Frozen in Time?
New Technologies, Fixation, and the Derivative Work Right

I. TECHNOLOGY EXAMPLE: CLEARPlay AND OTHER JUMP-AND-SKIP TECHNOLOGIES ................................................. 689

II. ANALYSIS .................................................................................... 692
   A. Copyright Law Generally .................................................... 692
   B. Current Status of the Derivative Work Right ..................... 694
      1. Statutory Definition ....................................................... 694
      2. Fixation ........................................................................... 696
   C. Expansion of the Derivative Work Right ......................... 706
      1. Purposes and Policy of Copyright and the Derivative Work Right ................................................. 706
      2. Should the Derivative Work Right Be Expanded? ...... 711
   D. A Proposal to Expand the Derivative Work Right .............. 717

III. CONCLUSION ............................................................................... 719

“[The Copyright Act] does not intend . . . to freeze the scope of copyrightable subject matter at the present stage of communications technology . . . .”

New technologies can be both a bane and a blessing to copyright owners. While technology can offer new and potentially lucrative income streams, often for works whose markets have grown stagnant, it can also lead to difficult legal problems. The structure and format of some technologies do not always mesh well with the traditional understandings of the scope and subject matter of copyright protection under the Copyright Act. Often the problems lie not with a particular technology itself, but with expressive works created for those technologies. This is particularly so in the case of works which, without authorization from the copyright owners, completely rely on, but do not physically incorporate, protected elements of preexisting works created by other authors. In other

words, these works intercept a signal transmitted from a tangible copy of a preexisting work and change that signal to alter the display. The complicating factor is that the tangible copy of the preexisting work is not actually altered in any way. Without fixation of the preexisting work within the technology-based secondary work, the question becomes whether the unauthorized new work is an infringement of the derivative work right.

All of the works in question, which can be referred to generically as “referencing works,” involve some form of digital reference to a preexisting copyrighted work “without making any reproductions of any portion of [sic] the preexisting material.” There are a number of different forms which these referencing works can take, with many different effects. One such form is where the referencing work automatically incorporates the preexisting work without any prompting from the user. An example of this form is a website with “framing” references, which is a website containing encoded references to specific content on other websites. When the referencing website is pulled up on screen, the preexisting content is automatically pulled up from its host as well and displayed on the website surrounded (or “framed”) by material from that referencing site.

Another form of referencing work requires the user to provide an affirmative command before incorporation of the preexisting work. This type of referencing work includes “add-on” software, which is described as “any software program that augments the operation of a computer hardware device or software program.” These include works that are meant to enhance the utility of preexisting works, such as a spelling or grammar-checking program designed for a specific word processing application. Whether any of these referencing works are derivative works so as to require the author’s permission to

5. See id. at 67-77.
6. This is commonly referred to as “in-line linking,” where there is a hyperlink which retrieves the link to the relevant webpage and displays it. Id. at 69.
7. Id. at 67.
8. Id.
10. See Gibbons, supra note 2, at 177.
avoid infringement depends on the current status of the law as interpreted by the federal courts.

To illustrate the applicability of the derivative work right to works that rely on, but do not physically incorporate, preexisting works, this note will focus on the example of “jump-and-skip” DVD filters. This type of secondary work, created by a company called ClearPlay, consists of software that can filter objectionable content out of commercially-purchased DVD movies by skipping scenes and muting dialogue during playback. The filtering software caught on quickly in highly religious communities, but soon began gaining popularity throughout the country. Although companies like ClearPlay met with much hostility from Hollywood studios and directors, Congress recently declared through legislation that the filters do not violate any rights of the copyright owner.

This note will explore the adequacy of the scope of the derivative work right as it applies to new technologies and discuss how that right should be expanded to compensate for technological developments not foreseen when the current Copyright Act was enacted in 1976. The note will also provide a recommendation that could resolve all of the issues raised throughout. Part I provides a more detailed background of the jump-and-skip technology being used as an example to represent all referencing works. Part II first discusses and analyzes the present state of the derivative work right. It then addresses the purposes behind copyright law to explain why the derivative work right should be expanded and offers a solution in the form of an amendment to the Copyright Act to expand the statutory definition of “derivative works.” Finally, Part III concludes the note with a summary of the issues.

I. TECHNOLOGY EXAMPLE: CLEARPLAY AND OTHER JUMP-AND-SKIP TECHNOLOGIES

ClearPlay is one of a few for-profit companies offering a system that allows home movie watchers to automatically skip or mute scenes containing sex, violence, or objectionable language contained in DVD movies. The system, referred to as jump-and-skip technology, consists of a special DVD player equipped with the company’s technology and software that the user either downloads or orders from

ClearPlay’s website. The software contains movie-specific filters that, when employed during playback of a commercially-purchased, unmodified DVD movie, alter the performance of that movie on a television screen.

ClearPlay’s team of about ten editors develop the filtering software by determining which scenes to skip and what language to mute based on a variety of different factors. To create a filter for a specific movie, ClearPlay editors identify the segments of that movie containing offensive content and record the DVD time code information for those segments into a filter file. Each segment is marked differently based on the type and extremity of the offensive content so that users may later determine which types of content they wish to filter out of the movie. The ClearPlay DVD player then uses that time code information to access the DVD movie at the appropriate segments (or, rather, the “inappropriate” segments) and either skip or mute the offensive content during playback. Thus, the filters developed by ClearPlay’s editors contain no actual content from the underlying DVD movies, only time code references to the content of those movies.

Each individual movie, however, must have its own specially-created filter in order for the jump-and-skip technology to work for that particular title. Users of ClearPlay’s jump-and-skip technology must purchase the specific filter for each movie they wish to use with the system. After loading a set of movie-specific filters onto the flash memory of a DVD player, users can choose which of fourteen different

---

   (1) strong action violence, (2) gory/brutal violence, (3) disturbing images (i.e., macabre and bloody images), (4) sensual content, (5) crude sexual content, (6) nudity (including art), (7) explicit sexual situations, (8) vain references to deity, (9) crude language and humor, (10) ethnic and racial slurs, (11) cursing, (12) strong profanity, (13) graphic vulgarity, and (14) explicit drug use.
17. *Id.* For the fourteen different types of filter settings ClearPlay uses, see *supra* note 15 and accompanying text.
content filters to apply based on their own personal preferences.\textsuperscript{19} The end result of ClearPlay’s jump-and-skip technology in action has been compared to “a parent putting a hand over the eyes of a child during objectionable moments . . . .”\textsuperscript{20} The original DVD itself is not altered in any way, and the filtered version of the movie exists only during playback.\textsuperscript{21} Aesthetically, the company makes every effort to maintain the story’s continuity,\textsuperscript{22} and on average, only a few minutes are skipped in any given movie.\textsuperscript{23}

Thus, ClearPlay and other jump-and-skip technology companies do not seek to provide the home movie watcher with a different experience than that offered by the producers of the original movie. Instead, they simply wish to offer that same experience to people who might not otherwise partake in it due to offensive content. However, ClearPlay editors make their editing choices without the input or authorization of the directors who made the original movies or the studios that own the copyrights to those movies.\textsuperscript{24} In fact, the jump-and-skip technology companies have never even sought a license from the copyright owners.\textsuperscript{25} But does current copyright law even require a license for this technology? If not, then should it?

\textsuperscript{19} Lindsie Taylor, \textit{Parental Discretion: Options for Cleaning Up Movies, TV Shows You Find Objectionable}, DESERET MORNING NEWS (Salt Lake City), Sept. 13, 2004; Ulanoff, \textit{supra} note 16; see also \textit{supra} note 15 and accompanying text.


\textsuperscript{21} \textit{Id.}


\textsuperscript{23} Ebert, \textit{supra} note 11. The amount of content removed using ClearPlay filters is generally less than would be removed when a movie is shown on television. \textit{Id.} Despite the fact that the filters are programmed to work with commercially-released DVDs, there are no filters for any of the bonus materials, such as deleted scenes and commentaries, which are often included with a movie. Pogue, \textit{supra} note 13.

\textsuperscript{24} Young, \textit{supra} note 20. Although ClearPlay justifies its filtering practices by comparing the end result to airline and television versions of movies, those versions are approved by the studios that own the copyrights in the movies and very often are prepared by the directors who made the originals. \textit{Id.}

\textsuperscript{25} \textit{Id.} The jump-and-skip technology companies’ refusal to seek permission from movie copyright owners actually led to much-publicized litigation, which in turn led to legislation. The litigation, styled \textit{Huntsman v. Soderbergh}, began in 2002 when a company called Clean Flicks, which was in the business of physically editing offensive content out of store-bought movies and then reselling or renting them to a new market, and other similar plaintiffs sued a number of Hollywood directors and studios for a declaratory judgment that the plaintiffs’ actions did not violate the U.S. Constitution, Copyright Act, or Lanham Act. Second Amended Complaint and Jury Demand, Huntsman v. Soderbergh, 2002 WL 32153735 (D. Colo. 2002) (No. 02-M-1662). In response, the defendant studios filed a counterclaim seeking a declaratory judgment of copyright infringement against Clean Flicks and several counterclaim defendants, including ClearPlay and other jump-and-skip technology companies. Motion Picture Studio Defendants’ Answer and Counterclaims,
The question is whether without a license the movie-specific filters created by jump and-skip technology companies like ClearPlay infringe the derivative work rights of the copyright owners of the original movies. The next section of this note surveys the current status of the derivative work right and whether the filters infringe that right under the law as it stands. This analysis provides a greater understanding of how the law applies generally to all works created for new technologies that entirely depend on, but do not actually incorporate, preexisting works.

II. ANALYSIS

A. Copyright Law Generally

Under current copyright law, protection extends to “original works of authorship fixed in any tangible medium of expression.” Breaking this provision down, copyright law requires two things for a work to benefit from copyright protection: “originality” and “fixation.” Copyright protection offers the owner of a copyrighted work a number of exclusive rights in that work, including the right “to prepare [and


26. Although jump-and-skip filters are used in this note as an example of why the current law surrounding the derivative work right is inadequate, the analysis that follows applies to any work that relies entirely on a specific preexisting copyrighted work for its functionality without actually physically incorporating that preexisting work.


28. See id. § 106.
to authorize the preparation of] derivative works based upon the copyrighted work."29 When a person “violates any of the exclusive rights of the copyright owner” in a work, that person has infringed the copyright in that work.30

As provided by the Constitution, the primary purpose of copyright law is “[t]o promote the Progress of Science and useful Arts.”31 To accomplish this goal, copyright law grants authors a limited monopoly in their original works, but encourages others to use and expand upon the ideas contained in those works.32 Thus, the private reward to the copyright owners serves only to promote the

Subject to Sections 107 through 122, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

1. to reproduce the copyrighted work in copies or phonorecords;
2. to prepare derivative works based upon the copyrighted work;
3. to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
4. in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
5. in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and
6. in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

Id. 29. Id. § 106(2).
30. Id. § 501(a). The Copyright Act provides a number of exceptions and defenses to the general infringement rule, where a person violating one of the exclusive rights in a work would not be liable for infringement. One such defense is “fair use,” which provides a number of factors to be considered in determining whether an unauthorized violation of the copyright owner’s exclusive rights may or may not be considered an infringement. Id. § 107. Under the Copyright Act:

In determining whether the use made of a work in a particular case is a fair use the factors to be considered shall include—

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

Id. An exception to the infringement rule is the “first sale doctrine,” which provides that “the owner of a particular copy” of a copyrighted work may, “without the authority of the copyright owner, . . . sell or otherwise dispose of the possession of that copy.” Id. § 109(a).

creation of new works for the public benefit. Absent this limited monopoly, there would be almost no economic incentive for authors to create and deliver new works to the public.

Although the copyright owner has the right to control his or her works, this right is not absolute. For instance, an author's ownership and control is only in the intangible expression of ideas, not in the physical object that contains the work. As such, when an author purposely distributes a work to the public, that distribution extinguishes his or her right to determine how the work is to be enjoyed. These broad concepts must always be considered when analyzing any issue arising under copyright law.

**B. Current Status of the Derivative Work Right**

1. Statutory Definition

The right “to prepare derivative works based upon the copyrighted work” is one of the exclusive rights the Copyright Act provides to the copyright owner. Under the Act, a derivative work is defined as “a work based upon one or more preexisting works” in which the form of an original work has been “recast, transformed, or adapted.” As the definition suggests, in order to qualify as derivative, the work in question must incorporate some portion of a preexisting work in any form, either through a reproduction of the original work, the use of the actual original work, or the incorporation of any copyrightable elements of the original work. However, because some change to the original work is required for derivative status, one must distinguish between an incorporation, which is generally permanent and transforms the original work, and a method of display, which does not alter the original work and thus is not

---

35. *Id.* at 1262-63.
38. *Id.* § 101.
When the preexisting work is incorporated without the permission of the copyright owner, there may be an infringement of the owner’s derivative work rights.\(^{41}\)

Applying these statutory rules to works created using new technologies often leads to unsatisfactory results. The problem is that many works created in these media do not actually incorporate any preexisting material until they are employed by the end user.\(^{42}\) Such a situation may result in the end user being treated as an infringer through the use of the new technology work. Thus, the only outlet for the original copyright owner is to pursue an action against the creator of the work as a contributory infringer. However, should the creator of a new technology work be considered a direct infringer instead? The answer to this question under existing copyright law is uncertain; but before this uncertainty can be resolved, we must determine whether other elements of copyrightability are required for infringement of a copyright owner’s derivative right.

Courts and commentators disagree as to whether a new work that incorporates a preexisting work must be independently copyrightable in order to infringe the original author’s derivative work right.\(^{43}\) These differences in opinion arise from the questionable applicability of the fixation requirement to the derivative work infringement analysis. Although different federal courts have articulated many of the relevant issues that arise in this context, these courts have been unable to agree on whether fixation is actually necessary for infringement of an author’s derivative work right.

---


41. Tiffany Design, Inc. v. Reno-Tahoe Specialty, Inc., 55 F. Supp. 2d 1113, 1121 (D. Nev. 1999). The work in question may also have to meet other standards of copyrightability to infringe, or could be protected against an infringement claim through the doctrines of fair use or first sale. See infra Part II.B.2.

42. For instance, in the case of products such as ClearPlay, which filters objectionable content from DVD movies during playback, there is no dispute that significant portions of the original movies are incorporated when the technology is applied. However, whether the filtering companies incorporate any portion of a movie in the preparation of that movie’s individual filter is not as clear.

43. Naomi Abe Voegtli, Rethinking Derivative Rights, 63 BROOK. L. REV. 1213, 1218 (1997). The Ninth Circuit recognizes that a work need not be independently copyrightable in order to infringe the derivative work right, whereas the Second Circuit requires copyrightability for infringement purposes. Id. at 1219.
2. Fixation

The idea that a derivative work must be fixed in some tangible form in order to receive copyright protection comes from the inclusion of the word “writings” in the Copyright Clause of the U.S. Constitution. It is argued that the term “writings” as used in the Constitution would have very little meaning if it did not suggest that a work must be in a material form to benefit from copyright protection. As such, the current Copyright Act provides that “[c]opyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression . . . .” Furthermore, “[a] work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy . . . , by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”

There is some dispute as to whether a derivative work must be fixed in order to infringe on the preexisting work. This dispute also extends to the extent to which fixation may be required to constitute an infringement. The argument supporting the “no fixation requirement” position is based on both the statutory language itself, which creates the derivative work right and defines “derivative work,” and the legislative history of the 1976 Copyright Act. In laying out the derivative work right, Section 106(2) of the Copyright Act provides that the copyright owner has the exclusive right to “prepare derivative works.” The Act’s use of the term “prepare” rather than “create” is significant, because in other contexts the Act defines “create” in terms of fixation. Thus, the use of the term “prepare” suggests that fixation is not required for infringement of the derivative work right. Further, the definition of “derivative work” provided by the Act makes no reference to either “fixation” or the “making of copies,” which by definition require fixation. Instead, the statutory definition only

---

44. U.S. CONST. art. I, § 8, cl. 8; see U.S. v. Moghadam, 175 F.3d 1269, 1273 (11th Cir. 1999).
45. Moghadam, 175 F.3d at 1273.
47. Id. § 101.
50. Id. § 101 (“A work is ‘created’ when it is fixed in a copy or phonorecord for the first time.”).
51. Ochoa, supra note 48, at 1000.
refers to either any “form in which a work may be recast, transformed, or adapted,” or an original modification.\textsuperscript{53} Finally, even the legislative history of the current Copyright Act suggests that infringement of the derivative work right does not require that the new work actually be fixed.\textsuperscript{54}

In response to these arguments against a fixation requirement, one commentator, Professor Ochoa, suggests that Congress refrained from including any fixation references in its treatment of derivative works in order to ensure that the Copyright Act covers public performances as possible derivative works, rather than intending a general statement that fixation is not a requirement for derivative work protection.\textsuperscript{55} Ochoa argues that the lack of a fixation requirement would lead to the strange result that even the preparation of a derivative work “in one’s own mind” would be enough for infringement.\textsuperscript{56} Although in all practicality such an infringement would never be prosecuted, the idea that such a prosecution could occur under the “no fixation requirement” theory tends to make this interpretation of the derivative work right questionable.\textsuperscript{57} However, the problem with this argument against the “no fixation requirement” theory is that it fails to take into account the possibility that such a derivative work would probably be a fair use under Section 107 of the Copyright Act.

Under this viewpoint that fixation is not required to infringe the derivative work right, the relevant inquiry regarding the jump-and-skip movie filters is whether they meet the basic derivative work requirement that a new work at least incorporate some copyrightable elements of the preexisting work. Although a set of filters for a movie is created based on the structure and sequence of that underlying movie, and thus has no use without the DVD containing that movie, that set of filters is nothing more than a series of time code instructions, void of any actual copyrightable elements from the underlying movie. If ClearPlay or other similar companies had designed the filters to instruct the DVD player to block scenes by describing the content of the scene to be blocked, then there would be a much better argument that portions of the preexisting movie are incorporated into the filters. However, a filter designed for one movie

\begin{itemize}
  \item \textsuperscript{53} Id.
  \item \textsuperscript{54} H.R. REP. NO. 94-1476, at 62 (1976), \textit{reprinted} in 1976 U.S.C.C.A.N. 5659, 5675 (stating that “the preparation of a derivative work . . . may be an infringement even though nothing is ever fixed in tangible form”).
  \item \textsuperscript{55} Ochoa, \textit{supra} note 48, at 1020.
  \item \textsuperscript{56} Id. at 1001.
  \item \textsuperscript{57} Id. at 1002.
\end{itemize}
presumably could be used with a different movie, and the DVD player would simply skip and mute at the same point in the time code provided by the filter. Though the resulting movie would likely be a mess of chopped-up scenes that no one would want to watch, the point is that the filters are only movie-specific because each is designed to follow the time code sequence of the particular movie. One might argue that the timing of the movie is a copyrightable element of that preexisting work; however, such an argument greatly stretches the copyright requirement of originality. Thus, under this analysis, the jump-and-skip filters probably do not infringe the copyright owners’ derivative work right.

Attempting to resolve the different viewpoints on fixation and infringement of the derivative work right, the Ninth Circuit has twice taken up the issue. In *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, Galoob manufactured a device called the Game Genie that is used in conjunction with Nintendo’s video game system to alter different features of a Nintendo game.58 A player inserts the Game Genie between a game cartridge and the video game system, and then makes up to three changes to the audiovisual display produced by the game cartridge by entering codes provided by the Game Genie manual.59 In order to incorporate the user’s desired changes into the audiovisual display, the Game Genie is programmed to block and replace the appropriate information sent from the game cartridge to the system console.60 However, the original information from the cartridge is not altered, and the effects are temporary.61 Furthermore, the Game Genie is not capable of producing Nintendo game’s images without using the game cartridge, and the information from the cartridge is never transferred to or stored on the Game Genie device.62

Nintendo sued the manufacturer of the Game Genie under the theory that the device’s audiovisual displays violated Nintendo’s derivative work right in its copyrighted video games.63 However, the court held that the Game Genie did not infringe because it did not “incorporate . . . the [preexisting] copyrighted work in some concrete or permanent form.”64 The court further emphasized the fact that the

58. 964 F.2d 965, 967 (9th Cir. 1992). The Game Genie device can be likened to many of the technologies at issue in this article, particularly the DVD jump-and-skip technology.
59. *Id.*
60. *Id.*
61. *Id.*
62. *Id.*
63. *Id.*
64. *Id.* at 968.
Game Genie does not “physically incorporate” any part of the preexisting work. In reaching its conclusion, the court stated that simply comparing the audiovisual displays produced by the Game Genie with the original displays produced by the game cartridges was an insufficient analysis. Instead, the court stressed that the most important factor in determining whether the Game Genie creates a derivative work is the source of the display. Although the resulting displays of the Game Genie and the game cartridge are almost the same, the Game Genie is incapable of producing the audiovisual display on its own. In fact, the Game Genie relies on the game cartridge to produce the displays, and has no function unless used in conjunction with an original cartridge. The court also found relevant the fact that the Game Genie could alter the original game in an enormous number of ways depending on which codes the player entered into the device.

The strange thing about the Ninth Circuit’s holding in Galoob was the court’s apparent suggestion that the “incorporat[ion] . . . in some concrete or permanent form” standard for derivative work right infringement is not the same as a fixation requirement. In developing its conclusion that the Game Genie did not infringe Nintendo’s derivative work right, the court explicitly stated that fixation is required only for a new work to be a protectable derivative work, but not for that new work to be an infringement of another author’s derivative right. The court supported this contention by citing an earlier Ninth Circuit decision which held that a derivative work need not satisfy all requirements for copyright protection in order for it to infringe. Also, the court pointed out the difference in statutory definitions of “copies” and “derivative work[s]”: the definition of “copies” specifically mentions “fix[ation] by any method,” whereas the definition of “derivative work[s]” does not reference fixation at all. In further support, the court dismissed the argument that a

65. Id. at 969.
66. Id.
67. Id.
68. Id.
69. Id.
70. Id. at 967.
71. Id. at 968.
72. Id. (citing Lone Ranger Television v. Program Radio Corp., 740 F.2d 718, 722 (9th Cir. 1984); Paul Goldstein, Derivative Rights and Derivative Works in Copyright, 30 J. COPYRIGHT SOC'Y U.S.A. 209, 231 n.75 (1983)).
73. Id.
“derivative work’ is a work,” and a “work is ‘created’ when it is fixed in a copy or phonorecord for the first time.”\footnote{Galoob, 964 F.2d at 968 (quoting 17 U.S.C. § 101).} Such an argument, the court stated, misapplies the statutory definition of “created,” which only serves to “clarif[y] the time at which a work is created.”\footnote{Id.} Further, the court recognized that the Copyright Act does not define the generic term “work.”\footnote{Id.} Thus, the Act specifies when a work is created, but not whether a work must actually be created first before it can be an infringement of another work.

However, because the Act contains definitions of specific types of works, one must look at the Act’s treatment of the term “derivative work” to determine whether it requires fixation.\footnote{17 U.S.C. § 101.} The statutory definition of “derivative work” does not explicitly mention fixation,\footnote{Id. § 106(2).} and the “derivative work” right provides for exclusivity only in the preparation, rather than the creation, of such a work.\footnote{Galoob, 964 F.2d at 968.} This is the basis for the Ninth Circuit’s determination that the Copyright Act does not require fixation for there to be an infringement of the derivative work right.\footnote{Id. at 969.}

However, as previously explained, the court went on to hold that a new work must physically incorporate the preexisting work to infringe.\footnote{Ochoa, supra note 48, at 1004.} As one commentator has pointed out, this conclusion is “self-contradictory,” in that a requirement of “incorporation in some concrete or permanent form” simply sounds like another way of saying “fixation.”\footnote{Id. (giving the example of musical arrangements in the form of live performances and dramatizations).} Further, because the court did not define the term “physically,” its use of the word has little meaning. Although the court suggests that “physically” means the same thing as “concrete or permanent,” such a requirement cannot be universally true, as certain types of derivative works by definition are not permanent.\footnote{Id.} If the term “physical” instead refers to something “tangible,” which means the same thing as “fixed,” then there would have been no reason for the court to distinguish between “fixation” and “incorporation in some concrete or permanent form.”\footnote{Id.} Despite the apparent contradiction in
the Ninth Circuit’s reasoning that led to the “incorporation in some concrete or permanent form” standard, for all practical purposes this test functions the same as a fixation requirement.\textsuperscript{86}

The Ninth Circuit again visited the derivative work right infringement issue in \textit{Micro Star v. FormGen Inc.},\textsuperscript{87} a case very similar to \textit{Galoob}, but involving some important distinctions. FormGen owned the rights to a computer game called Duke Nukem 3D, which contains a feature allowing players to create their own levels for the game and post those levels on the company’s website for other players to download and use.\textsuperscript{88} The Duke Nukem game consists of three different components: (1) the game engine, which acts as the main control center for the game; (2) the source art library, which contains all of the images that appear on the screen; and (3) the MAP files, which are sets of instructions that tell the game engine where on the screen to place the different images from the art library, resulting in the audiovisual display for each level.\textsuperscript{89} However, the user-created levels as posted on FormGen’s website contain only the MAP files, and users must have access to the Duke Nukem source art library in order to create an audiovisual display.\textsuperscript{90} Thus, players must have the original Duke Nukem game installed on their computers in order to enjoy a user-created level.

Micro Star downloaded a large number of these levels from the website and compiled them on a CD, which it subsequently began selling under the name Nuke It.\textsuperscript{91} FormGen sued under the theory that Micro Star infringed its derivative work right by making and selling Nuke It, which FormGen argued created a derivative work when run in conjunction with the original Duke Nukem game.\textsuperscript{92} Using the “concrete or permanent form” standard from \textit{Galoob}, the Ninth Circuit held that the Nuke It MAP files did constitute an infringing derivative work.\textsuperscript{93} The court reasoned that, unlike the Game Genie in \textit{Galoob}, where the original game cartridge rather than the Game Genie itself defines the ultimate audiovisual display, the Nuke It MAP files are responsible for describing the display down to

\textsuperscript{87} 154 F.3d 1107 (9th Cir. 1998).
\textsuperscript{88} Id. at 1109.
\textsuperscript{89} Id. at 1110.
\textsuperscript{90} Id.
\textsuperscript{91} Id. at 1109.
\textsuperscript{92} Id. at 1110.
\textsuperscript{93} Id. at 1111-12.
the last detail.\textsuperscript{94} In other words, whereas the Game Genie only makes specific changes to the audiovisual display as determined by the underlying game cartridge, the Nuke It MAP files actually determine what the ultimate audiovisual display will look like, relying on the underlying Duke Nukem game only for the source art. Another distinction between the Game Genie and the MAP files noted by the court is the level of permanence: whereas the altered displays created by the Game Genie disappear after the player stops using the device, the MAP files are permanently contained on a CD.\textsuperscript{95} Also, while the Game Genie allows the player to select a set of temporary instructions for altering the audiovisual display, the MAP files are themselves a predetermined set of instructions.\textsuperscript{96} Thus, the Ninth Circuit held that a new work which contains exact, step-by-step instructions for creating an audiovisual display based on a preexisting work is in a “concrete and permanent form” for purposes of infringement of the derivative work right.\textsuperscript{97}

Although the Ninth Circuit represents its holding in \textit{Micro Star} as consistent with the \textit{Galoob} “concrete and permanent form” standard, \textit{Micro Star} can be read as a significant expansion of that doctrine. While \textit{Galoob} seems to require that some portion of the underlying work must actually be physically incorporated into the new work,\textsuperscript{98} \textit{Micro Star} suggests that the new work need only reference the underlying work in some concrete and permanent way.\textsuperscript{99} Thus, as long as the references to the underlying work are embodied in the new work in a “concrete and permanent form,” there is infringement.\textsuperscript{100} Under \textit{Micro Star} it seems that a new work standing alone no longer must physically and permanently incorporate actual elements of a preexisting copyrighted work to infringe the author’s derivative work right. In essence, then, \textit{Micro Star} can be read as broadening the \textit{Galoob} standard almost to the point of eliminating it, and, in the process, requiring some fixation for infringement. However, this is only to the extent that the new work has at least some specific reference to the preexisting work that is responsible for defining the final output. However, the court is unclear as to whether its holding is limited to works like Nuke It, where the user has no choice as to

\begin{itemize}
\item \textsuperscript{94} \textit{Id.} at 1111.
\item \textsuperscript{95} Ochoa, \textit{supra} note 48, at 1016.
\item \textsuperscript{96} \textit{Id.} at 1017.
\item \textsuperscript{97} \textit{Micro Star}, 154 F.3d at 1111-12.
\item \textsuperscript{98} Lewis Galoob Toys, Inc. v. Nintendo of Am. Inc., 964 F.2d 965, 969 (9th Cir. 1992).
\item \textsuperscript{99} \textit{Micro Star}, 154 F.3d at 1111-12.
\item \textsuperscript{100} Loren, \textit{supra} note 4, at 73.
\end{itemize}
which references to incorporate into the final audiovisual display, or whether it extends to works that involve some user choice.

The jump-and-skip filters created by ClearPlay and other similar companies have qualities similar to both the Game Genie in *Galoob* and the Nuke It MAP files in *Micro Star*. Like the Game Genie, which blocks information coming from a Nintendo game cartridge in order to change the resulting audiovisual display, the movie filters use time codes to block or mute offensive scenes and language during playback of a DVD. The effects of the movie filters are temporary; the filters do not alter the movies as originally created and contained on a DVD. When the filters are disabled the movie will play in its entirety.

However, one may also analogize the filters to the Nuke It MAP files. Where the MAP files provide detailed step-by-step instructions for the game engine to select and place from the art library the various elements in a level, the jump-and-skip filters are essentially a set of instructions that tell the DVD player which scenes it should allow to play and which scenes to block or mute from a DVD. Thus, like the MAP files and unlike the Game Genie, the filters determine what the ultimate audiovisual display will be, referring to the original movie only to obtain the various elements necessary to create that display.

One potentially crucial difference between the MAP files and the filters, which is also a similarity with the Game Genie, is the amount of user choice. While the MAP files are a permanent set of instructions that the game player cannot change in any way, the users of jump-and-skip technology can choose which filters to apply based on their own tastes and moral values, resulting in thousands of different possible permutations. This level of choice is similar to that that the Game Genie allows; the user can choose from a large list of different changes that can be made to the audiovisual display.

Whether this user choice takes the filters out of the realm of works covered by *Micro Star* is unclear from the language of that decision. Thus, because the *Micro Star* court did not specifically address whether user choice might have changed its holding, there is no way of knowing what effect it would have on determining whether the jump-

---

103. *Id.*
104. *See supra* Part II.B.2 and text accompanying note 88.
106. *See supra* Part II.B.2 and text accompanying notes 94-95.
and-skip filters infringe the derivative work rights of the underlying movies’ copyright owners.

Another important characteristic of the jump-and-skip filters is that a set of filters for a particular movie is incapable of independently producing an audiovisual display. That set of filters must be applied to a DVD containing the preexisting movie for the resulting edited movie to appear on a television screen. In Galoob, the Ninth Circuit made much of the facts that the video game cartridge, not the Game Genie, was responsible for determining and producing the ultimate audiovisual display, and that the Game Genie could not produce a display on its own. If the Game Genie had the capability to produce a display, the outcome of that case may have been very different. The Ninth Circuit in Micro Star, however, did not even mention the fact that although the MAP files describe and determine what the audiovisual display will be, they cannot produce that display without the game engine and art library from the underlying Duke Nukem game. Nevertheless, the Ninth Circuit held that Nuke It was an infringement of FormGen’s derivative work right in the Duke Nukem game.

Initially, then, it would seem that the decisions in Galoob and Micro Star are at odds on the issue of the latter work’s inability to independently produce a display, and thus provide little guidance in defining that issue’s impact on determining infringement of the derivative work right. However, the distinguishing characteristic between the two cases is the nature of the resulting work. Whereas the Game Genie does not change the progression of the storyline of the underlying Nintendo game, the Nuke It MAP files refer to elements of the art library of the underlying Duke Nukem game to create all new levels of play. The fixed Nuke It MAP files are like a “sequel” to the underlying game, and thus constitute an infringement of the derivative work right. To reconcile Galoob and Micro Star, the rule must be that a new work’s ability to independently produce a display containing portions of the underlying work is only important for infringement purposes if the “storyline” of that resulting display is essentially the same as that of the underlying work. If the new work can produce a display independently, then it infringes the derivative work right, and if not, then it does not infringe. Alternately, if the new work uses elements of the underlying work to create a new

108. See supra Part I.
110. Micro Star v. FormGen, Inc., 154 F.3d 1107, 1112 (9th Cir. 1998).
111. Id.
storyline, it infringes regardless of whether it can independently produce the resulting display. Thus, under Galoob and Micro Star, the former type of work requires fixation of actual portions of the underlying work for infringement purposes, and the latter only requires fixation of the references to that underlying work.

Under this “ability to independently produce the audiovisual display” factor, the jump-and-skip filters are more like the Game Genie than the MAP files. When a set of filters is applied to a DVD movie, the result is a slightly abridged version of that movie, not a new storyline based on elements of that movie. Although some movies with many moments of extreme sex or violence may lose large portions of the storyline, even to the point where major themes and messages are lost, the overall story remains essentially the same. Thus, this analysis would probably support a finding that the jump-and-skip filters created by ClearPlay and other similar companies do not infringe the derivative work rights in the copyrighted movies to which they are applied. Though the result under this factor would probably be different if the filters shifted the order of scenes, changing the progression of the storyline playback, such is not the case with any of the jump-and-skip filters currently being produced.

Overall, because the jump-and-skip filters exhibit important and relevant qualities of both the Game Genie and the Nuke It MAP files, neither Galoob nor Micro Star can be assuredly and definitively applied to determine whether those filters infringe the derivative work rights of the underlying movie copyright owners. For example, the fact that the filters act as a set of instructions that determines the sequence of the audiovisual display favors the Micro Star analysis. But the fact that the ultimate result of the application of the filters is essentially the same story as the underlying movie supports the Galoob analysis. Further complicating the inquiry is the choice provided to users of the jump-and-skip technology in determining which categories of filters to apply to a given movie. Although the Galoob court treated user choice as a factor favoring a finding against infringement, the Micro Star court did not have to address the issue of whether user choice would have affected the outcome. Taking all of these factors together, the most likely result under copyright law as it currently stands is that the jump-and-skip DVD movie filters do not infringe the copyright owners’ derivative work rights. The problem as addressed in the next section, however, is that the policy and purposes

---

of copyright law and the derivative work right do not necessarily support such a conclusion.

C. Expansion of the Derivative Work Right

Though the law probably insulates jump-and-skip filters from liability, the purposes and policy of copyright law and the derivative work right support a broader definition of what constitutes infringement. Therefore, the Copyright Act should be amended to expand the derivative work right, clarifying that movie filters and other similar types of works that rely on but do not incorporate elements of an underlying work constitute infringing works. To reach this conclusion, the following sections discuss the purposes and policies surrounding the derivative work right and examine the arguments for and against an expansion of that right.

1. Purposes and Policy of Copyright and the Derivative Work Right

The drafters of the U.S. Constitution provided for copyright protection to authors for the primary purpose of “promot[ing] the Progress of Science and useful Arts.”113 Thus, copyright seeks to provide authors with an incentive to create so that the public may benefit from those creations.114 As the U.S. Supreme Court has stated, “Congress may guarantee to authors and inventors a reward in the form of control over the sale or commercial use of copies of their works.”115 Exactly how much of a monopoly should be provided to authors to encourage creation is up to Congress to decide. Two different theories support the granting of copyright protection, and, specifically, the derivative work right: the natural rights theory and the utilitarian theory.116

Supporters of the natural rights theory of copyright protection suggest that authors are entitled to control over their works because those authors have inherent natural rights as the creators of those works.117 Although Congress has never explicitly adopted this theory, a number of commentators argue that Congress has implicitly relied

114. 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.03 (2005).
117. Id.
on natural rights in enacting much of its copyright legislation.\textsuperscript{118} These commentators rely on the nature and substance of much of the legislation passed in the last two decades to support their position.\textsuperscript{119} Further support for natural rights as a basis of copyright protection comes from the idea that creative works are a form of private property. Because the theory of private property has its origins in the natural rights concept, and creative works are no less an individual product of labor than private property, creative works should receive broad protection under a natural rights theory.\textsuperscript{120} The view that authors have a natural right in their creative works supports broader rights in authors to control both those creative expressions and any transformations (i.e. derivative versions) of those expressions.

The competing view of natural rights is the utilitarian theory, which provides that copyright protection is justified only to the extent that it encourages authors to make their creative works available to the public.\textsuperscript{121} Any more protection than is absolutely necessary to give authors an incentive to create is considered too broad under this theory. Unlike Congress’s natural rights tendencies, the U.S. Supreme Court has traditionally taken a utilitarian stance in its copyright decisions.\textsuperscript{122} In \textit{Sony Corp. of America v. Universal City Studios, Inc.}, the Court went so far as to say that “copyright law . . . makes reward to the owner a secondary consideration.”\textsuperscript{123} Thus, the utilitarian view promotes greater public access to creative works in order to spread knowledge and encourage the creation of new transformative works.

\textsuperscript{118} Gillian K. Hadfield, \textit{The Economics of Copyright: An Historical Perspective}, 38 COPYRIGHT L. SYMP. (ASCAP) 1, 11 (1992); Nielander, \textit{supra} note 116, at 8


\textsuperscript{120} NIMMER, \textit{supra} note 114, § 1.03.

\textsuperscript{121} Nielander, \textit{supra} note 116, at 8.

\textsuperscript{122} \textit{Id.}; cf. Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 349-50 (1991) (emphasizing the public purpose of copyright to encourage others to build upon the ideas conveyed by a work over the private reward to the creator); Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 546 (1985) (emphasizing the public benefit resulting from the limited grant of an exclusive copyright).

Despite the Supreme Court’s adherence to the utilitarian theory of copyright protection, in a relatively recent decision the Court seems to have shifted its view. In *Eldred v. Ashcroft*, the Court stated that the “secondary consideration” characterization of *Sony* does not properly recognize the relationship between economic rewards to authors and the “Progress of Science.” The Court expressed that the nature of the relationship between private control and public benefit is a complementary one. In fact, the profit motive is actually championed by copyright law as an incentive to aid in the proliferation of knowledge. Thus, the Court suggests that the economic need of authors is an equally compelling justification for copyright protection that should be balanced with the needs of the public for access and advancement of knowledge. Whether the Court sticks with this position regarding the relevance of profit motive is yet to be seen. However, this seeming paradigm shift is important in assessing the potential breadth of the derivative work right.

Although these contrasting justifications for copyright protection generally apply, commentators have recognized additional justifications specific to the derivative work right. Some argue that by protecting the right to prepare derivative works, authors are encouraged to release works into the market sooner. Arguably, without that right, authors might hold back on disseminating their works until they have prepared their own derivatives, thus preempting any potential competitors. With the derivative work right, authors can release their works earlier without worrying that they will have to compete with unauthorized derivatives. Another justification for protecting an author’s right to prepare derivative works is the adverse effect that unauthorized derivatives can have on the author’s market, both as substitutes for the underlying work and as competition for authorized derivative works. Because authors often rely on income from derivatives, allowing anyone to create their own derivative work based on the underlying work may actually discourage authors from creating new works.

The market impact factor of fair use also provides insight into the purposes and scope of copyright protection and the derivative work

---

125. Id.
126. Id.
127. Loren, supra note 4, at 81.
129. Loren, supra note 4, at 76.
130. Gibbons, supra note 2, at 185.
right. The essence of this factor is that authors should generally be protected against unauthorized uses of their works that affect their market. This factor considers the impact not only on the current market of the underlying work, but also on the derivative work market. Copyright law generally seeks to protect authors against market harm by providing them with the right to control the marketability of their works. Even when the author has not chosen to exploit his or her work through creation or licensing of certain types of derivatives, copyright law protects the author’s right to decide when to develop, or license others to develop, derivative works. It does not matter whether the author ever plans to exploit a certain derivative market. Authors should not be “denied their monopoly over derivative versions of their creative works merely because they made the artistic decision not to saturate those markets with variations of their original.” The derivative work right thus reflects copyright law’s respect for an author’s right to make decisions as to whether her works should be offered in new forms and in new markets.

This right is further supported by the contention of some courts and commentators that the derivative work right even prohibits unauthorized uses that have a positive impact on the value of a preexisting work. For example, one commentator offers the

131. 17 U.S.C. § 107 (2000) (“In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include . . . the effect of the use upon the potential market for or value of the copyrighted work.”). Although “fair use” is a statutory and common law defense to copyright infringement claims and only comes into play when a particular unauthorized use would otherwise be considered actual copyright infringement, established analysis regarding the market impact factor provides important policy justifications for determining when preexisting works should be protected against unauthorized uses. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577 (1994). In a fair use analysis courts must assess whether a particular unauthorized use would be likely to the author of the underlying work. The inquiry is essentially how broad copyright protection should be and when it should give way to public interests, which is what this article attempts to determine in the context of the derivative work right. Id.


135. Id.

136. Id. at 146.

137. See, e.g., id. at 145-46 (noting that an infringing Seinfeld trivia book was not critical of the show but rather paid homage to it); Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd., 996 F.2d 1366, 1377 (2d Cir. 1993) (finding that, even though the infringing work arguably provided helpful publicity for the underlying work, it still competed in the markets in which the holder of the copyright had a legitimate interest); UMG Recordings, Inc. v. MP3.com, Inc., 92 F. Supp. 2d 349, 352 (S.D.N.Y. 2000) (finding unpersuasive the
hypothetical of a well-known disc jockey who uses an obscure recording as the theme song for a radio program without obtaining permission from the owner.138 Although the market for the previously unknown song would surely benefit from this exposure, there is little question that the disc jockey’s use is an infringement.139 One reason for this position is that, although the market for the preexisting work may increase, an unauthorized derivative use can cut into any actual or potential markets for author-approved derivative works.140 Even when the author of a preexisting work has not or will not pursue exploitation of that work in a particular new form or new market, the author retains the right prevent others from doing so in her stead.141 Authors may have compelling reasons for deciding not to develop certain derivative markets, or for doing so only on limited terms, and copyright law does not seek to override these concerns.142 Thus, when a new user benefits directly from the unauthorized use of another’s work, the fact that the prior author also benefits financially should have no impact on that author’s right to control the exploitation of her works.143

Further suggesting the potential scope of the derivative work right are court decisions dealing with the balance between the market effect of an unauthorized use and the nature and purpose of that use.144 Although not always apparent on the surface, some secondary uses of a work add creative expression to the point of transforming the
defendant’s argument that his work enhances the plaintiff copyright holder’s sales); Pierre N. Leval, Nimmer Lecture: Fair Use Rescued, 44 UCLA L. REV. 1449, 1459 (1997) (noting that extensive quoting by another publication of a work may increase the value of a work and still be a clear infringement of copyright).

138. See Leval, supra note 137, at 1459.
139. Id.
143. This concept is represented in certain types of secondary works that are already recognized as derivative works under the Copyright Act. For instance, a traditional derivative work like a film adaptation of a novel would not be a market substitute for the original, and might even lead to increased sales of the novel, yet it still requires permission from the copyright owner.
144. See, e.g., Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 580 (1994) (distinguishing between the effect of parody and infringement of a product’s marketability); Video Pipeline v. Buena Vista Home Entm’t, 342 F.3d 191, 200 (3d Cir. 2003) (analyzing the commercial nature of the infringing work and the possibility that the work will be substituted for that which was copyrighted); Sega Enters. Ltd. v. Accolade, Inc., 977 F.2d 1510, 1523 (9th Cir. 1992) (noting the close relationship between the inquiry into the purpose of the “purpose and character” inquiry and the inquiry into the effect on the potential market for the copyrighted work).
original work, whereas others do nothing more than exploit the original author’s creative efforts.\textsuperscript{145} Although the latter is certainly considered an infringement of the underlying work, copyright law is not clear as to whether an unauthorized use in the former category should be protected against claims of infringement of the derivative work right.\textsuperscript{146} The trouble is determining when an element added by a secondary user is sufficiently creative to take the underlying work to a new level or whether it is simply exploitative. Courts attempt to compare the works to determine whether the alleged infringer actually adds something fresh, or only seeks to avoid being creative and to turn a profit off of someone else’s work.\textsuperscript{147}

In summary, the goal of copyright law and the derivative work right is to balance the interests of authors in controlling their creations with the interests of the public in advancing knowledge through the dissemination of original works and derivatives. Two viewpoints have emerged regarding the extent of authorial control. Courts traditionally have followed the utilitarian theory, which states that authors should have control over and profit from their works only to the extent necessary to provide them with an incentive to create. However, the natural rights theory, which provides that authors as creators have the inherent right to control their works, seems to have influenced Congress and even some recent court decisions. Various market-related considerations also support the view that authors should be entitled to broad protection against unauthorized derivative uses of their works. With this trend towards recognizing authors’ interests in broad derivative work right protection, the question that naturally follows is just how broad that protection should extend. This note has already determined that the law as it currently stands probably does not provide protection against works such as the jump-and-skip filters which rely entirely on another copyrighted work without physically incorporating that preexisting work.\textsuperscript{148} But should it? The following section explores the arguments for and against an expansion of the derivative work right to cover such works.

2. Should the Derivative Work Right Be Expanded?

In a broad sense, the primary concern regarding the expansion of the derivative work right standard to cover works that rely on, but

\begin{itemize}
\item \textsuperscript{145} Sega, 977 F.2d at 1523.
\item \textsuperscript{146} Video Pipeline, 342 F.3d at 198.
\item \textsuperscript{147} See Campbell, 510 U.S. at 580; Video Pipeline, 342 F.3d at 2000.
\item \textsuperscript{148} See discussion supra Part II.B.
\end{itemize}
do not physically incorporate, preexisting works is whether such an expansion would comport with the purposes of copyright law. As addressed in the previous section, there is a tension between the rights of authors to control the exploitation of their works and the public interest in access to a marketplace of diverse ideas. Those who argue for strict limitations on which secondary uses will actually be considered derivative take a utilitarian approach and focus on the proposition that broad authorial control inhibits creativity and technological developments.\textsuperscript{149} In other words, they suggest that a broad derivative work right does not “promote the Progress of Science and useful Arts.”\textsuperscript{150} This note takes the contrary natural rights view that recognizing broad control in authors over derivative uses of their works encourages transactions between copyright owners and the developers of secondary works. This approach relies on the idea that authors will bargain with these creators, and that the marketplace will naturally produce authorized secondary works to provide content for technological innovations and thus promote the flow of ideas.\textsuperscript{151}

The most common argument against an expansion of the derivative work right is that such an increase in authorial control will stifle creativity.\textsuperscript{152} In the context of new technologies that employ secondary works, the fear is that copyright owners will have the power to kill off innovations and so-called improvements to existing works and technologies.\textsuperscript{153} Supporters of this position contend that all a copyright owner would have to do is refuse to license a work for the intended secondary development, and the particular “improvement” would be foreclosed, no matter how innovative or how much public value would be added to the preexisting work. For instance, if creators of jump-and-skip DVD filters were required to seek licenses for every copyrighted movie for which they wished to create a filter, and if most copyright owners refused the license, then the DVD-skipping technology would be useless and the public interest presumably would suffer. Proponents of this theory argue that unauthorized secondary uses should be permissible, especially if the copyright owner is not offering its own version of the improvement and thus not meeting public demand for such improvements to

\begin{itemize}
\item[\textsuperscript{149}]. See Loren, supra note 4, at 61; Nicolas, supra note 9, at 69.
\item[\textsuperscript{150}]. U.S. CONST. art. I, § 8, cl. 8.
\item[\textsuperscript{151}]. This approach has no effect on a secondary user’s ability to invoke the fair use defense to copyright infringement under 17 U.S.C. § 107 (2000).
\item[\textsuperscript{152}]. See Loren, supra note 4, at 61; see also Campbell, 510 U.S. at 577 (stating that “rigid application of the copyright statute . . . would stifle the very creativity which the law is designed to foster”).
\item[\textsuperscript{153}]. Nicolas, supra note 9, at 69.
\end{itemize}
preexisting works.\textsuperscript{154} Even stronger cases are those in which the new features actually enhance the function of and increase demand for the preexisting works.\textsuperscript{155}

The problem with this “stifling creativity” argument is that there is no reason to believe that most authors of preexisting works would refuse to bargain in the marketplace for the creation of secondary works by others.\textsuperscript{156} Although there certainly are instances in which authors do refuse to grant licenses, many times this is due to the author’s belief that the requested use would only devalue the original, without adding any socially-beneficial content. Generally, authors are enthusiastic about exploiting their works for economic gain, particularly in new markets. Further, the fact that an author of a preexisting work is not currently providing society with a particular “improvement” does not necessarily mean that the author has consciously chosen to deprive the market of such secondary works. The author may not be aware that a market for certain secondary uses even exists, or a market may not actually exist until after those uses are developed and released to the public. A secondary creator should not be free to openly exploit the work of another simply because the author of the preexisting work did not have the insight or foresight to recognize or predict public demand. Thus, those interested in creating secondary works that rely entirely on preexisting works for their functionality should make some attempt to bargain with the author.

Further, the possible transaction costs associated with bargaining do not support limiting the derivative work right of authors. Those opposed to a broad derivative work right might suggest that even with authors of preexisting works who wish to

---

\textsuperscript{154} See id.


\textsuperscript{156} Some authors actually encourage others to develop secondary works as a way of enhancing the market for the original works. This is particularly true in the case of add-ons for computer software. For example, Apple Computers, Inc., maintained the philosophy that add-ons created by others were crucial to its products being successful. Black & Page, \textit{supra} note 155, at 618. Even authors that do not see secondary uses by others as being particularly advantageous generally are still willing to license those uses for a fee. For instance, video game creators such as Nintendo of America, Inc., and Sega of America, Inc., have pursued aggressive litigation strategies for unauthorized users in the past (such as in the \textit{Galoob} case discussed earlier), but still issue licenses to those who seek permission. \textit{Id.} at 618-19.
bargain, the transaction costs associated with such bargaining may
discourage potential secondary users. Such an argument gives the
impression that the original author is only self-interested, while the
requesting user has society’s interests in mind. Usually, however, the
hopeful secondary user also seeks to make a profit, and is not solely in
business for the benefit of society. Thus, by potentially increasing
costs and limiting possible profits, a broad derivative work right could
be viewed as a disincentive to secondary users. However, a weaker
derivative work right may have an equal effect on the original author.
Authors often consider potential income from derivative uses of their
works when deciding to create.157 A weaker derivative work right
would allow more unauthorized uses, thus decreasing the author’s
incentive to create. In other words, even if the prospect of derivative
versions of an author’s work were not an incentive, allowing others to
create derivative works without the author’s permission might be a
disincentive for the author to create.158

The question, then, is whose incentive is more important, the
original author’s or the potential secondary user’s? Because an
expansion of the derivative work right would not prevent an
unauthorized secondary user from asserting a fair use defense to an
infringement claim, such users would maintain an incentive to create
even when market transactions fail. With incentives available for
both original authors and secondary users to create, an expansion of
the derivative work right to include works that rely on but do not
physically incorporate preexisting works is consistent with copyright’s
purpose of balancing the interests of authors and society.

Although changing the derivative work right to protect
copyrighted works from being used in such ways might be an
expansion of the derivative work right from its historical background,
copyright protection should adapt to changing technology. Those
opposing an expansion of the derivative work right argue that many
types of works covered by such an expansion are not analogous to
historically recognized derivative works.159 Therefore, authors of
preexisting works would not and should not consider the potential to
exploit their works in these new formats as an incentive to create in

157. Goldstein, supra note 72, at 227.
158. For instance, an author of a novel might not write that novel with thoughts of
later adapting it into a film, but if a third party could lawfully make such an adaptation
without the author’s permission and without providing compensation, the author may be
disinclined to write again in the future. If a secondary user can legally profit from an
author’s creation without paying for the right to use it, why would the author even want to
exert the time and effort to create new and interesting stories?
159. See Loren, supra note 4, at 80-81.
Instead, the derivative work right should cover only those works from which a copyright owner expects to profit, which would not include potential types of works of which the author is not aware. However, this argument is weak because its approach would effectively freeze the derivative work right in the past. Relying only on historically recognized uses is extremely narrow-sighted, and allows for little or no development of the derivative work doctrine as technology develops and new forms of expression and exploitation emerge. Copyright owners should not have to see into the future and predict such developments in order to be protected from them.

Although history should not be used to bind the derivative work right to a stagnant form, it can be considered to support an expansion of that right. As a number of commentators have pointed out, throughout the development of copyright law, the derivative work right has been expanded to protect copyright owners against potential future uses of preexisting works in new and anticipated technology and media. Further, as already discussed in the context of the purposes of copyright protection, Congress has effectively followed a natural rights approach in expanding copyright law. Despite interpretations by courts that might suggest otherwise, the legislative history of the current Copyright Act supports an expansive view of the derivative work right. For instance, in passing the Copyright Act, Congress expressed that copyright law should be flexible enough to adapt to new technologies. Also, the legislative history recognizes that certain types of works should still be considered derivative, despite the fact that they are never fixed in a tangible form. Thus, history shows that Congress would likely be receptive to expanding the derivative work to cover works that rely on but do not incorporate preexisting copyrighted works.

Finally, the equitable concept—that profiting off of the exploitation of another's creative expression without authorization is just wrong, no matter whether the secondary uses contain independent originality or incorporate the prior work through fixation—supports an expansion of the derivative work right. Some courts and commentators regard this approach against “free rides” as

---

160. Id. at 81.
161. Id.
162. See Goldstein, supra note 72, at 217; Nielander, supra note 116, at 11.
163. Hadfield, supra note 118, at 11; Nielander, supra note 116, at 8.
an application of the “sweat of the brow” doctrine, which the Supreme Court has determined has no place in copyright law. The “sweat of the brow” doctrine, also termed “industrious collection,” stated that copyright protection could be provided to those who exert hard work in compiling information. However, copyright law only protects original expression, not hard work. Thus, the “sweat of the brow” doctrine is no longer a valid consideration for determining the presence of copyright protection, as it has the potential to allow protection of ideas for no other reason than the effort of the author.

The argument that allowing unauthorized exploitation of another’s work is inequitable has no relation to the “sweat of the brow” doctrine. Though on its surface the argument appears to promote protection of the author’s effort in creating a work, the actual basis for the argument is the natural rights theory of copyright protection. Allowing others to profit through exploitation of an author’s work is a violation of the author’s inherent right of control as creator of the work. The “sweat of the brow” doctrine can also be distinguished from the equity argument by looking at the context in which the doctrine was rejected by the Supreme Court. In *Feist Publications, Inc. v. Rural Telephone Services Company*, the defendant copied data from the plaintiff’s telephone directory about telephone subscribers that the plaintiff had collected and compiled. The plaintiff contended that, under the “sweat of the brow” doctrine, it had a copyright interest in the data compilation due to the effort required to collect it, regardless of any lack of originality. The Supreme Court rejected this argument, holding that protecting a compilation exhibiting no originality would impermissibly extend copyright protection in the underlying facts or data. However, expanding the derivative work right under a theory of fairness to the author is meant to provide further protection to works that are already the subject of copyright. An author would not gain any ownership interest in any facts or data; instead, an author would gain extra incentive to create. Any protection of effort inferred from an expansion of the derivative work right is no more than that already

169. *Id.* at 353-54.
171. 499 U.S. at 344.
172. *Id.* The “sweat of the brow” doctrine had been developed by federal circuit courts. *See, e.g.*, Leon v. Pac. Tel. & Tel. Co., 91 F.2d 484 (9th Cir. 1937); Jeweler’s Circular Publ’g Co. v. Keystone Publ’g Co., 281 F. 83 (2d Cir. 1922).
underlying the incentive theory of copyright protection. Thus, the “sweat of the brow” doctrine is not implicated by the argument that fairness considerations support an expansion of the derivative work right to include works that rely on but do not physically incorporate preexisting copyrighted material.

D. A Proposal to Expand the Derivative Work Right

As this note concluded earlier in the context of jump-and-skip DVD filters, the derivative work right as it currently stands probably does not allow copyright owners to control the preparation of secondary works which rely on, but do not physically incorporate, their preexisting copyrighted works. The problem with this outcome is that the interests of the author are not adequately balanced with the interests of society. Although the public does benefit from allowing these unauthorized secondary uses, authors are generally left in the cold. Creators of technology-based works such as the jump-and-skip filters, which rely entirely on the copyrighted works of others for their usefulness, are not required to gain permission or provide compensation for these profit-making purposes. With new technologies emerging at an almost frantic pace, there is no way to predict to what extent these “free rides” may negatively affect an author’s market in his or her works. Rather than permit secondary users the unbridled ability to exploit others’ copyrighted works in ways similar to jump-and-skip filter companies like ClearPlay, authors and interested users should bargain for such uses. In order to ensure such market transactions, Congress should expand the derivative work right.174

Congress can address the interests of authors, secondary users, and the general public by amending the statutory definition of “derivative work” to include works that completely rely on, but do not

physically incorporate, preexisting copyrighted works. Such an amendment could take the following form:

The term “derivative work” includes a work that would have no functional or aesthetic value but for its specific reliance on a preexisting copyrighted work, but does not incorporate that specific preexisting work in a fixed form.\textsuperscript{175}

The major benefit of this proposed amendment is that it provides authors with greater control over the exploitation of their copyrighted works without jeopardizing either current or potential technologies.\textsuperscript{176} This is accomplished by the use of the word “specific” in relation to “reliance” and “preexisting works.” Without the word “specific,” such existing devices as CD players and DVD players could be construed as infringements of the derivative work right due to their exclusive function of providing access to copyrighted works.\textsuperscript{177} Instead, inclusion of the word ensures that only unauthorized secondary works that are tailored to rely on one or more specific works face liability for infringement of the derivative work right. Further, using the term “specific” ensures that new technologies themselves cannot be infringements, just the specific works that are created for those technologies. For instance, in the context of the jump-and-skip DVD filters, each movie-specific filter would be an infringement, but the general jump-and-skip technology that implements those filters would not be. Thus, the proposed amendment would not curtail technological developments; it would only expand the derivative work right require that creators of specific secondary uses for those technologies bargain with copyright owners for permission to use specific works.

Another benefit of the proposed amendment is that it encourages negotiation and cooperation between copyright owners and interested secondary users. More protection for owners will most likely lead to the development of licensing relationships with technology companies like ClearPlay and other users. With the knowledge that there is a market for new uses for their works, and the ability to have some say in how their works will be exploited,

\textsuperscript{175} This sentence can be added to the definition of “derivative work” appearing at 17 U.S.C. § 101 with no changes to the existing language.

\textsuperscript{176} In addition to the benefits of the proposed amendment discussed in the following paragraphs, many unauthorized uses may still be permissible. Because this language affects only the application of the derivative work right, the amendment does not preclude a potential finding of fair use under § 107 for an unauthorized use which would otherwise violate this new provision.

\textsuperscript{177} Although in reality copyright owners would not likely bring suit against manufacturers of CD players and DVD players, these examples are provided to show the necessity of including the qualifier “specific” to the proposed statutory amendment.
Copyright owners will probably be more open to negotiating licenses. Any resulting licensing agreements would also benefit society in that there will be greater access to information with less potential for detrimental lawsuits.

In summary, the important policies and interests surrounding copyright law as recognized by Congress, commentators, and recent court decisions support expansion of the derivative work right to protect authors from unauthorized secondary uses that rely on but do not physically incorporate preexisting copyrighted works.

III. CONCLUSION

The continuous development of new technologies constantly provides courts with a bevy of difficult and novel copyright issues. Try as it might, Congress was not able to anticipate all potential legal issues that would arise with the development of new technologies when it enacted the Copyright Act of 1976.\textsuperscript{178} The issue of new technology-based works which rely completely on preexisting copyrighted material, but do not incorporate that material in a fixed form, is one that the Copyright Act does not clearly address. Although the legislative history of the Copyright Act states that fixation in a secondary work of the preexisting elements of another work is not necessarily required for a finding of infringement, judicial precedent such as \textit{Galoob} and \textit{Micro Star} suggest otherwise.

Some courts and commentators, following a utilitarian approach to justify copyright protection, do not see a strict fixation requirement for infringement of the derivative work right as problematic. However, the trend, both in legislation and even recent court opinions, is to recognize that authors have a natural right over their intellectual creations, and thus should have broad control over the exploitation of those works. Further, various market considerations support providing authors with more power to prevent others from using their works for profit without permission. In consideration of this recognition of natural rights, Congress should amend the Copyright Act so that the derivative work right protects authors from unauthorized uses that rely on but do not physically incorporate their preexisting works.

\textsuperscript{178} Or, in the very least, it was not able to provide a clear enough statement of its intent so as to prevent any judicial confusion in the application of the statute.
This proposal recognizes the needs of all interested parties and balances them to further the goal of copyright law to benefit the public at large.

Patrick W. Ogilvy*