structure and functioning of copyright law, scholars regularly overlook alienability. In this chapter I have tried to show that thinking about copyright through the idea of alienability presents us with important and underappreciated insights into the nature of the copyright entitlement and its core architecture. The analysis reveals that existing uses of property ideas to study the institution of copyright all too often blind themselves to the somewhat unique ways in which the copyright entitlement merges the ideas of exclusion and exclusivity, while reorienting the focus away from the idea of a 'thing' and towards potential defendants' specific actions that are presumed harmful, and therefore actionable.

A larger problem highlighted by these deficiencies is that attempts to apply property concepts and ideas to copyright begin with a monolithic, uni-dimensional conception of property. This conception usually carries the features commonly described in the common law as associated with the fee simple absolute. Rarely ever do these attempts remain willing to work with a richer and normatively plural conception of property, since this complicates the picture and renders both the object and referent in the metaphor somewhat unstable. The perceived need for stability, in other words, tries to begin by fixing the idea of property, and then using it to analogize and/or explain different dimensions of copyright.

What my analysis here suggests – or at least hints at instead – is that we are perhaps much better off analytically when we recognize *both* property

[77] See, e.g., Shyamkrishna Balganesh, 'Foreseeability and Copyright Incentives' (2009) 122 *Harvard Law Review* 1569; Shyamkrishna Balganesh, 'Normativity of Copying in Copyright Law' (2012) 62 *Duke Law Journal* 203.

and copyright as being in a dialectic conversation with each other at all times, rather than simply assuming that one influences the other. The way we think about the ideas of exclusion and alienation in standard property forms sheds important light on copyright and its functioning. At the same time, copyright's operationalization of exclusivity, its reliance on forbearance and its serial underemphasis of a *res* seem to reveal not just that copyright does not follow established patterns of property thinking, but also perhaps that the very idea of property may necessitate reorientation to accommodate what copyright law and doctrine have done with its foundational devices. It is only when this inexorable tension between object and referent reaches an acceptable working equilibrium that debates about *whether* and *how* copyright is a form of property will ever come close to being resolved.