

Fordham Intellectual Property, Media and Entertainment Law Journal

Volume 16 *Volume XVI*
Number 1 *Volume XVI Book 1*

Article 5

2005

Copyright Infringement in the Digital Age: The Issue of Unfixed Works

Hazel Malcolmson
Fordham University School of Law

Follow this and additional works at: <https://ir.lawnet.fordham.edu/iplj>



Part of the [Entertainment, Arts, and Sports Law Commons](#), and the [Intellectual Property Law Commons](#)

Recommended Citation

Hazel Malcolmson, *Copyright Infringement in the Digital Age: The Issue of Unfixed Works*, 16 Fordham Intell. Prop. Media & Ent. L.J. 297 (2005).

Available at: <https://ir.lawnet.fordham.edu/iplj/vol16/iss1/5>

This Note is brought to you for free and open access by FLASH: The Fordham Law Archive of Scholarship and History. It has been accepted for inclusion in Fordham Intellectual Property, Media and Entertainment Law Journal by an authorized editor of FLASH: The Fordham Law Archive of Scholarship and History. For more information, please contact tmelnick@law.fordham.edu.

Copyright Infringement in the Digital Age: The Issue of Unfixed Works

Cover Page Footnote

The author would like to thank Thomas H. Lee, Hugh Hansen, as well as friends and family.

Copyright Infringement in the Digital Age: The Issue of Unfixed Works

Hazel Malcolmson*

INTRODUCTION	299
I. THE CONFLICT BETWEEN MOVIE STUDIOS AND EDITING TECHNOLOGY COMPANIES	304
A. <i>Protection for Adaptations of Works Under the Derivative Right of the Copyright Act</i>	304
B. <i>Protection Against Modifications of a Work Under Moral Rights Law</i>	308
C. <i>The Story Behind the Enactment of the Family Movie Act</i>	311
II. ANALYSIS OF RELEVANT STATUTORY, JUDICIAL AND SCHOLARLY MATERIALS	314
A. <i>Moral, Reproduction and Derivative Rights Provisions Under the Copyright Act</i>	314
1. Protection Against Modifications to Artistic Works Under Moral Rights	315
2. Protection Against Reproduction of Works in Substantial Part	318
3. Protection Against Altered Versions of Works Under the Derivative Right	319
a. The Statutory Language of the Copyright Act	319

* J.D. candidate, Fordham University School of Law, 2006; B.M., The Juilliard School, 2000. I would like to thank Professor Thomas H. Lee for helping me refine the style and structure of my note, Professor Hugh Hansen for helping me develop my topic, and my family and friends for their support in my efforts.

298	<i>FORDHAM INTELL. PROP. MEDIA & ENT. L.J.</i> [Vol. 16:297	
	b. The Legislative History of the Copyright Act.....	321
	B. <i>Relevant Case Law</i>	323
	C. <i>Defenses to the Claim of Infringement of the Derivative Right</i>	329
	1. Idea-Expression Dichotomy.....	331
	2. Fair Use Doctrine.....	331
	D. <i>The Incentive Structure of the Copyright Act</i>	334
III.	APPLICATION OF LAWS AND POLICY TO THE ISSUE OF WHETHER FIXATION IS REQUIRED TO INFRINGE THE DERIVATIVE RIGHT.....	337
	A. <i>Moral Rights Will Not Provide Relief to the Movie Studios</i>	337
	B. <i>The Unfixed, Altered Works Do Not Constitute a Violation of the Reproduction Right</i>	338
	C. <i>Unfixed, Altered Works May Infringe the Movie Studios' Derivative Rights</i>	339
	1. The Idea-Expression Dichotomy Does Not Assist in Avoiding Liability for Infringement.....	339
	2. Ultimately, the Fair Use Defense Does Not Protect Against Liability for Infringement.....	340
	D. <i>The Statutory Language and Legislative History of the Copyright Act Strongly Suggest That Fixation Is Not Required to Infringe the Derivative Right</i>	349
	E. <i>Concern for the Incentive Structure of the Copyright Act Supports the Protection of the Derivative Right</i>	350
	CONCLUSION.....	351

INTRODUCTION

Over the centuries, advances in technology have continually challenged the rights of copyright owners. The main battle today is joined over the advances brought about by digital technology. One example of this is movie editing software which allows the user to play a DVD version of a movie in conjunction with the software and skip or mute offensive material, such as violence, nudity and profanity. The technology skips or mutes material according to the timings of the original DVD and allows the user to experience an altered version of the movie which is “unfixed”—the altered version does not exist in any physical form. The altered version is not contained on the original DVD because the DVD is not affected by its use with the technology, nor does it exist in the software, which merely contains timings specific to the movie.

The Copyright Act grants copyright owners the exclusive right to all adaptations of their original works under the derivative right.¹ A section of the Family Entertainment and Copyright Act, entitled The Family Movie Act,² amends the Copyright Act and exempts from infringement the use of movie editing software. However, an analysis of the policies and principles of copyright suggests that without this statutory exemption, the altered versions might infringe the derivative right of the copyrighted work. Therefore, the Family Movie Act can be seen as encroaching upon the derivative right. Unfixed works which are capable of infinite repetition and which open new markets should be found to infringe the copyright holder’s derivative right. In the future, we should be cautious in granting protection for similar digital technologies.

*Saving Private Ryan*³ exposes the viewer to the reality of war through the story of a group of soldiers who are ordered to find

¹ 17 U.S.C. § 106(2) (2000) (granting the copyright owner the exclusive right “to prepare derivative works based upon the copyrighted work”).

² Family Entertainment and Copyright Act of 2005, Pub. L. No. 109–9, §§ 201–202, 119 Stat. 218, 223–24 (codified as amended in scattered sections of 17 U.S.C.) [hereinafter The Family Movie Act of 2005].

³ SAVING PRIVATE RYAN (Dreamworks Distribution, L.L.C. 1998).

Private James Ryan and bring him home.⁴ When the United States government learns that all three of Ryan's brothers have been killed in combat, it orders that the last remaining son be withdrawn from combat.⁵

In contrast with many other war movies, *Saving Private Ryan* gives a realistic depiction of war, by using close-up shots of the violence and by remaining brutally honest about the nature of war.⁶ The movie opens with a truly horrific, graphic scene of destruction and suffering: "thousands of terrified and seasick men, most of them new to combat," land on Omaha Beach and are "thrown into the face of withering German fire."⁷ The action is filmed in such a manner that there is no sense of the progress the soldiers are making as a group.⁸ Thus, the experience of the individual man on the beach is recreated.⁹

Saving Private Ryan communicates complex and difficult concepts using graphic images, violence, profanity, action, and camaraderie.¹⁰ The humiliation and destruction engendered by the system of war is total.¹¹ The survival of any individual soldier appears to depend on luck.¹² Because the mission of the squad sent to retrieve Ryan is tangential to the focus of the war, the

⁴ See Roger Ebert, *A 'Private' Matter; Spielberg Conveys Action, Feelings of War: Saving Private Ryan*, CHICAGO SUN-TIMES, July 24, 1998, Weekend Plus; Movies at 31 (reviewing SAVING PRIVATE RYAN (Dreamworks Distribution, L.L.C. 1998)), available at <http://rogerebert.suntimes.com/apps/pbcs.dll/article?AID=/19980724/REVIEWS/807240304/1023> (last visited July 17, 2005); Almar Hafliadason, *Saving Private Ryan (1998)*, BBC FILM REVIEWS (updated Nov. 7, 2000) (reviewing SAVING PRIVATE RYAN (Dreamworks Distribution, L.L.C. 1998)) at http://www.bbc.co.uk/films/2000/11/07/saving_private_ryan_1998_review.shtml (last visited July 17, 2005).

⁵ Ebert, *supra* note 4; Hafliadason, *supra* note 4.

⁶ Tom Feran, *Commentary: Movie 'Cleaners' Rake in Dirty Money*, NEWHOUSE NEWS SERVICE, Sept. 27, 2002. "SAVING PRIVATE RYAN . . . reenacted D-Day landings with a startling, close-up candor that World War II veterans said was authentic." *Id.*

⁷ Ebert, *supra* note 4.

⁸ *Id.*

⁹ *Id.*; see Hafliadason, *supra* note 4. SAVING PRIVATE RYAN is "an important film that deconstructs war machines into separate, frightened men as it so likely was." *Id.*

¹⁰ Ebert, *supra* note 4.

¹¹ *Id.*

¹² *Id.*

movie takes on a psychological rather than a military perspective.¹³ Thus, through this small story, the viewer is drawn into the effects of war on the psyches of the individual men.¹⁴

If *Saving Private Ryan's* extremely graphic portrayal of the individual soldier's experience of war were edited, it would likely be easier on the eyes and the psyche of the viewer. It is also likely that such edits would not change the overall plot or the communication of the movie's central message. However, *Saving Private Ryan* was truly remarkable in that its portrayal of war for the viewer is as terrifying as it was for the common soldier experiencing it.¹⁵ An edited version would dilute the impact of the movie upon the audience by substantially eliminating the candid representation of the violence of war.

In fact, movies have started to be "sanitized" in just this fashion. The editing is done in one of two ways: (1) companies physically alter the video or DVD,¹⁶ or (2) software developed by the companies, which is tailored to specific movies, reads the original DVD and skips or mutes offensive material on-the-fly without altering the original DVD.¹⁷ Where the altered version is created by the use of editing software, no physical copy of the altered version is made.

¹³ Haflidason, *supra* note 4.

¹⁴ Ebert, *supra* note 4.

¹⁵ Feran, *supra* note 6 ("SAVING PRIVATE RYAN . . . reenacted D-Day landings with a startling, close-up candor that World War II veterans said was authentic."); see Ebert, *supra* note 4 (describing some of the graphic violence portrayed in the opening scene); Haflidason, *supra* note 4 (SAVING PRIVATE RYAN'S "graphic violence" has been praised for its "realism.")

¹⁶ Christina Mitakis, *The E-Rated Industry: Fair Use Sheep or Infringing Goat?*, 6 VAND. J. ENT. L. & PRAC. 291, 292-93 (2004); Sharon Weinberg Nokes, *E-Rated Movies: Coming Soon to a Home Theater Near You?*, 92 GEO. L.J. 611, 616-17 (2004).

¹⁷ Michael P. Glasser, "To Clean or Not to Clean": *An Analysis of the Copyright and Trademark Issues Surrounding the Legal Battle Between Third Party Film Editors and the Film Industry*, 22 CARDOZO ARTS & ENT. L.J. 129, 136-38 (2004); Ashley Kerns, *Modified to Fit Your Screen: DVD Playback Technology, Copyright Infringement or Fair Use?*, 24 LOY. L.A. ENT. L. REV. 483, 489-92 (2004); Nokes, *supra* note 16, at 619-20; Laura Jeanne Monique Silvey, *Cutting Out the "Good" Parts: The Copyright Controversy Over Creating Sanitized Versions of VHS/DVD Movies*, 33 SW. U.L. REV. 419, 425-26 (2004).

The edits made to *Saving Private Ryan* through these sanitizing methods include hundreds of alterations to the original film.¹⁸ Four minutes of the twenty-five minute opening scene have been deleted.¹⁹ The editing results in the elimination of “the most stomach-churning injuries . . . including the astounding moment when Tom Hanks realizes that the man he is dragging up the beach is no longer a whole man.”²⁰ The editing results in a loss of “the very point of the movie that war is unimaginably cruel, random and devastating.”²¹

Although the edits likely cut much of what makes *Saving Private Ryan* remarkable, according to those in the editing business, “the powerful portrayal of World War II combat remains.”²² The altered version still leaves the viewer “emotionally drained.”²³ More importantly, the editing creates a greater market for the movie. Those parents who had previously chosen not to expose their children to graphic violence can now show the movie without it.

The altered versions created by the digital movie-editing technology are unfixed. Under the Copyright Act, a work is “fixed” when it is embodied in a stable, physical object.²⁴ The definition of “fixation” excludes purely evanescent or transient reproductions such as images projected briefly on a screen or television, or copies captured momentarily in the “memory” of a

¹⁸ Louis Aguilar, *Family-Friendly or Defaced? Colo. Stores' Cleaned-up Movies Spur 1st Amendment Fight*, DENV. POST, Sept. 24, 2002, at A01.

¹⁹ *Id.*

²⁰ Shawn Levy, *CleanFlicks Throws the Baby Out With the Bathwater*, NEWHOUSE NEWS SERVICE, Oct. 2, 2002; see Michael Janofsky, *Utah Shop Offers Popular Videos With the Sex and Violence Excised*, N.Y. TIMES, Jan. 31, 2001, at A11 (reporting that “soldiers die but they do not bleed a lot”); Dan Kadison, *H'wood: Don't Cut – Lawsuit Could Kill Companies Selling Cleaned-Up Films*, N.Y. POST, Sept. 23, 2002, at 025 (noting that the “severed limbs of dying soldiers in [the] intense opening sequence” are edited out).

²¹ Levy, *supra* note 20.

²² See Rich Vosepka, *Turning R-rated Movies into G: Utah Video Clubs Edit Films for Sex, Profanity*, SEATTLE TIMES, Aug. 18, 2001, at E1.

²³ *Id.* (quoting Braxton Schenk, an owner of a rental club which offers sanitized movies).

²⁴ See 17 U.S.C. § 101 (2000).

computer.²⁵ Here, the edited version of the movie created by the use of software in conjunction with a copy of the original work is unfixed because the altered form experienced by the viewer is not embodied in a material object. The original DVD remains untouched and the software is not able to recreate the edited version on its own. The altered version can only be created by the use of the software in conjunction with the unedited, original DVD. Thus, the edited version exists only in the synthesis of the software and the original DVD. The creation of a physically-altered tape or DVD for commercial profit is likely illegal.²⁶ However, it is unclear whether an unfixed, altered version of a copyrighted work is legal.

In exploring the general question of whether unfixed works can violate the derivative right of copyright owners, the specific case of digital movie-editing software will be used as an example. Although the Family Movie Act exempts this software from liability for copyright infringement,²⁷ the software presents a concrete basis on which to explore the question of whether unfixed, altered works can infringe upon the derivative right of copyright owners. This note concludes that fixation alone should not pose a bar to a copyright owner's claim for infringement of his derivative right.

Part I of this note explains the concept and background of the derivative right and an artist's moral rights and sets forth the history behind the drafting of the Family Movie Act. Part II explores the principal language and legislative history of the Copyright Act, the case law that addresses the question of whether

²⁵ H.R. REP. NO. 94-1476, at 53 (1976).

²⁶ Under the Copyright Act, the owner of a copyrighted work is granted the exclusive right to reproduce the work. 17 U.S.C. § 106(1) (2000). This right is infringed upon when the work is reproduced "in whole or in any substantial part, and by duplicating it exactly or by imitation or simulation." H.R. REP. NO. 94-1476, at 61 (1976); S. REP. NO. 94-473, at 58 (1975); see H.R. REP. NO. 109-33(I), at 7 (2005), *reprinted in* 2005 U.S.C.C.A.N. 220, 225 ("The Committee is aware of services and companies that create fixed derivative copies of motion pictures and believes such practices are illegal under the Copyright Act.").

²⁷ Family Movie Act of 2005, Pub. L. No. 109-9, §§ 201-202, 119 Stat. 218, 223-24 (codified as amended in scattered sections of 17 U.S.C.).

the derivative right can be infringed by unfixed works, and the incentive structure of the Copyright Act. Part III applies the concepts developed in Part II to the specific case of the altered versions of the movies created by the editing software. The note concludes that in order to infringe the derivative right, fixation should not be necessary. However, the note also proposes that two determinations should be made prior to making an actual finding of infringement: (1) whether the unfixed work can be recreated in an identical fashion infinitely, and (2) whether it is reasonable to expect that the copyright owner will enter the derivative market which is being exploited by the allegedly infringing work on its own.

I. THE CONFLICT BETWEEN MOVIE STUDIOS AND EDITING TECHNOLOGY COMPANIES

A. *Protection for Adaptations of Works Under the Derivative Right of the Copyright Act*

The Constitution grants Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”²⁸ This clause is generally referred to as the Intellectual Property Clause. Congress enacts copyright statutes under this grant of power. The copyright statutes evolved through amendments and revisions into the Copyright Act of 1976—the law in force today.²⁹ The progression of the law has generally been in the direction of expansion—that is, both the scope of copyrightable subject matter and the rights granted to the copyright holder have increased over time.

The statutory expansion of the scope of copyrightable subject matter is attributable to the broadening of the interpretation of the constitutional word “writings.”³⁰ This term has been broadened (a)

²⁸ U.S. CONST. art. I, § 8, cl. 8.

²⁹ 17 U.S.C. §§ 101, *et seq.* (2000).

³⁰ 1 WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 131 (1994) (quoting H.R. REP. NO. 94-1476, at 51-52 (1976)); *see also* S. REP. NO. 94-473, at 50-51 (1975).

to encompass technological developments enabling new forms of expression,³¹ such as the development of movies, and (b) to include forms of expression that have been in existence for a long time but not formerly considered creative and worthy of protection, such as music, plays and art.³² Today, the Act of 1976 gives copyright protection for:

original works of authorship fixed in any tangible medium of expression . . . from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

- (1) literary works;
- (2) musical works, including any accompanying words;
- (3) dramatic works, including any accompanying music;
- (4) pantomimes and choreographic works;
- (5) pictorial, graphic, and sculptural works;
- (6) motion pictures and other audiovisual works;
- (7) sound recordings; and
- (8) architectural works.³³

The definition of the rights to which a copyright holder is entitled has expanded with the scope of copyrightable subject matter.³⁴ Initially, the exclusive rights were limited to the right to copy and the right to authorize reproduction and publication of the work.³⁵ However, as the scope of protectable subject matter developed beyond books to include works such as plays, music and art,³⁶ the exclusive rights were correspondingly expanded to include dramatization, public performance and public displays, as well as translations and other adaptations.³⁷ Today, the Copyright Act of 1976 gives authors the exclusive right:

³¹ H.R. REP. NO. 94-1476, at 51-52 (1976); S. REP. NO. 94-473, at 50 (1975). Some of these forms could be considered subject matter Congress intended to protect from the outset. H.R. REP. NO. 94-1476, at 51-52 (1976); S. REP. NO. 94-473, at 50-51 (1975).

³² H.R. REP. NO. 94-1476, at 51-52 (1976); S. REP. NO. 94-473, at 51 (1975).

³³ 17 U.S.C. § 102 (2000).

³⁴ 1 PATRY, *supra* note 30, at 503.

³⁵ *Id.*

³⁶ *Id.* at 504.

³⁷ *Id.*

- (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.³⁸

Specifically, the importance of protection for the derivative right has increased. For example, before dramatic plays were considered copyrightable, an author of a book had no legal control over the development of a play based on his copyrighted book. Once plays were recognized as copyrightable, the protection against the theft of an author's novelistic expression became important.

The derivative right was statutorily recognized by Congress for the first time in the Copyright Act of 1870.³⁹ That Act provided that authors may "reserve the right to dramatize or to translate their own works."⁴⁰ This provision reflected Congress's response to case law and to scholars who were struggling with the existing scope of an author's rights.⁴¹

³⁸ 17 U.S.C. § 106 (2000).

³⁹ Patent and Copyright Act of 1870, 41 Cong. 2d Sess., 16 Stat. 198.

⁴⁰ 2 PATRY, *supra* note 30, at 820 (quoting Act of July 8, 1870, § 86, 41st Cong. 2d Sess., 16 Stat. 198, 212).

⁴¹ *Id.*

The Copyright Act of 1909 broadened the scope of an author's derivative right by giving a copyright owner the exclusive right:

[t]o translate the copyrighted work into other languages or dialects, or make any other version thereof, if it be a literary work; to dramatize it if it be a nondramatic work; to convert it into a novel or other nondramatic work if it be a drama; to arrange or adapt it if it be a musical work; to complete, execute, and finish it if it be a model or design for a work of art⁴²

By broadening the scope of the derivative right, Congress intended to codify the "existing law as construed by the courts."⁴³

Finally in the 1976 Act, Congress granted the author the exclusive right "to prepare derivative works based upon the copyrighted work."⁴⁴ The 1976 Act defines derivative works as:

a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted [or a] work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship⁴⁵

The derivative right overlaps with the reproduction right. However, the derivative right is a broader right in that the "reproduction requires fixation in copies or phonorecords, whereas the preparation of a derivative work . . . may be an infringement even though nothing is ever fixed in a tangible form."⁴⁶ Nevertheless, the derivative right is limited by the requirement that

⁴² Copyright Act of 1909, § 1(b), Pub. L. No. 60-349, 35 Stat. 1075, available at http://www.kasunic.com/1909_act.htm (last visited July 21, 2005).

⁴³ 2 PATRY, *supra* note 30, at 821 (quoting H.R. REP. NO. 60-2222, at 4 (1909); S. REP. NO. 60-1108, at 4 (1909)).

⁴⁴ 17 U.S.C. § 106(2) (2000).

⁴⁵ *Id.* § 101.

⁴⁶ H.R. REP. NO. 94-1476, at 62 (1976); see also ALAN LATMAN, *THE COPYRIGHT LAW: HOWELL'S COPYRIGHT LAW REVISED AND THE 1976 ACT* 175 (5th ed. 1979).

the work be based upon the copyrighted work.⁴⁷ In addition, to infringe the derivative right, the allegedly infringing work must incorporate the copyrighted work in some form.⁴⁸

The Copyright Act does not specify whether that form must be physical.⁴⁹ The legislative history suggests that the form need not be physical.⁵⁰ Therefore, the derivative right potentially protects copyright owners against the unfixed, altered versions created by the movie-editing software.

*B Protection Against Modifications of a Work
Under Moral Rights Law*

Moral rights are distinct from the rights granted under copyright law, which protect the copyright owner's economic interests.⁵¹ Moral rights are a bundle of rights which protect the artist's personal interest in preserving the artistic integrity of his work and in compelling recognition for his authorship, regardless of whether he owns the copyright in the work.⁵² Because moral rights protect the honor and reputation of the artist, moral rights may not be transferred from the artist to third parties.⁵³

The concept of moral rights originated in continental Europe and has been highly developed there.⁵⁴ For example, in France, these rights are referred to as *le droit moral*, which roughly translates to rights which protect the spiritual, non-economic and personal aspects of an artist's work.⁵⁵ By contrast, protection of moral rights of artists under United States law is limited. Legislators and courts have been slow to adopt provisions granting

⁴⁷ 17 U.S.C. §§ 101, 106 (2000); LATMAN, *supra* note 46, at 175.

⁴⁸ H.R. REP. NO. 94-1476, at 62 (1976); S. REP. NO. 94-473, at 58 (1975).

⁴⁹ *See infra* Part II A.3.

⁵⁰ *See infra* Part II A.3.

⁵¹ *See* Kathryn A. Kelly, *Moral Rights and the First Amendment: Putting Honor Before Free Speech?*, 11 U. MIAMI ENT. & SPORTS L. REV. 211, 215-16 (1994).

⁵² *See* Roberta Rosenthal Kwall, *Copyright and the Moral Right: Is an American Marriage Possible?*, 38 VAND. L. REV. 1, 2-3 (1985).

⁵³ *See* Kelly, *supra* note 51, at 215-16.

⁵⁴ *See* 3 MELVILLE B. & DAVID NIMMER ON COPYRIGHT § 8D.01[A] (2005) [hereinafter NIMMER TREATISE].

⁵⁵ *Id.*

protection for a work based on non-economic theories to persons who may no longer own the copyright in the work.⁵⁶

Several theories justify granting protection for moral rights. First, the natural law theory implies that artistic works are manifestations of the artist's psyche. The work that the artist creates, therefore, is his property and he has a right to control that property.⁵⁷ Second, an artistic work is seen as an extension of the artist's personality. Thus, protection for the work is triggered under the individual's right to the sanctity of his or her person against outside interference.⁵⁸ Third, by allowing an artist to secure the aesthetic content of his work, the artist preserves his honor and reputation, and thus secures the work's economic value. Injury to an artist's reputation generally has a corresponding injury to the economic value of his work.⁵⁹ Finally, by granting protection for moral rights, the interest society has in maintaining its cultural identity is protected through preservation of its cultural artifacts.⁶⁰

In distinguishing between the protections afforded under copyright law and moral rights law, Martin A. Roeder captured the essence of moral rights in his article, *The Doctrine of Moral Right: A Study in the Law of Artists, Authors and Creators*:⁶¹

The copyright law, of course, protects the economic exploitation of the fruits of artistic creation; but the economic, exploitative aspect of the problem is only one of its many facets When an artist creates, be he an author, a painter, a sculptor, an architect or a musician, he does

⁵⁶ See *id.* § 8D.02[A].

⁵⁷ See Craig A. Wagner, *Motion Picture Colorization, Authenticity, and the Elusive Moral Right*, 64 N.Y.U. L. REV. 628, 689 (1989). Copyright law is based on the proprietary principle that the work is a product of intellectual labor "and [is] considered as much the author's own property as the physical substance on which it was written." 1 PATRY, *supra* note 30, at 3; see also WILLIAM F. PATRY, *LATMAN'S THE COPYRIGHT LAW* 2 (6th ed. 1986).

⁵⁸ See Wagner, *supra* note 57, at 689–90.

⁵⁹ *Id.* at 690; see Martin A. Roeder, *The Doctrine of Moral Right: A Study in the Law of Artists, Authors and Creators*, 53 HARV. L. REV. 554, 566 (1940).

⁶⁰ Wagner, *supra* note 57, at 690.

⁶¹ Roeder, *supra* note 59.

more than bring into the world a unique object having only exploitive possibilities; he projects into the world part of his personality and subjects it to the ravages of public use. There are possibilities of injury to the creator other than merely economic ones; these the copyright statute does not protect. Nor is the interest of society in the integrity of its cultural heritage protected by the copyright statute.⁶²

Moral rights generally include the right of disclosure, the right of attribution, and the right of integrity.⁶³ The right of disclosure allows the artist to determine whether a work should be made public.⁶⁴ Under this right, “[t]he artist retains the right to modify, destroy or hide the work . . .⁶⁵ to refuse to complete a commissioned work . . .⁶⁶ [and to] prohibit display of work that [the artist] has already destroyed or discarded.”⁶⁷

The right of attribution allows the artist to have his or her authorship recognized in connection with a work, even if the actual work has been transferred to another person.⁶⁸ The artist may require that his name, pseudonym or nom de plume be used with his work.⁶⁹ An artist can also prohibit the use of his name on works he did not create.⁷⁰ Thus, the artist can prevent others from falsely attributing works to him.⁷¹ Finally, the attribution right allows the artist to disclaim authorship if the work is altered to such an extent that it is no longer considered to be the work of the artist.⁷²

⁶² *Id.* at 557.

⁶³ 3 NIMMER TREATISE, *supra* note 54, at § 8D.01[A]; Kelly, *supra* note 51, at 216; Nokes, *supra* note 16, at 639.

⁶⁴ Kelly, *supra* note 51, at 216–17; Kwall, *supra* note 52, at 6; *see* Roeder, *supra* note 59, at 559.

⁶⁵ Kelly, *supra* note 51, at 216.

⁶⁶ *Id.* at 216–17.

⁶⁷ Kelly, *supra* note 51, at 217; *see* Roeder, *supra* note 59, at 559.

⁶⁸ *See* 3 NIMMER TREATISE, *supra* note 54, at § 8D.03[A][1]; Kelly, *supra* note 51, at 217; Roeder, *supra* note 59, at 561–62.

⁶⁹ Kelly, *supra* note 51, at 217; Roeder, *supra* note 59, at 562.

⁷⁰ *See* 3 NIMMER TREATISE, *supra* note 54, at § 8D.03[B][1]; Kelly, *supra* note 51, at 217; Roeder, *supra* note 59, at 562, 563.

⁷¹ Roeder, *supra* note 59, at 562, 563; Wagner, *supra* note 57, at 692–93.

⁷² Kelly, *supra* note 51, at 217.

The right of integrity enables the artist to preserve his work even though the actual work may be in the possession of someone else.⁷³ This right lies at the heart of the moral right doctrine because it prevents alterations that destroy the spirit and character of an artist's work.⁷⁴ The right of integrity allows the artist to prevent the work from being distorted, mutilated, modified or truncated.⁷⁵ However, this right does not protect against destruction of the work.⁷⁶ Once a work is destroyed completely, it cannot reflect adversely upon the artist's honor and reputation.⁷⁷ Importantly, the right of integrity protects the public's interest in preserving the work as the artist intended it.⁷⁸

Moral rights, particularly the right of integrity, if accepted in the United States, could potentially protect the artist's interest in preventing the creation of an altered version of the original work, such as the versions created by movie-editing software in that the altered version likely desecrates the artist's conception of his or her work.

C. The Story Behind the Enactment of the Family Movie Act

The Family Movie Act was enacted to protect the interests of consumers who find offensive the mature content contained in some movies, including obscene language, sex and nudity, violence and immoral behavior, such as drug use.⁷⁹ The Act exempts from copyright infringement technology which allows a consumer to skip or mute offensive material.

In 1998, Sunrise Videos, a family-owned video store in Utah, made physically-edited versions of movies available to

⁷³ Wagner, *supra* note 57, at 692.

⁷⁴ Kwall, *supra* note 52, at 8; Roeder, *supra* note 59, at 565 ("This aspect of the moral right—often deemed to constitute the whole doctrine—is at once the oldest and best known.").

⁷⁵ See 3 NIMMER TREATISE, *supra* note 54, at § 8D.04[A]; Kelly, *supra* note 51, at 217–18; see Kwall, *supra* note 52, at 10–11; Roeder, *supra* note 59, at 565–66, 569.

⁷⁶ See Kelly, *supra* note 51, at 218–19; Roeder, *supra* note 59, at 569.

⁷⁷ Kwall, *supra* note 52, at 9.

⁷⁸ Kelly, *supra* note 51, at 219.

⁷⁹ Benny Evangelista, *House passes piracy measure; Film industry wins some, loses other battles in Congress*, SAN FRANCISCO CHRON., Apr. 20, 2005, at C1.

consumers.⁸⁰ Since then, several other businesses which sanitize movies have opened and have spread rapidly.⁸¹ In addition, software manufacturers have developed technology to allow consumers to self-edit DVDs they rent or purchase. Originally, the altered versions were targeted at religiously-sensitive consumers.⁸² Now, the targeted market has expanded to include parents who desire to show their children sanitized versions of produced movies which contain mature material.⁸³ This industry has become known as the “e-rated industry”—“e” stands for “edited.”⁸⁴

Today, companies that provide sanitized films to individual consumers use two different methods to edit the films. One method involves editing techniques that create a physically-altered copy.⁸⁵ Generally, an edited master copy is made and then repeatedly copied onto either the videocassettes containing the original version of the movie or recordable DVDs.⁸⁶ In an effort to avoid inflicting the economic harm against which the copyright laws protect, the companies using this method often purchase one original copy of the movie for every edited copy they make.⁸⁷ Thus, they maintain a one-to-one ratio of original-to-altered versions of each movie.

A second group of companies, including ClearPlay and Trilogy, have created software which edits movies as you watch them.⁸⁸ The software reads an original copy of the movie and skips over material or mutes words according to the movie’s

⁸⁰ Mitakis, *supra* note 16, at 292; Nokes, *supra* note 16, at 611–612.

⁸¹ Mitakis, *supra* note 16, at 292. “CleanFlicks experience fast growth to approximately seventy outlets in eighteen states in the Midwest and West including California, Utah, Arizona, Colorado, Idaho, Michigan, Montana, Ohio and Oregon.” *Id.*

⁸² Mitakis, *supra* note 16, at 291–92.

⁸³ Glasser, *supra* note 17, at 134–35; *see* Kerns, *supra* note 17, at 513.

⁸⁴ Mitakis, *supra* note 16, at 291, n.2; Nokes, *supra* note 16, at 612.

⁸⁵ *See* Mitakis, *supra* note 16, at 291, n.2; Nokes, *supra* note 16, at 616.

⁸⁶ Nokes, *supra* note 16, at 618; Silvey, *supra* note 17, at 423–24.

⁸⁷ Glasser, *supra* note 17, at 145–47, 173–74; *see* Mitakis, *supra* note 16, at 293.

⁸⁸ Glasser, *supra* note 17, at 136–38.

timings.⁸⁹ By using this software, the original copy of the movie remains unaltered, but the viewer experiences an altered version.⁹⁰

The mature material is categorized into three or four groups and each group has several settings. This allows the user to adjust the settings and to select the amount of each type of material to be edited. For example, ClearPlay has four categories of material each with multiple settings: Violence; Language; Sex and Nudity; and Other, which includes explicit drug use.⁹¹ Trilogy has three categories each with four ratings: Language; Violence; and Adult Themes.⁹² A user, therefore, can eliminate entirely the material under one category, such as sex and nudity, but keep all of the material under another category, such as profanity.

The Family Movie Act exempts from copyright infringement private home viewings of movies which use software to skip selected audio or video content.⁹³ The Act reads:

[T]he making imperceptible, by or at the direction of a member of a private household, of limited portions of audio or video content of a motion picture . . . from . . . the creation or provision of a computer program or other technology . . . if no fixed copy of the altered version of the motion picture is created by such computer program or other technology.⁹⁴

The exemption, therefore, applies only to the use of technology which skips or mutes audio or visual content so that the viewer does not experience that content⁹⁵ and does not apply to physically

⁸⁹ Kerns, *supra* note 17, at 489–92.

⁹⁰ Glasser, *supra* note 17, at 138; Kerns, *supra* note 17, at 492; Nokes, *supra* note 16, at 619; Silvey, *supra* note 17, at 425–26.

⁹¹ Nokes, *supra* note 16, at 621; *see* Kerns, *supra* note 17, at 490–91 (describing the criteria that ClearPlay’s employees to determine offensive content as “(1) blood and gore; (2) violence, drug use, and other crude behavior; (3) profanity; and (4) sex and nudity”).

⁹² Nokes, *supra* note 16, at 621–22.

⁹³ Family Movie Act of 2005, Pub. L. No. 109–9, §§ 201–202, 119 Stat. 218, 223–24 (codified as amended in scattered sections of 17 U.S.C.).

⁹⁴ *Id.* at 223.

⁹⁵ *Id.*

altered copies.⁹⁶ Thus, the editing companies which provide fixed copies of the sanitized movie are excluded from the exemption provided for by Congress in the Family Movie Act.⁹⁷ Therefore, the editing companies pose an easy target for infringement actions by movie studios based on violation of the reproduction and derivative rights because they are making a fixed copy of the altered work and are, therefore, not exempted from liability by Congress.⁹⁸

Although the Family Movie Act exempts the digital movie-editing technology from infringement, it does not address the legality of unfixed, altered works in a general matter.⁹⁹ Therefore, outside of the provisions of the Family Movie Act, the legality of unfixed, altered works is uncertain.

II. ANALYSIS OF RELEVANT STATUTORY, JUDICIAL AND SCHOLARLY MATERIALS

A. *Moral, Reproduction and Derivative Rights Provisions Under the Copyright Act*

It is clear that physically-altered fixed movies are not exempted from infringement by the Family Movie Act. However, outside of the exemptions provided for in the Family Movie Act, in the digital age, the more interesting analysis involves whether the right to prepare derivative works can be infringed by works which are not fixed.

⁹⁶ *Id.*

⁹⁷ *Id.*

⁹⁸ See H. R. REP. NO. 109-33(I), at 7 (2005), *reprinted in* 2005 U.S.C.C.A.N. 220, 225. In fact, the movie studios have brought claims against the editing companies for this very reason. See, e.g., *Huntsman v. Soderbergh*, Civ. Action No. 02-M-1662 (MJW) (D. Co.); *Mitakis*, *supra* note 16, at 294.

⁹⁹ The Family Movie Act specifically addresses the legality of movie-editing software, but does not cover other examples of unfixed altered works which may arise in the future.

1. Protection Against Modifications to Artistic Works Under Moral Rights

The Berne Convention,¹⁰⁰ an international convention signed by seventy-seven countries, governs the copyright laws of its signatories.¹⁰¹ Berne provides for protection of moral rights under Article *6bis*,¹⁰² which protects the right of integrity and the right of attribution. The language regarding the right of integrity reads:

Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right . . . to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.¹⁰³

In adhering to the Berne Convention, Congress declared that the existing provisions under the Copyright Act, the Lanham Act and existing state laws were sufficient to satisfy the requirements under Article *6bis*.¹⁰⁴ The Copyright Act itself grants only limited protection for the right of integrity.¹⁰⁵ The Act provides protection for this right under a section called the Visual Artists Rights Act of 1990 (hereinafter VARA)¹⁰⁶ but extends this protection only to creators of works of visual art.¹⁰⁷ Works of visual art include paintings, drawings, prints, sculptures, and photographs.¹⁰⁸ Audio-visual works and works for hire—including movies—are

¹⁰⁰ Berne Convention for the Protection of Literary and Artistic Works, July 24, 1971, S. Treaty Doc. No. 99-27, 1971 WL 123138 [hereinafter Berne Convention]. The United States adopted the Convention under the Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1988).

¹⁰¹ 4 NIMMER TREATISE, *supra* note 54, at § 17.01[B][1].

¹⁰² Berne Convention, *supra* note 100, art. *6bis*.

¹⁰³ *Id.* art. *6bis*(1).

¹⁰⁴ 2 PATRY, *supra* note 30, at 1275.

¹⁰⁵ 17 U.S.C. § 106A(a) (2000).

¹⁰⁶ *Id.*; *see* 3 NIMMER TREATISE, *supra* note 54, at § 8D.06.

¹⁰⁷ 17 U.S.C. § 106A(b) (2000).

¹⁰⁸ *Id.* § 101.

specifically excluded from the provision for moral rights protection.¹⁰⁹

According to Melville B. and David Nimmers' widely respected treatise on copyright law, the Congressional finding that United States laws are adequate to satisfy the obligations under the Berne Convention "flies in the face of a number of judicial and scholarly pronouncements on the subject."¹¹⁰ Moreover, the judicial interpretation of the laws which might serve to protect the moral rights of works which fall outside of the provisions of VARA, has been narrow and unforgiving.¹¹¹

¹⁰⁹ *Id.*

¹¹⁰ 3 NIMMER TREATISE, *supra* note 54, at § 8D.02[D][1]. The treatise points to John Henry Merryman, *The Refrigerator of Bernard Buffet*, 27 HASTINGS L.J. 1023, 1035–36 (1976) ("The moral right of the artist, and in particular that component called the right of integrity of the work of art, simply does not exist in our law."), and *Weinstein v. Univ. of Ill.*, 811 F.2d 1091, 1095 n.3 (7th Cir. 1987) ("[D]roit moral, the Continental principle" is a doctrine that "no American jurisdiction follows as a general matter.").

¹¹¹ The recent Supreme Court pronouncement in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 123 S. Ct. 2041 (2003), on the right of attribution limits the doctrine of moral rights in general. The Court considered a claim by Fox under the Lanham Act for false designation of origin based on a set of videos that Dastar had reworked and sold as their own. The original video set, which had fallen into the public domain, was made from a television series, which was based on a book. Fox had repurchased the television rights to the book. The Court concluded that unless Dastar had purchased the original set of videos and repackaged them as their own, Fox could not claim any right of attribution. The Court found that Congress had limited the right of attribution under copyright law to works of visual art. The Court concluded that if the Court were to recognize "a cause of action for misrepresentation of authorship of non-copyrighted works (visual or otherwise) . . . these limitations [would be rendered] superfluous. A statutory interpretation that renders another statute superfluous is of course to be avoided." 539 U.S. at 35. Thus, the Court's conclusion generally limits the doctrine of moral rights. Although the Second Circuit had earlier recognized a cause of action for the right of integrity brought under the Lanham Act, *Gilliam v. American Broad. Cos.*, 538 F.2d 14 (2d Cir. 1976) (finding that "ABC impaired the integrity of appellants' work and represented to the public as the product of appellants what was actually a mere caricature of their talents"), *Dastar* may have weakened the effect of the Second Circuit's ruling because the Second Circuit used the Lanham Act to provide protection for moral rights, rights typically associated with copyright laws. Recent cases have refused to recognize a cause of action under the Lanham Act which would protect the artist's right of integrity. See *Bd. of Managers of Soho Int'l Arts Condo. v. City of New York*, No. 01 Civ. 1226 (DAB), 2003 WL 21403333 (S.D.N.Y. June 17, 2003) (finding with respect to a right of integrity claim based on the destruction of a work of visual art that "Congress intended VARA to pre-empt not only state statutes and common law which seek to protect visual artists' moral rights, but all of the federal remedies as

Without protection for moral rights for works other than works of visual arts, artists must rely on unfair competition law, trademark law, defamation, invasion of privacy, contract law and the derivative right under copyright law to protect their interest in their creations.¹¹² However, these causes of action are imperfect in protecting moral rights because they require elements of proof which are not directly applicable to a moral rights claim.¹¹³ For example, unfair competition law protects economic rights and protects against consumer deception and thus, requires an artist to bring evidence that a competitor passed off the artist's work as the competitor's, and evidence of the likelihood of confusion. Neither of these elements are applicable to the protection afforded under the doctrine of moral rights. Any overlap between these two areas of law which might provide protection for the moral rights of an artist "merely is fortuitous."¹¹⁴

The Nimmer treatise asserts that "[o]ne cannot make an end run around the limitations of . . . [VARA] by reading the Copyright Act's . . . [derivative] right broadly, so as to encompass any modification of a copyrightable work, even though it may fail to qualify as a work of visual art."¹¹⁵ In making this assertion, the

well."); *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 934 F. Supp. 119, 126 (S.D.N.Y. 1996), *aff'd in part and rev'd in part*, 145 F.3d 481 (2d Cir. 1998) (affirming the findings regarding the Lanham Act claim). The lower court in *Boosey & Hawkes* found with respect to a right of integrity claim based on the modification of a musical work brought under the Lanham Act that neither the Lanham Act § 43(a) nor *Gilliam* "precludes persons from modifying or mutilating a work." *Id.* Moreover, the lower court found that the Lanham Act only "proscribes a person from falsely representing that a modification of an original work is either (1) the original work or (2) a work of the author of the original." *Id.*

¹¹² Kwall, *supra* note 52, at 3, 18.

¹¹³ *Id.* at 23.

¹¹⁴ *Id.* at 24.

¹¹⁵ 3 NIMMER TREATISE, *supra* note 54, at § 8D.06[C][1]. In making this assertion, the treatise cites *Lee v. A.R.T. Co.*, 125 F.3d 580 (7th Cir. 1997). The Seventh Circuit considered whether A.R.T. Co. infringed Lee's derivative right when A.R.T. Co. purchased some of Lee's notecards and lithographs, mounted the works on ceramic tiles and resold the tiles. The Seventh Circuit found that there was no infringement because A.R.T. Co.'s actions merely constituted "changing the way in which a work of art [is] displayed." *Lee*, 125 F.3d at 581. However, the Ninth Circuit in *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856 F.2d 1341 (9th Cir. 1988), and the District of Alaska in *Munoz v. Albuquerque A.R.T. Co.*, 829 F. Supp. 309 (D. Alaska 1993), considered identical cases and came to a conclusion opposite to the Seventh Circuit's. The District

treatise relies on the law reflecting only one side of a circuit split.¹¹⁶ Thus, it is unclear whether this assertion is correct. In fact, contrary to this assertion, the derivative right, and also the reproduction right, may protect against such modifications, depending on the quantity and quality of the modifications and how the altered work is used.

2. Protection Against Reproduction of Works in Substantial Part

The reproduction right does not provide any protection against unfixed, altered versions of copyrighted works. The reproduction right provides that “the owner of copyright . . . has the exclusive right[] to . . . reproduce the copyrighted work in copies or phonorecords.”¹¹⁷ The Act defines “copies” as “*material objects* . . . in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.”¹¹⁸

The legislative history of the Copyright Act likewise limits the reproduction right to “the right to produce a *material object* in which the work is duplicated, transcribed, imitated, or simulated in a fixed form from which it can be ‘perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.’”¹¹⁹ To *infringe* the reproduction right requires “reproducing [the work] in whole or in any substantial part, and by duplicating it exactly or by imitation or simulation.”¹²⁰ Thus, the

of Alaska followed the Ninth Circuit’s opinion, which found that A.R.T. Co. had “recast, transformed or adapted” the original work, creating an unauthorized derivative work in violation of the original owner’s copyright. *Mirage Editions*, 856 F.2d at 1343–44. The Ninth Circuit implicitly rejected A.R.T. Co.’s argument that mounting the artwork onto the tiles constituted a mere change in the way the work was displayed. See Petition for Writ of Certiorari To The United States Court of Appeals For the Ninth Circuit, *Albuquerque A.R.T. Co. v. Mirage Editions, Inc.*, 489 U.S. 1018 (1989) (No. 88–1086).

¹¹⁶ See *supra* note 115 (explaining the circuit split).

¹¹⁷ 17 U.S.C. § 106(1) (2000).

¹¹⁸ *Id.* § 101 (emphasis added).

¹¹⁹ H.R. REP. NO. 94–1476, at 61 (1976) (emphasis added); S. REP. NO. 94–473, at 58 (1975) (emphasis added).

¹²⁰ H.R. REP. NO. 94–1476, at 61 (1976); S. REP. NO. 94–473, at 58 (1975).

exercise of and infringement of the reproduction right are limited to works which are fixed in a tangible medium.¹²¹

3. Protection Against Altered Versions of Works Under the Derivative Right

a) The Statutory Language of the Copyright Act

In contrast with the reproduction right, the derivative right may provide protection for unfixed, altered versions of copyrighted works. The Copyright Act gives the owner of a copyright the exclusive right to “prepare” derivative works.¹²² It is clear that in order for a derivative work to be copyrightable, it must be fixed.¹²³ However, it is not clear whether a work must be fixed to *infringe* the derivative right of a copyright owner.¹²⁴ Courts and commentators have analyzed the Copyright Act and the legislative reports to ascertain Congress’s intent on the question. They have come to conflicting conclusions. The ambiguity lies in the definition of “derivative work” as compared with definitions of other “works” under the Copyright Act and the use of the term “prepare” in the grant of the derivative right.

¹²¹ 1 PATRY, *supra* note 30, at 689. “The elements of a prima facie case of infringement of the reproduction right are . . . (3) unauthorized copying by the defendant.” *Id.* This triggers the § 101 definition of “copies” which is limited to “material objects.” See 17 U.S.C. § 101 (2000).

¹²² 17 U.S.C. § 106(2) (2000).

¹²³ *Id.* § 102. “Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression . . . from which they can be perceived, reproduced, or otherwise communicated.” *Id.* § 102(a). “In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.” *Id.* § 102(b).

¹²⁴ H.R. REP. NO. 94-1476, at 62 (1976). “[T]he [unauthorized] preparation of a derivative work, such as a ballet, pantomime, or improvised performance, may be an infringement even though nothing is ever fixed in tangible form.” *Id.*

The exclusive right to prepare derivative works . . . overlaps the exclusive right of reproduction to some extent. It is broader than that right, however, in the sense that reproduction requires fixation in copies or phonorecords, whereas the preparation of a derivative work . . . may be an infringement even though nothing is ever fixed in tangible form.

Id. at 58.

The Copyright Act does not define “work.” Instead, it defines specific types of works, such as derivative works, literary works, and pictorial, graphic and sculptural works.¹²⁵ In its definition of “derivative works” the Act does not reference fixation in any way.¹²⁶ This contrasts with the definitions of other types of works which do reference fixation, including architectural works, audiovisual works, literary works, and pictorial, graphic and sculptural works.¹²⁷ So, in the context of a derivative work, nothing in the word “work” seems to require it to be fixed. For a derivative work to be copyrightable, it must be fixed.¹²⁸ However, the ambiguity of the language of the statute leaves open the possibility that a copyrighted work may be able to be infringed by an unfixed work.

The Copyright Act provides for the exclusive right to “prepare” rather than “create” derivative works.¹²⁹ According to the definition of “create,” it is clear that to “create” a work, the work must be fixed.¹³⁰ The Act gives a definition of the time at which a work is “created”—“when it is *fixed* in a copy or phonorecord for the first time.”¹³¹ A work is “fixed” when “its embodiment in a copy or phonorecord . . . is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”¹³² The definition of fixation excludes “purely evanescent or transient reproductions such as those projected briefly on a screen, shown electronically on

¹²⁵ 17 U.S.C. § 101 (2000).

¹²⁶ *Id.*

¹²⁷ *Id.* The Act defines an ‘architectural work’ as “the design of a building as embodied in any tangible medium of expression.” *Id.* The Act defines ‘audiovisual works’ as “works that consist of a series of related images . . . regardless of the nature of the material objects . . . in which the works are embodied.” *Id.* The Act defines ‘literary works’ as “works . . . expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects . . . in which they are embodied.” *Id.* The Act limits the definition of ‘pictorial, graphic, and sculptural works’ to those which are “two-dimensional and three-dimensional works.” *Id.*

¹²⁸ *Id.* § 102.

¹²⁹ *Id.* § 106(2).

¹³⁰ *Id.* § 101.

¹³¹ *Id.* (emphasis added).

¹³² *Id.*

a television or other cathode ray tube, or captured momentarily in the 'memory' of a computer.”¹³³

In defining the derivative rights of the author, the Act does not use the word “create.” Instead, it uses the word “prepare.” “Prepare” is not defined and, therefore, contains no reference to fixation. Thus, the exclusive right to prepare derivative works is less exact than the exclusive right to reproduce or distribute, both of which are limited to reproducing or distributing material objects.¹³⁴ Therefore, although a derivative work must be fixed to be copyrighted,¹³⁵ the use of the word “prepare” leaves room for infringement of the derivative right by unfixed works.

b) The Legislative History of the Copyright Act

Even if the interpretation of the word “prepare” in the derivative rights section of the Copyright Act was dismissed as distinguishing between the type of labor the author performs rather than distinguishing among fixed or unfixed works, or as saying nothing about the requirements for infringement of the derivative right at all, the legislative history of the derivative right indicates in plain language that to infringe the derivative right, the infringing work need not be fixed.¹³⁶ The legislative history provides that for a work to be an infringement of the derivative right, the work “must be ‘based upon the copyrighted work,’” and thus “must incorporate a portion of the copyrighted work in some form.”¹³⁷ However, the reports make it clear that the form in which the copyrighted work is incorporated need not be a material object. The legislative reports explain that the exclusive right to prepare derivative works overlaps with the exclusive right of reproduction, but is broader than the reproduction right in that “reproduction requires fixation in copies or phonorecords, whereas the

¹³³ H.R. REP. NO. 94-1476, at 53 (1976).

¹³⁴ 17 U.S.C. § 106(1), (3) (2000).

¹³⁵ *Id.* § 102.

¹³⁶ H.R. REP. NO. 94-1476, at 62 (1976); S. REP. NO. 94-473, at 58 (1975).

¹³⁷ H.R. REP. NO. 94-1476, at 62 (1976); S. REP. NO. 94-473, at 58 (1975).

preparation of a derivative work . . . may be an infringement even though nothing is ever fixed in tangible form.”¹³⁸

According to the Nimmer treatise, when the derivative right is infringed upon, either the reproduction right or the performance right is also necessarily infringed.¹³⁹ This suggests that fixation is not required to infringe. The performance right includes the exclusive right to “recite, render, play, dance, or act [the work], either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible.”¹⁴⁰ The performance right, as compared to the display right, does not involve a “copy” of the work, and thus does not require fixation.¹⁴¹ In its discussion of protection of a performance through fixation of the performance in a recording, the House Report implies that a performance is unfixed.¹⁴² If the Nimmer treatise is correct that infringement of the derivative right necessarily involves either infringement of the reproduction right or infringement of the performance right,¹⁴³ then the derivative right can be infringed by works which are unfixed.

The Nimmer treatise goes on to argue, however, that because the same term “derivative right” is used both in the explanation of

¹³⁸ H.R. REP. NO. 94-1476, at 62 (1976); S. REP. NO. 94-473, at 58 (1975).

¹³⁹ 2 NIMMER TREATISE, *supra* note 54, at § 8.09[A].

¹⁴⁰ 17 U.S.C. § 101 (2000).

¹⁴¹ *Id.* The display right gives the owner of the copyright the exclusive right “to show a copy of [the work].” *Id.*

¹⁴² See H.R. REP. NO. 94-1476, at 52 (1976) (“[A]n unfixed work of authorship, such as an improvisation or an unrecorded choreographic work, performance or broadcast, would continue to be subject to protection under State common law or statute, but would not be eligible for Federal statutory protection under 102.”). The recent, related controversy over the anti-bootlegging statutes also indicates that the performance itself is not fixed. See *United States v. Martignon*, 346 F. Supp. 2d 413 (S.D.N.Y. 2004), (holding that the anti-bootlegging statutes are unconstitutional), *appeal docketed*, No. 04-5649 (2d Cir. Oct. 26, 2004); *KISS Catalog v. Passport Int’l Prods., Inc.*, 350 F. Supp. 2d 823 (C.D. Cal. 2004), *appeal docketed*, No. 04-57077, (9th Cir. Dec. 9, 2004) (holding that the anti-bootlegging statutes are unconstitutional); *contra United States v. Moghadam*, 175 F.3d 1269 (11th Cir. 1999), *reh’g and reh’g en banc denied*, 193 F.3d 525 (11th Cir. 1999), (finding the anti-bootlegging statutes constitutional), *cert. denied*, 529 U.S. 1036 (2000).

¹⁴³ 2 NIMMER TREATISE, *supra* note 54, at § 8.09[A].

the protection afforded to derivative works¹⁴⁴ and the scope of infringement,¹⁴⁵ Congress did not intend two different meanings to apply to the copyrightability of derivative works and the infringement of derivative works. The Nimmer treatise asserts that the actual language of the Act is unambiguous and, therefore, fixation is required both for copyrightability and for infringement.¹⁴⁶ Because the language of the Act is unambiguous, the treatise argues, the legislative history should be ignored.¹⁴⁷ Finally, the treatise dismisses as dictum the Ninth Circuit's findings that there exist two different standards for derivative works.¹⁴⁸ The Ninth Circuit has held that for a derivative work to be copyrightable it must be fixed, but for a work to infringe upon the derivative right it need not be fixed.¹⁴⁹

The assertions of the Nimmer treatise seem overly simplistic. Contrary to those assertions, the enactment of the Family Movie Act indicates that Congress still believes that the derivative right—in the specific subject matter of home-movies covered by the Act—may be infringed by unfixed works.¹⁵⁰

B. Relevant Case Law

Notwithstanding the statute-based arguments on either side, a few circuit courts have analyzed whether fixation is required for infringement of the derivative right. In *Lone Ranger Television, Inc. v. Program Radio Corporation*,¹⁵¹ the Ninth Circuit suggested that there are two different standards for the copyrightability of derivative works and the infringement of the derivative right. The same circuit followed that finding by clearly stating that fixation is

¹⁴⁴ See 17 U.S.C. § 103(a)–(b) (2000). This section provides protection only for material that that author contributed to the preexisting work and does not extend to preexisting material employed in the work.

¹⁴⁵ See *id.* § 106(2).

¹⁴⁶ 2 NIMMER TREATISE, *supra* note 54, at § 8.09[A].

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

¹⁴⁹ See *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965 (9th Cir. 1992).

¹⁵⁰ Family Movie Act of 2005, Pub. L. No. 109–9, §§ 201–202, 119 Stat. 218, 223–24 (codified as amended in scattered sections of 17 U.S.C.).

¹⁵¹ 740 F.2d 718 (9th Cir. 1984).

not required for infringement of the derivative right in *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*¹⁵² The Ninth and Seventh Circuits both analyzed whether works which were not clearly fixed infringed the derivative right of the original work in *Micro Star v. FormGen Inc.*¹⁵³ and *Midway Manufacturing Co. v. Artic International, Inc.*, respectively.¹⁵⁴ In these cases, as well as in *Galoob*, the circuits emphasized the importance of the consideration of whether the allegedly infringing work exploits a distinct market and whether the copyright owner has the right to monopolize that market.

Moreover, before the issue of the legality of unfixed, altered works arose in the context of home-viewed movies, the very same issue arose in the context of video games. The video game technological innovations work in a strikingly similar manner as the movie-editing technology. The allegedly infringing altered video games were created by technology used in conjunction with the original video game. Thus, the altered versions of the games were created through a synthesis of the original game and the instructions contained in the technology. In *Galoob*, the user inserted a card in between an original game cartridge and the video game system.¹⁵⁵ This allowed the user to change up to three features of the game, such as the number of lives of the character, or the speed at which the character moved.¹⁵⁶ In *Midway*, the defendant substituted a circuit board in the original game which increased the speed of the game, making it a much more exciting game.¹⁵⁷

In *Lone Ranger*,¹⁵⁸ the defendant bought reel-to-reel copies of Lone Ranger episode production tapes from some collectors and re-mixed the recordings onto broadcast cartridges for radio broadcasts.¹⁵⁹ The Ninth Circuit found that the contribution of the

¹⁵² 964 F.2d 965 (9th Cir. 1992).

¹⁵³ 154 F.3d 1107 (9th Cir. 1998).

¹⁵⁴ 704 F.2d 1009 (7th Cir. 1983).

¹⁵⁵ *Galoob*, 964 F.2d at 967.

¹⁵⁶ *Id.*

¹⁵⁷ *Midway*, 704 F.2d at 1010.

¹⁵⁸ *Lone Ranger Television v. Program Radio Corp.*, 740 F.2d 718 (9th Cir. 1984).

¹⁵⁹ *Id.* at 720.

independent expression by the actors, together with the contribution of the independent expression by the special production methods of taping and editing for radio, created a new work for a different market.¹⁶⁰ Importantly, the court found that “[i]t makes no difference that the derivation may not satisfy certain requirements for statutory copyright registration itself.”¹⁶¹ In this case, infringement of the derivative right was by a fixed product. However, the *Lone Ranger* decision suggests the existence of different standards for copyrightability (fixed) as opposed to the infringement (unfixed) of derivative works. This lends support to the notion that the derivative right of a copyrighted work may be infringed by works which are not copyrightable because they are not fixed.¹⁶² If infringing works were held to a different standard and the statements in the legislative reports indicating that a work does not have to be fixed to infringe the derivative right were taken at face value, then the unfixed, altered works created by the editing technology may infringe the derivative right.

In *Galoob*, the Ninth Circuit addressed head-on the question of whether fixation is required for infringement of the derivative right.¹⁶³ Nintendo sold video games and video game systems.¹⁶⁴ The games were contained on cartridges which were inserted into the Nintendo game systems.¹⁶⁵ Galoob produced the Game Genie, which was used in conjunction with Nintendo games.¹⁶⁶ The Game Genie altered up to three features of the game by blocking the value for a single data byte sent by the game cartridge to the system and replacing it with a new value.¹⁶⁷ For example, a player could (1) increase the number of lives of his character, (2) increase the speed at which his character moved, and (3) choose to give his character the ability to float above obstacles.¹⁶⁸ The Game Genie

¹⁶⁰ *Id.* at 721.

¹⁶¹ *Id.* at 722.

¹⁶² 17 U.S.C. § 102 (2000).

¹⁶³ 964 F.2d 965 (9th Cir. 1992).

¹⁶⁴ *Id.* at 967.

¹⁶⁵ *Id.*

¹⁶⁶ *Id.*

¹⁶⁷ *Id.*

¹⁶⁸ *Id.*

did not alter the data that was stored in the cartridge.¹⁶⁹ Instead, the Game Genie was inserted between a cartridge and the system.¹⁷⁰ The Ninth Circuit followed *Lone Ranger* in its conclusion that a derivative work must be fixed to be *protected* under the Act, but does not have to be fixed to *infringe* a copyrighted work.¹⁷¹ Thus, an unfixed, altered version of a copyrighted work could potentially infringe the derivative right of the original work.

However, after making this finding, the Ninth Circuit then reinserted the requirement of fixation to infringe the derivative right by requiring that the audiovisual displays enhanced by the Game Genie incorporate the original work in “some concrete or permanent form.”¹⁷² *Galoob* looked to the list of examples of derivative works provided in the Act for support for the requirement that the derivative work physically incorporate the underlying work.¹⁷³ The *Galoob* court concluded that because the altered displays were not embodied in a concrete or permanent form, the Game Genie did not create a derivative work—the modified game took place only once as it was being played—and therefore did not infringe upon Nintendo’s exclusive right to prepare derivative works.¹⁷⁴ The court then analyzed the Game Genie under the fair-use doctrine and found that because the Game Genie did not detract from Nintendo’s market¹⁷⁵ and because it was used privately,¹⁷⁶ it fell within the fair-use defense.¹⁷⁷ This case has resulted in much confusion because its requirement that a work be fixed to infringe the derivative right contradicts its pronouncement that infringement of the derivative right does not require fixation.

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ *Id.* at 968 (emphasis in original); see *Lone Ranger Television v. Program Radio Corp.*, 740 F.2d 718, 722 (9th Cir. 1984).

¹⁷² *Galoob*, 964 F.2d at 968 (emphasis in original omitted).

¹⁷³ *Id.* at 967.

¹⁷⁴ *Id.* at 969.

¹⁷⁵ *Id.* at 971.

¹⁷⁶ *Id.* at 970.

¹⁷⁷ *Id.* at 972.

The Ninth Circuit returned to the question of whether fixation was necessary for infringement of the derivative right in *FormGen*.¹⁷⁸ FormGen produced a computer game, Duke Nukem 3D.¹⁷⁹ The game consisted of three separate components: the game engine, the source art library, and the MAP files.¹⁸⁰ The MAP files contained instructions which directed the game engine to place particular images in specific places.¹⁸¹ The engine accessed the source art library, selected the images and positioned them appropriately on the display.¹⁸² The MAP files described the levels of the game in great detail, but did not contain the copyrighted art.¹⁸³ The art was in the source art library.¹⁸⁴ With FormGen's encouragement, players created new levels for the game and posted them on the internet for others to download.¹⁸⁵ Micro Star then downloaded 300 user-created levels, burned them onto a CD, and sold the CDs commercially as Nuke It.¹⁸⁶

The Nuke It CD contained MAP files.¹⁸⁷ When using the CD, the MAP files instructed the game engine to access its own source art library for the images necessary for the displays.¹⁸⁸ The Ninth Circuit followed its earlier pronouncement in *Galoob* that to infringe upon the derivative right of the original work, the derivative work must incorporate the original work in a concrete or permanent form.¹⁸⁹ To distinguish Micro Star's MAP files from The Game Genie in *Galoob*, the *FormGen* court described The Game Genie as a passive interface: "it functioned only as a window into a computer program, allowing players to temporarily modify individual aspects of the game."¹⁹⁰ When the game was

¹⁷⁸ 154 F.3d 1107 (9th Cir. 1998).

¹⁷⁹ *Id.* at 1109.

¹⁸⁰ *Id.* at 1110. MAP files are "[s]o-called because the files all end with the extension '.MAP.'" *Id.* at 1110 n.2.

¹⁸¹ *Id.* at 1110.

¹⁸² *Id.*

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ *Id.* at 1109.

¹⁸⁶ *Id.*

¹⁸⁷ *Id.* at 1112.

¹⁸⁸ *Id.*

¹⁸⁹ *Id.* at 1110.

¹⁹⁰ *Id.* at 1111.

over, the unfixed derivative work was gone and could only be reconstructed if the player decided to reenter the same codes.¹⁹¹

In contrast with the findings regarding *The Game Genie*, the *FormGen* court found that the audiovisual displays generated by Duke Nukem 3D were in the MAP files of Micro Star's Nuke It CD.¹⁹² The *FormGen* court compared the audiovisual displays described by the Nuke It CD to the notations describing pantomimes and dances, which could be "described in sufficient detail to enable the work to be performed from that description."¹⁹³ Although the Nuke It CD did not contain the source art itself, it infringed FormGen's right to create sequels to its game.¹⁹⁴ The stories of the sequels were contained in Nuke It's MAP files which "[told] new . . . tales of Duke's fabulous adventures."¹⁹⁵ In dismissing Micro Star's fair-use defense, the court noted that Micro Star's sales of Nuke It "'impinged on [FormGen's] ability to market new versions of the [Duke Nukem 3D] story.' Only FormGen has the right to enter that market; whether it chooses to do so is entirely its business."¹⁹⁶ This decision strengthens a copyright owner's derivative right by emphasizing the importance of protection of the right to exploit markets distinct from the market originally entered.

In *Midway*,¹⁹⁷ a 1982 decision, the Seventh Circuit established that altered forms of copyrighted works which serve a new market constitute derivative works. Midway manufactured video game machines, which used circuit boards to create the images that appeared on the screen.¹⁹⁸ Artic sold two circuit boards for use inside Midway's video game machines.¹⁹⁹ One board speeded-up

¹⁹¹ *Id.*

¹⁹² *Id.*

¹⁹³ *Id.* at 1112 (quoting 1 WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 168 (1994)).

¹⁹⁴ *Id.* at 1113.

¹⁹⁵ *Id.* at 1112.

¹⁹⁶ *Id.* at 1113.

¹⁹⁷ 704 F.2d 1009 (7th Cir. 1982).

¹⁹⁸ *Id.* at 1010.

¹⁹⁹ *Id.*

the rate of play for Midway's game "Galaxian."²⁰⁰ The other board stored a set of images and sounds almost identical to that stored in Midway's game "Pac-Man."²⁰¹ The Seventh Circuit found that the "speeded-up" version of the games were derivative works.²⁰² The speeded-up game was more challenging and more exciting.²⁰³ Because the speeded-up games ended sooner, they also had the potential for greater revenues if players were willing to pay the additional price-per-minute.²⁰⁴ The court concluded that the owner of the copyright should be entitled to monopolize the speeded-up version of the game on the same theory that he was entitled to monopolize the derivative works listed in § 101.²⁰⁵ This conclusion was echoed by the Ninth Circuit in *FormGen*.²⁰⁶ *Midway*, like *FormGen*, carves the markets narrowly and allows a finding that the allegedly infringing use exploits a distinct market. Such a finding strengthens the copyright owner's derivative right.

C. Defenses to the Claim of Infringement of the Derivative Right

Defendants to allegations of copyright infringement have two affirmative defenses available to them, the idea-expression dichotomy²⁰⁷ and the fair-use defense.²⁰⁸ These defenses prevent facts and ideas from being monopolized by copyright owners and protect the criticism and the ordinary use of copyrighted works.

These defenses also serve to protect First Amendment interests, which, on some level, inherently conflict with the purposes of copyright law. By protecting ideas and facts from being copyrighted, they are free for use by subsequent authors in their own self-expression, democratic dialogue or protest.²⁰⁹ By

²⁰⁰ *Id.*

²⁰¹ *Id.* at 1010–11.

²⁰² *Id.* at 1013–14.

²⁰³ *Id.* at 1013.

²⁰⁴ *Id.*

²⁰⁵ *Id.* at 1014.

²⁰⁶ *Micro Star v. FormGen*, 154 F.3d 1107, 1113 (9th Cir. 1998).

²⁰⁷ *See* 17 U.S.C. § 102(b) (2000).

²⁰⁸ *See id.* § 107.

²⁰⁹ The First Amendment is justified on three bases: (1) free speech is a necessary concomitant of a self-governing, or democratic, society because "freedom to think as you will and to speak as you think are indispensable to the discovery and spread of political

protecting the ordinary use of copyrighted works and the comment upon or criticism of those works, learning and creation can progress.²¹⁰ Thus, these defenses protect the First Amendment interests of freedom of speech and the furtherance of knowledge.²¹¹

truth,” (2) free speech is important as an end in itself “because the very nature of man is such that he can realize self-fulfillment only if he is free to express himself,” (3) free speech is necessary because “men are less inclined to resort to violence to achieve given ends if they are free to pursue such ends through meaningful, non-violent forms of expression.” Melville B. Nimmer, *Does Copyright Abridge the First Amendment Guarantees of Free Speech and Press?*, 17 UCLA L. REV. 1180, 1187–88 (1970) [hereinafter Nimmer Article]. By protecting ideas and facts from being copyrighted, the most important objective of the freedom of speech, “the maintenance of democratic dialogue,” is protected because “[i]t is exposure to ideas, and not to their particular expression, that is vital if self-governing people are to make informed decisions.” *Id.* at 1191. The limitations imposed on free speech by copyright law do not effect the second two bases for free speech: self-fulfillment likely does not require copying of other people’s expression; violence is not likely to be inflamed because one person is not allowed to copy the expression of another. *Id.* at 1192. Because it is the dissemination of *ideas* that is important to reducing violence and to self-fulfillment, the idea-expression dichotomy is justified by “the public interest that ideas be liberated from all monopoly constraint.” Paul Goldstein, *Copyright and the First Amendment*, 70 COLUM. L. REV. 983, 1056 (1970) [hereinafter Goldstein First Amendment Article]. The idea-expression dichotomy strikes “a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author’s expression.” *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 556 (1985) (quoting the lower court, 723 F.2d 195, 203 (2d Cir. 1983)).

²¹⁰ “[A] prohibition of [reasonable use of an author’s copyrighted works] would inhibit subsequent writers from attempting to improve upon prior works and thus . . . frustrate the very ends sought to be attained,” the promotion of the progress of science and the useful arts. *Harper & Row*, 471 U.S. at 549 (quoting H. BALL, LAW OF COPYRIGHT AND LITERARY PROPERTY 260 (1944)).

²¹¹ Some scholars believe that copyright law should revert to its unfair competition law roots. See Ray Patterson, *Free Speech, Copyright, and Fair Use*, 40 VAND. L. REV. 1, 38–39 (1987); 1 PATRY, *supra* note 30, at 32. These scholars believe that the expansion of copyrightable subject matter, the expansion of the scope of rights and the extension of the duration of protection of the copyright create a regime that is incompatible with free speech, Michael Birnhack, *The Copyright Law and Free Speech Affair: Making-up and Breaking-up*, 43 IDEA 233, 290 (2003), because the expansion of these rights bring ordinary uses of copyrighted works within the realm of infringement and thus constrains learning through the dissemination of information. See Patterson, *supra*, at 37–39, 44. Moreover, these scholars believe that the expansion of copyright law goes hand-in-hand with the current, proprietary notion of copyright law which improperly diverges from the Act’s regulatory nature. Patterson, *supra*, at 62. However, the copyright law of the United States, rooted in English copyright law, 1 PATRY, *supra* note 30, at 3; PATRY, *supra* note 57, at 2, is based on the proprietary principle that the work is a product of intellectual labor “and [is] considered as much the author’s own property as the physical substance on which it was written.” 1 PATRY, *supra* note 30, at 3; PATRY, *supra* note 57,

1. Idea-Expression Dichotomy

The idea-expression dichotomy excludes from copyright protection “any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.”²¹² This ensures that the constitutional goal of “promoting the progress of science”²¹³ is achieved by both protecting the author’s expression, which encourages the investment in creation of works, and by allowing the ideas and facts upon which the work is based to remain free for subsequent authors to use.²¹⁴ This defense does not allow authors to copy another’s expression of an idea but does allow an author to use the ideas of and the facts used by another author.

2. Fair Use Doctrine

The fair-use doctrine gives “a privilege in others than the owner of the copyright to use the copyrighted material in a reasonable manner without [the owner’s] consent.”²¹⁵ Ordinary use of a copyrighted work for many consumers involves (1) the use of the work for commentary, educational, political and industrial uses, or (2) the use of the ideas and facts of a work by subsequent authors.²¹⁶ This allows both learning and creation to progress. The Supreme Court stated that:

at 2. To characterize the Copyright Act as a regulatory machine whose purpose is merely dissemination of works, seems to recognize only the superficial result of the Act’s existence. If copyright law is limited to protecting distribution and is relegated to simply being a regime of pure misappropriation law, much of the scope of rights granted to the author would have to be stricken. Only the reproduction right, 17 U.S.C. § 106(1), and the distribution right, 17 U.S.C. § 106(3), are within the concept of a misappropriation regime of copyright law. However, the rights which protect works beyond pure misappropriation have not been carved out surreptitiously. They are the product of much reflection by the courts upon the incentive structure behind copyright law, the purpose of copyright law and the First Amendment. 2 PATRY, *supra* note 30, at 820–21.

²¹² 17 U.S.C. § 102(b) (2000).

²¹³ U.S. CONST. art I, § 8, cl. 8.

²¹⁴ 1 PATRY, *supra* note 30, at 319.

²¹⁵ Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 549 (1985) (quoting H. BALL, LAW OF COPYRIGHT AND LITERARY PROPERTY 260 (1944)).

²¹⁶ 1 PATRY, *supra* note 30, at 718–26.

[the] author's consent to a reasonable use of his copyrighted works . . . [is] implied by the courts as a necessary incident of the constitutional policy of promoting the progress of science and the useful arts, since a prohibition of such use would inhibit subsequent writers from attempting to improve upon prior works and thus . . . frustrate the very ends sought to be attained.²¹⁷

Thus, the standard of fair use is whether a reasonable copyright owner would have consented to the use.²¹⁸ The doctrine, therefore, allows "copying by others which does not materially impair the marketability of the work which is copied."²¹⁹ Professor Nimmer summed up the nature of First Amendment rights protected by the fair-use doctrine as they relate to copyrighted expression:

[W]hile public enlightenment may require the copying of ideas from others, it remains perfectly possible for the speaker (or writer) who copies ideas from another, to supply his own expression of such ideas. . . . There can be no first amendment justification for the copying of expression along with idea simply because the copier lacks either the will or the time or energy to create his own independently evolved expression. The first amendment guarantees the right to speak; it does not offer . . . a subsidy at the expense of authors whose well-being is also a matter of public interest.²²⁰

The fair-use doctrine was developed in the common law.²²¹ The three factors which encapsulate the common law conception of the fair-use defense were outlined as early as 1841 in *Folsom v. Marsh*.²²² *Folsom* stated that in considering the fair-use defense, a

²¹⁷ *Harper & Row*, 471 U.S. at 549 (quoting H. BALL, LAW OF COPYRIGHT AND LITERARY PROPERTY 260 (1944)). "Sanction of the fair use defense . . . recognizes the alleged infringer's standing to assert [the] public interest [in access to didactic expression]." Goldstein First Amendment Article, *supra* note 209, at 1056.

²¹⁸ *Harper & Row*, 471 U.S. at 550.

²¹⁹ Nimmer Article, *supra* note 209, at 1200–01.

²²⁰ *Id.* at 1203.

²²¹ 1 PATRY, *supra* note 30, at 718.

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

court must consider “the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.”²²³ Today, this doctrine is comprised of four factors and is codified in the Copyright Act. The Act reads:

the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any 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.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.²²⁴

The fair-use doctrine is meant to permit and require courts “to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.”²²⁵ All four factors must “be explored and the results weighed together, in light of the purposes of copyright.”²²⁶ Thus, the defense must be considered on a case-by-case basis.²²⁷ The fair-use doctrine allows consumers to use copyrighted works in an

²²³ *Id.* at 348.

²²⁴ 17 U.S.C. § 107 (2000).

²²⁵ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (quoting *Stewart v. Abend*, 495 U.S. 207, 236 (1990) (internal quotation marks and citations omitted)).

²²⁶ *Id.* at 578.

²²⁷ *Id.* at 577.

ordinary fashion without encroaching upon the copyright owner's exclusive rights.

D. The Incentive Structure of the Copyright Act

The Copyright Act is intended to give authors an incentive to create by giving them a limited monopoly on the rights to their works. In return for this limited monopoly, the public receives a benefit from the authors' creations when the works enter the public domain after the copyright expires.²²⁸ Thus, the monopoly created by copyright "rewards the individual author in order to benefit the public."²²⁹

The reproduction right, in connection with the distribution right, and the derivative right provide distinct incentives to create. The exclusive right to reproduce and distribute the copyrighted work gives the author the incentive to exploit his work through dissemination.²³⁰ On the other hand, the derivative right gives authors the incentive to add something to the original work²³¹ that gives it "new expression, meaning, or message"²³² so that it can qualify for copyright protection on its own and provide further profit to the author from his original work.²³³ In giving the original work "new expression, meaning or message,"²³⁴ a derivative work exists at the "point at which the contribution of

²²⁸ Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 546 (1985).

[This] limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.

Id. (quoting Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 429 (1984)).

²²⁹ *Id.* at 546. (quoting Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 477 (1984)).

²³⁰ Patterson, *supra* note 211, at 7. "If copyright encourages creation, it does so only for the purpose of profit. Profit, however, cannot be obtained without distribution." *Id.*

²³¹ *Id.*

²³² Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 569 (1994).

²³³ Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. COPYRIGHT SOC'Y U.S.A. 209 (1983) [hereinafter Goldstein Derivative Rights Article].

²³⁴ *Acuff-Rose Music*, 510 U.S. at 579.

independent expression to an existing work effectively creates a new work for a different market.”²³⁵ Professor Paul Goldstein summarized the difference in the economic incentives that arise from the two exclusive rights:

Indifference to copyright economics has . . . occasionally produced improper curbs on derivative rights, most notably in cases perceived to involve utilitarian uses and fair uses of underlying works. The mistake in both contexts stems from a failure to distinguish between derivative rights and reproduction rights, and to recognize that the investment effects of section 106(2)’s exclusive right to prepare derivative works differ markedly from the investment effects of section 106(1)’s exclusive right to reproduce copies.

Derivative rights affect the level of investment in copyrighted works by enabling the copyright owner to proportion its investment to the level of expected returns from all markets, not just the market in which the work first appears, as is generally the case with reproduction rights. . . .

Derivative rights . . . affect the direction of investment in copyrighted works. . . . The [author] may . . . seek returns in other derivative markets, or only in the original market. . . . [B]y securing exclusive rights to all derivative markets, the statute enables the copyright proprietor to select those toward which it will direct investment.²³⁶

Consideration of the incentive structure of the Copyright Act becomes particularly important in properly applying the fair-use doctrine to allegedly infringing derivative works. Historically, the fair-use doctrine was used in cases involving exact copies of copyrighted works which directly competed with the original.²³⁷ As the scope of rights granted to the copyright owner has expanded, the last factor of the fair-use doctrine, “the effect of the

²³⁵ Goldstein Derivative Rights Article, *supra* note 233.

²³⁶ *Id.*

²³⁷ *Id.*

use upon the potential market for or value of the copyrighted work,²³⁸ has become the most important²³⁹ and problematic factor,²⁴⁰ particularly with regards to derivative rights.²⁴¹

The importance of this factor is demonstrated by the holdings of courts which find that it does not matter if the copyright owner has exploited the derivative markets. Instead, what is important is whether his ability to exploit those markets is harmed.²⁴² Professor Goldstein asserts that:

courts have given the term ‘potential’ a far narrower construction than is appropriate in light of the Copyright Act’s expansive grant of derivative rights. . . . [T]he Act gives the author of a novel exclusive rights not only to the market for hardcover sales, but also to paperback sales, magazine serialization or condensation, and motion picture and television productions. . . . Any one of these markets, and certainly all together, can yield far greater returns to the copyright owner than the sales in the hardcover market alone. Yet, courts applying the potential market factor have generally inclined to identify potential markets with the market in which the work was first introduced or, at most, with closely bordering markets.²⁴³

The identification of ‘potential’ markets that the copyrighted work may enter is crucial in cases involving derivative rights, which, by definition, secure markets at some remove from the market first entered.²⁴⁴ Concern for the incentive structure of the Copyright Act lends weight to the serious consideration of Congress’s statements that unfixed works may infringe the derivative right.

²³⁸ 17 U.S.C. § 107(4) (2000).

²³⁹ *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985).

²⁴⁰ PATRY, *supra* note 57, at 250.

²⁴¹ Goldstein Derivative Rights Article, *supra* note 233.

²⁴² *See Micro Star v. FormGen*, 154 F.3d 1107, 1113 (9th Cir. 1984); *Pacific & Southern Co. v. Duncan*, 744 F.2d 1490, 1497 (11th Cir. 1987).

²⁴³ Goldstein Derivative Rights Article, *supra* note 233.

²⁴⁴ *Id.*

III. APPLICATION OF LAWS AND POLICY TO THE
ISSUE OF WHETHER FIXATION IS REQUIRED
TO INFRINGE THE DERIVATIVE RIGHT

Today, digital technology allows works to be altered without ever creating a fixed version of the altered form. Digital technology allows these unfixed, altered works to be recreated in an identical fashion infinitely. Thus far, the courts have required that works be fixed to infringe the derivative right. However, the capabilities of digital technology challenge this requirement.

A. Moral Rights Will Not Provide Relief to the Movie Studios

First, it is worth noting that if moral rights were recognized for audio-visual works under United States law, the modifications made to the original work using the sanitizing technology would likely not infringe upon the movie studios' moral rights. It would be difficult to argue under the prevailing legal standards that the modifications constitute deforming or mutilating changes to the movies.²⁴⁵ Alterations that can "prejudice an artist's honor or reputation are generally limited to those changes which are considered "deforming" or "mutilating."²⁴⁶ United States courts typically require drastic revisions to be made to works before they grant remedies for violation of the integrity right.²⁴⁷ In *Saving*

²⁴⁵ *Cort v. St. Paul Fire & Marine Ins. Cos.*, 311 F.3d 979, 985 (9th Cir. 2002) (quoting *Carter v. Helmsley-Spear, Inc.*, 71 F.3d 77, 81 (2d Cir. 1995)).

²⁴⁶ *Berrios Nogueras v. Home Depot*, 330 F. Supp. 2d 48, 50–51 (D.P.R. 2004); *Flack v. Friends of Queen Catherine, Inc.*, 139 F. Supp. 2d 526, 535 (S.D.N.Y. 2001).

²⁴⁷ *See Flack*, 139 F. Supp. 2d at 535 (finding that the right of integrity under VARA was violated by the grossly negligent restoration of a sculpture which resulted in a "distorted, mutilated" work); *Gilliam v. American Broad. Cos.*, 538 F.2d 14 (2d Cir. 1976) (enjoining ABC from broadcasting a version of the Monty Python show in which twenty-four of the ninety minutes had been cut); *Preminger v. Columbia Pictures Corp.*, 49 Misc. 2d 363, 267 N.Y.S.2d 594 (Sup. Ct. N.Y. County 1966), *aff'd*, 25 A.D.2d 830, 269 N.Y.S.2d 913 (1st Dep't 1966), *aff'd*, 18 N.Y.2d 659, 273 N.Y.S.2d 80 (1966) (denying injunctive relief where minor cuts were made to the motion picture in television broadcast of movie in order to insert commercials); *Autry v. Republic Prods.*, 213 F.2d 667 (9th Cir. 1954) (enjoining the producer from cutting movies in which Autry appeared to fifty-three minutes so that they could be shown in a one hour slot on television with commercial breaks); *see also* H.R. REP. NO. 109–33(I), at 7 (2005), *reprinted in* 2005 U.S.C.C.A.N. 220, 225–26 (asserting that the alterations made by the editing technology

Private Ryan although the edits likely eliminate what makes the movie remarkable, the plot and characters remain intact. It is likely a court would find that the revisions are not sufficiently drastic to constitute a violation of the studios' moral rights. In fact, the editing companies create software for only those movies where the essence of the movie is not destroyed by the material skipped or muted.²⁴⁸ Although moral rights may not be of use to the particular alterations made by the movie-editing technology, alterations made to copyrighted works in the future may be substantial enough to warrant protection of the copyrighted work under the right of integrity.

B. The Unfixed, Altered Works Do Not Constitute a Violation of the Reproduction Right

Second, it is also worth noting that, in the case of the altered works created by editing software, if the altered works were fixed, the works would likely constitute a violation of the reproduction right.²⁴⁹ The reproduction right is violated when the work is reproduced in whole or in substantial part.²⁵⁰ The altered works are reproductions of the films in substantial part.²⁵¹ In addition, because the software intends to produce the original as completely as possible and does not intend to create a new, transformative work, liability for violation of the reproduction right cannot be escaped by an argument that the altered version merely uses the ideas of the original work and infuses those ideas with "new expression, meaning, or message."²⁵² Ultimately, though, the reproduction right unequivocally requires that the allegedly infringing work be fixed in a tangible medium.²⁵³ Thus, relief would be denied to the movie studios for violation of the

did not impact the moral rights of the studios any more than standard alterations made to movies).

²⁴⁸ Vosepka, *supra* note 22.

²⁴⁹ H.R. REP. NO. 109-33(I), at 7, *reprinted in* 2005 U.S.C.C.A.N. 220, 225 (2005). "The Committee is aware of services and companies that create fixed derivative copies of motion pictures and believes that such practices are illegal under the Copyright Act." *Id.*

²⁵⁰ H.R. REP. NO. 94-1476, at 61 (1976); S. REP. NO. 94-473, at 58 (1975).

²⁵¹ Mitakis, *supra* note 16, at 300; Nokes, *supra* note 16, at 611-14.

²⁵² *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

²⁵³ *See* H.R. REP. NO. 94-1476, at 61-62 (1976); S. REP. NO. 94-473, at 58 (1975).

reproduction right by the versions altered by use of the editing software.

C. Unfixed, Altered Works May Infringe the Movie Studios' Derivative Rights

1. The Idea-Expression Dichotomy Does Not Assist in Avoiding Liability for Infringement

An application of the idea-expression dichotomy²⁵⁴ to the altered versions of the movies would not excuse the software companies from liability. In producing unfixed, altered versions of existing works, the software reworks only the *expression* of the original author, not the *ideas* of the author. Nothing new is added to the public collection of ideas and expression by these altered works. Although the altered versions of the movies do reach a new group of consumers, the movies are new to this market, not because the consumers previously did not have access to the films, but because they deliberately *chose*²⁵⁵ not to expose themselves to the movies due to their mature content.

²⁵⁴ 17 U.S.C. § 102(a)–(b) (2000).

²⁵⁵ This is in distinction from *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984). *Sony* involved a claim of contributory and vicarious infringement of the reproduction rights of several movie studios by Sony, a maker of videocassette recorders (VCRs), through Sony's consumers that recorded the studios' copyrighted films when they were broadcast on network television. The *Sony* Court found influential that the VCRs increased access to the television network programming through "time-shifting"—the practice of recording a program to view it once at a later time, and thereafter erasing it," *id.* at 423, and thus served the recognized societal interest. *Id.* at 454. The *Sony* Court relied on *Community Television of S. California v. Gottfried*, 459 U.S. 498, 508 n.12 (1983), for its recognition of the societal interest in increasing access to network television programming. *Sony*, 464 U.S. at 454. In the case of the editing software, although the sanitizing practice targets a distinct market, it does not actually increase access to the movie, because the market targeted is a market that *chose* not to view the movies unaltered rather than a market that was *unable* to view the movies unaltered.

2. Ultimately, the Fair Use Defense Does Not Protect Against Liability for Infringement

Instead, the unfixed, altered versions of the original movies must be analyzed as an infringement of the derivative right²⁵⁶ of the original works. According to the language of the Act, the right to prepare derivative works includes the right to adapt a work.²⁵⁷ The altered versions of the films likely constitute an adaptation of the film because the films are adapted for a unique audience—those who are religiously sensitive and those who are children. Assuming for the moment that an unfixed, altered work can constitute a violation of the derivative right, the altered versions must be analyzed under the fair-use doctrine.²⁵⁸

The first factor of the analysis, the purpose and character of the use,²⁵⁹ considers three aspects of the allegedly infringing work: (i) whether the work is being used for purposes such as criticism, comment, news reporting, teaching, scholarship, or research; (ii) how transformative the new work is; and (iii) whether the use of the work is commercial.²⁶⁰ First, the primary use of the original works by the editing companies is not for purposes of criticism, commentary, news reporting, teaching, scholarship, research, self-expression or the reduction of violence.²⁶¹ The primary use of the original works is to profit from exploitation of a distinct market.²⁶² Therefore, the copyrighted work is not being used for purposes which are at the core of First Amendment protection.

Second, the altered versions of the movies are not transformative. The altered versions do not have a “new expression, meaning, or message.”²⁶³ Although a specific standard of morality is inserted into the movies, the software does not create

²⁵⁶ 17 U.S.C. § 106(2) (2000).

²⁵⁷ *Id.* § 101.

²⁵⁸ *Id.* § 107.

²⁵⁹ *Id.* § 107(1).

²⁶⁰ *See id.* § 107; *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578–79 (1994).

²⁶¹ *See* 17 U.S.C. § 107 (2000); *see supra* note 209.

²⁶² Mitakis, *supra* note 16, at 291.

²⁶³ *Acuff-Rose*, 510 U.S. at 579.

a different and truly “moral” version of the story that might qualify as transformative. Instead, the software merely creates a non-offensive version of the original for the consumer.²⁶⁴ The purpose of using the editing software is not to create a new work, but is to experience the original as wholly as possible without viewing the offensive content.²⁶⁵ Moreover, the use of almost the entire film in the altered version reveals a “dearth of transformative character or purpose.”²⁶⁶ Therefore, the purposes of copyright law are not served by the altered versions of the movies because the altered work adds little to the stash of creative works in society.²⁶⁷

Third, although the purpose of the use of the original films by the software companies is commercial—to serve a niche in the at-home movie-viewing market²⁶⁸—the purpose of the use of the altered films by consumers is at-home use, a noncommercial use. In a contributory infringement action, the type of action that would likely be brought against the software companies, the noncommercial nature of the use by the consumer would be the focus of the court’s inquiry. In total, it is unclear which way the first factor would swing. The central purpose of the fair-use defense is to determine whether the new work merely “supersede[s] the object[.]”²⁶⁹ of the original creation. If the altered version were considered to replace the original, the first factor may weigh somewhat in favor of the movie studios. However, if the altered version were instead viewed as either targeting a distinct market or increasing the profits of the original, the first factor would tend to weigh in favor of the technology companies.

The second factor, the nature of the copyrighted work,²⁷⁰ considers how close to the core of intended copyright protection the original work falls. When a work is at the core of the purpose

²⁶⁴ Mitakis, *supra* note 16, at 291.

²⁶⁵ *See id.* at 300; Nokes, *supra* note 16, at 611–14.

²⁶⁶ *Acuff-Rose*, 510 U.S. at 587.

²⁶⁷ *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 545 (1985). “[C]opyright is intended to increase and not to impede the harvest of knowledge.” *Id.*

²⁶⁸ Mitakis, *supra* note 16, at 291.

²⁶⁹ *Acuff-Rose*, 510 U.S. at 579 (quoting *Folsom v. Marsh*, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901); *Harper & Row*, 471 U.S. at 562).

²⁷⁰ 17 U.S.C. § 107(2) (2000).

of the Act, it is harder to justify the fair use of that work.²⁷¹ The copyrighted works which are altered fall within the core of the works intended to be protected by copyright law. Thus, the second factor weighs heavily against the software companies.

The third factor, the amount and substantiality of the portion used in relation to the copyrighted work as a whole,²⁷² also weighs heavily against the software companies, because the original works are used nearly in their entirety.²⁷³ The edited portions are, arguably, mere fringe in comparison to the essential elements of the movie, i.e., the storyline and the characters. Therefore, not only do the altered versions use almost the entire copyrighted work, but they use the parts that are of the most value to the work.

Analysis of the fourth factor, the effect on the potential market or value of the work,²⁷⁴ requires the most sensitive analysis of the four factors. Where “a substantial portion of the infringing work [is] copied verbatim” from the copyrighted work, there may be a greater likelihood of market harm because the altered work may tend to supersede the need for the original work.²⁷⁵ However, because the consumer must buy or rent the original DVD to use the editing software,²⁷⁶ the effect on the original market may actually be to increase sales of the original movies, since consumers reluctant to view it with objectionable content might now rent or buy the DVD to view an edited version.

Nevertheless, a second aspect of the analysis under the fourth factor is the consideration of the effect on the derivative markets for the original work.²⁷⁷ The market at which the altered versions are targeted is distinct: it consists of religiously-sensitive viewers²⁷⁸ and parents of children who wish to view movies with

²⁷¹ *Acuff-Rose*, 510 U.S. at 586.

²⁷² 17 U.S.C. § 107(3) (2000).

²⁷³ Mitakis, *supra* note 16, at 300; Nokes, *supra* note 16, at 611–14.

²⁷⁴ 17 U.S.C. § 107(4) (2000).

²⁷⁵ *Acuff-Rose*, 510 U.S. at 587–88.

²⁷⁶ Kerns, *supra* note 17, at 489–90; Mitakis, *supra* note 16, at 294; Nokes, *supra* note 16, at 619–21.

²⁷⁷ *Acuff-Rose*, 510 U.S. at 590; *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 568 (1985).

²⁷⁸ Mitakis, *supra* note 16, at 291–92.

their children with the mature material edited.²⁷⁹ These viewers desire to watch movies containing mature material primarily, if not exclusively, in an altered form, as indicated by the popularity of the e-rated industry.²⁸⁰ Although movie studios work with airlines and television networks to develop sanitized versions for use by airlines and television networks, only one studio has thus far entered the market for sanitized movies for home viewing.²⁸¹

The individuals of the targeted market either become new purchasers of copies of the original movie, or put their already-purchased copies of the original movie to new use. The new purchasers potentially increase the market for the original DVD. Those who put existing copies to new use might include parents who have viewed a movie without their children, who then, after purchasing the technology and downloading the software for the movie, view the sanitized version of the movie with their children.

Movie studios rely enormously on the home-viewing market to stay financially afloat.²⁸² In 2004, the six major movie studios, Disney, Fox, Warner Brothers, Paramount, Universal and Sony, had total revenues of \$7.4 billion from world-wide box-office sales, \$20.9 billion from world-wide video and DVD sales, and

²⁷⁹ Glasser, *supra* note 17, at 134–35; Kerns, *supra* note 17, at 513.

²⁸⁰ Mitakis, *supra* note 16, at 292. “CleanFlicks experienced fast growth to approximately seventy stores in eighteen states in the Midwest and West including California, Utah, Arizona, Colorado, Idaho, Michigan, Montana, Ohio and Oregon.” *Id.*

²⁸¹ See Glasser, *supra* note 17, at 176; Mitakis, *supra* note 16, at 293; Nokes, *supra* note 16, at 615–16. Studios have collaborated with airlines and television networks to produce versions of films that are appropriate for audiences that might include children. Warner Brothers’ studio, New Line Cinema, has agreed to endorse the Dove Foundation of Michigan’s edited versions of the studio’s films to be marketed in Target and Wal-Mart stores. The Dove Foundation is “a media watchdog group with ties to Christian publishing.” Nokes, *supra* note 16, at 616; see Aguilar, *supra* note 18 (reporting that studios have worked with television networks and airlines to produce sanitized movies); Dan Luzadder, *CleanFlicks Offers Videos Free of Sex, Swearing*, DENVER POST, Dec. 28, 2001, at A1 (stating that the Dove Foundation of Michigan announced an agreement that Warner Brothers will endorse Dove’s sanitized versions of movies made by Warner Brothers).

²⁸² OLIGOPOLY WATCH: THE LATEST MANEUVERS OF THE NEW OLIGOPOLIES AND WHAT THEY MEAN, INDUSTRY BRIEF: MOVIES I, Aug. 6, 2003, <http://www.oligopolywatch.com/2003/08/06.html> (last visited September 21, 2005) [hereinafter OLIGOPOLY WATCH]; David D. Kirkpatrick, *Action-Hungry DVD Fans Sway Hollywood*, N.Y. TIMES, Aug. 17, 2003, at 1.

\$17.7 billion from world-wide television licensing.²⁸³ In comparison with the time before television and video-cassette recorders when studios relied heavily on box-office sales,²⁸⁴ today, the aftermarkets are critical to the financial health of the movie studios, rather than merely incidental to their earnings.²⁸⁵ The earnings from DVD sales and television licensing have caused movie studios to rethink their strategy in promoting and releasing their films.²⁸⁶ As a result, the lag between cinematic releases and releases on home video and DVD and licenses to television networks has shortened from six months to as little as two months.²⁸⁷ The shortened window allows studios to capture a bigger share of the DVD market and to reduce the amount they spend on marketing, one of their biggest expenses.²⁸⁸ Therefore, accelerated DVD launches create greater profits and reduce expenses.

Moreover, between 1989 and 2003, according to the Dove Foundation, the average G-rated film produced \$79 million in profits, which is 11 times greater than the profits earned by the average R-rated film, which earned \$7 million per film.²⁸⁹ During the same time span, G-rated films produced three times the rate of return on investment than R-rated films generated.²⁹⁰ G-rated films also produced higher net profit per film and video revenue per film than R-rated films.²⁹¹ A comparison of the profits from PG-rated films and PG-13-rated films during the same period

²⁸³ Edward Jay Epstein, *Hollywood's Profits, Demystified: The Real El Dorado is TV*, SLATE, Aug. 8, 2005, <http://slate.msn.com/id/2124078/?nav=ais>.

²⁸⁴ *Id.*

²⁸⁵ Kirkpatrick, *supra* note 282; Sharon Waxman, *Swelling Demand for Disks Alters Hollywood's Arithmetic*, N.Y. TIMES, Apr. 20, 2004, at E1; OLIGOPOLY WATCH, *supra* note 282.

²⁸⁶ Joshua Chaffin, *Hollywood Is Facing a Journey Into the Unknown*, FIN. TIMES, Aug. 10, 2005, at 17; OLIGOPOLY WATCH, *supra* note 282.

²⁸⁷ Chaffin, *supra* note 286.

²⁸⁸ *Id.*

²⁸⁹ *For Movies, G is for Gold: Study Says Movies Rated Suitable for General Audiences Are Far More Profitable Than More Adult Fare*, CNNMONEY, June 7, 2005, http://money.cnn.com/2005/06/07/news/newsmakers/dove_movies/.

²⁹⁰ *Id.*

²⁹¹ *Id.*

reveals similar trends.²⁹² PG-rated films produced an average of \$78.8 million in profit and PG-13-rated films earned an average of \$45.6 million in profits.²⁹³

These numbers indicate that the market for sanitized films for home-viewing could provide enormous profits to the studios. The concern of the studios that their derivative rights may be infringed is not petty. Thus, the conflict between (a) giving strong protection to works in order to encourage creation of original works and (b) interpreting derivative rights more narrowly in order to encourage the advancement of technology now becomes striking.

The courts have looked carefully at the markets exploited by alleged infringers of the derivative right. In its analysis of the last factor of the fair-use defense, the effect on the potential market or value of the work, *Galoob*²⁹⁴ focused its concerns on the advancement of technology. *Galoob* required that the copyright owner, Nintendo, “show a reasonable likelihood of a potential market for slightly altered versions of the games at suit.”²⁹⁵ Although the *Galoob* court recognized precedent which required consideration of the effect on the derivative market,²⁹⁶ it found support in the facts that Nintendo had not produced or even considered producing altered versions of its existing games,²⁹⁷ and that Nintendo had failed to show the reasonable likelihood of entering a new market with slightly-altered versions of existing games.²⁹⁸ The *Galoob* court found support for this finding in the testimony of Galoob’s expert witness, Stephen Beck, who testified that:

junior or expert versions of existing Nintendo games would enjoy very little market interest because the original version of each game already has been designed to appeal to the

²⁹² *Id.*

²⁹³ *Id.*

²⁹⁴ *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965 (9th Cir. 1992).

²⁹⁵ *Id.* at 971 (quoting the district court, *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 780 F. Supp. 1283, 1295 (N.D. Cal. 1991)).

²⁹⁶ *Id.*

²⁹⁷ *Id.*

²⁹⁸ *Id.*

largest number of consumers. . . . [A] new game must include new material or “the game player is going to feel very cheated and robbed, and [the] product will have a bad reputation and word of mouth will probably kill its sales.”²⁹⁹

The *Galoob* court also found support for its finding in the testimony of Howard Lincoln, Senior Vice President of Nintendo of America, who acknowledged that “Nintendo has no present plans to market such games.”³⁰⁰ Thus, the court’s focus on the reasonability of the copyright owner’s entrance into a market they had not yet entered enabled the court to deny relief to the copyright owner and to allow technology to progress.³⁰¹

In contrast to *Galoob*,³⁰² the court in *Midway*³⁰³ focused its concern on the protection of the derivative market so that creation of original works would be encouraged. The *Midway* court held that the speeded-up video game at issue constituted a derivative work, and that the copyright owner should be allowed to monopolize the speeded-up version for the same reasons that the copyright owner is allowed to monopolize derivative works under the derivative right.³⁰⁴ The *Midway* court reasoned that “the amount by which the language of Section 101 must be stretched to accommodate speed-up video games is . . . within the limits within which Congress wanted the new Act to operate.”³⁰⁵ The *FormGen* court articulated a similar view in its finding that “by selling [Nuke It], Micro Star ‘impinged on [FormGen’s] ability to market new versions of the [Duke Nukem 3D] story.’ Only FormGen has a

²⁹⁹ *Id.* at 971–72.

³⁰⁰ *Id.* at 972.

³⁰¹ *Id.* at 969. “In holding that the audiovisual displays created by the Game Genie are not derivative works, we recognize that technology often advances by improvement rather than replacement.” *Id.* The court found that The Game Genie only enhances a Nintendo game’s output, thus, the court concluded that “[s]uch *innovations* rarely will constitute infringing derivative works under the Copyright Act.” *Id.* (emphasis added).

³⁰² *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965 (9th Cir. 1992).

³⁰³ *Midway Mfg. Co. v. Artic Int’l, Inc.*, 704 F.2d 1009 (7th Cir. 1983).

³⁰⁴ *Id.* at 1014.

³⁰⁵ *Id.*

right to enter that market; whether it chooses to do so is entirely its business.”³⁰⁶

In the case of the movie-editing software, the timings that instruct the DVD player to skip or mute objectionable material are contained in the software.³⁰⁷ However, like the devices at issue in *Galoob* and *FormGen*, these timings are useless without a copy of the original movie.³⁰⁸ The editing software does not contain any copyrighted material, but instead instructs the DVD player which materials to use. The distinction between *Galoob* and *FormGen* that seems to have led to their opposite conclusions regarding the liability of the defendants in those actions is that the Nuke It CD at issue in *FormGen* created truly new levels in the game³⁰⁹ instead of merely altering the existing aspects of the game, as the Game Genie did in *Galoob*.³¹⁰ The software here, compares more closely with *Galoob*'s Game Genie. The software does not create a new, distinct “sequel” to the movie, but rather eliminates existing aspects of the movie.

However, in contrast with the factual situation before the *Galoob* court, whose decision was influenced by the fact that Nintendo could not reasonably market the slightly-altered games,³¹¹ here, the movie studios could reasonably market the slightly-altered movies. The consumers purchasing either the physically-edited copies of movies or the editing software are distinct from the average viewer of the movies selected for editing. These consumers do not feel “cheated and robbed” by the slightly-altered versions of the movies nor do they “bad mouth” the product, as *Galoob*'s expert witness, Mr. Beck, testified the Nintendo consumers would do if Nintendo were to produce a slightly-altered version of its game.³¹² Instead, the e-rated industry

³⁰⁶ *Micro Star v. FormGen Inc.*, 154 F.3d 1107, 1113 (9th Cir. 1998).

³⁰⁷ Kerns, *supra* note 17, at 489–92.

³⁰⁸ *Id.* at 489–90; Mitakis, *supra* note 16, at 294; Nokes, *supra* note 16, at 619–21.

³⁰⁹ *See FormGen*, 154 F.3d at 1112–13.

³¹⁰ *Id.* at 1111; *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965, 967 (9th Cir. 1992).

³¹¹ *Galoob*, 964 F.2d at 971–72.

³¹² *Id.*

offers slightly-altered versions of the original movies to a distinct market and has experienced rapid growth within that market.³¹³

Moreover, although only one movie studio has targeted individual consumers on a small scale, multiple movie studios have worked with airline and television networks to develop sanitized versions of the movies.³¹⁴ The importance of the collaboration between the movie studios and the airlines and television networks is that the difficult, artistic decisions have been made, which are necessary to edit films with mature content so that they are suitable for children. Therefore, it would not be unreasonable for the movie studios to enter the market of sanitized movies for the individual consumer. Studios could offer physically-altered versions. Or, if they preferred to take advantage of the digital editing technology, the translation of the timings of the edits made to create the physically-altered copies to the editing software should be a mundane task. Applying the reasoning of the *Galoob*,³¹⁵ *FormGen*,³¹⁶ and *Midway*³¹⁷ courts to the editing software leads to the conclusion that the editing companies have impinged upon the studios' copyrights. It would be reasonable for the studios to enter the market exploited by the editing companies.³¹⁸ A copyright owner has a right to monopolize derivative works which incorporate his original, copyrighted work and enter the markets the derivative works exploit.³¹⁹

³¹³ Mitakis, *supra* note 16, at 292. "CleanFlicks experienced fast growth to approximately seventy stores in eighteen states in the Midwest and West including California, Utah, Arizona, Colorado, Idaho, Michigan, Montana, Ohio and Oregon." *Id.*

³¹⁴ Glasser, *supra* note 17, at 176; Mitakis, *supra* note 16, at 293; Nokes, *supra* note 16, at 615-16; *see* Aguilar, *supra* note 18 (reporting that studios have worked with television networks and airlines to produce sanitized movies); Luzadder, *supra* note 281 (stating that the Dove Foundation of Michigan announced an agreement that Warner Brothers will endorse Dove's sanitized versions of movies made by Warner Brothers); *see also supra* note 281.

³¹⁵ 964 F.2d 965.

³¹⁶ 154 F.3d 1107 (9th Cir. 1998).

³¹⁷ 704 F.2d 1009 (7th Cir. 1982).

³¹⁸ *Cf. Galoob*, 964 F.2d at 971-72.

³¹⁹ *FormGen*, 154 F.3d at 1113; *Midway*, 704 F.2d at 1014.

D. The Statutory Language and Legislative History of the Copyright Act Strongly Suggest That Fixation Is Not Required to Infringe the Derivative Right

The implication of the statutory language and the legislative history on the unfixed, altered works must also be considered. The analysis of the statutory use of the word “prepare” in granting the derivative right,³²⁰ rather than “create,” whose definition includes a requirement of fixation,³²¹ is not entirely conclusive. Even if the conclusion that the statutory use of the word “prepare” in the grant of derivative rights were dismissed as distinguishing between the type of labor the author performs rather than distinguishing among fixed or unfixed works, or as saying nothing about the requirements for infringement of the derivative right at all, the legislative history of the derivative right indicates in plain language that to infringe the derivative right, the infringing work need not be fixed.³²²

This concept is supported by the observation in the Nimmer treatise that infringement of the derivative right necessarily also infringes either the reproduction right or the performance right.³²³ In making a contradictory conclusion that the language in the Act is not ambiguous, the Nimmer treatise describes the statements in the legislative history regarding the dual standard for copyrightability and infringement of derivative works as “fleeting remarks,” and asserts that they, therefore, should be ignored.³²⁴ However, because fixation is one of the two elements of copyrightability and is required for infringement of at least some of the exclusive rights granted, it is unlikely that Congress treated the topic lightly in its discussion of the infringement of the derivative right. Congress goes into much detail to describe what constitutes fixation³²⁵ and what constitutes infringement of the derivative

³²⁰ 17 U.S.C. § 106(2) (2000).

³²¹ *Id.* § 101.

³²² H.R. REP. NO. 94-1476, at 62 (1976); S. REP. NO. 94-473, at 58 (1975).

³²³ 2 NIMMER TREATISE, *supra* note 54, at § 8.09[A].

³²⁴ *Id.*

³²⁵ H.R. REP. NO. 94-1476, at 52-53 (1976); S. REP. NO. 94-473, at 51-52 (1975).

right.³²⁶ It seems implausible that a statement concerning the lack of a requirement of fixation for works that may infringe the derivative right of the copyright owner would be a “fleeting remark.” Moreover, the fact that Congress presently feels the need to exempt the editing software from liability under the Family Movie Act³²⁷ suggests that Congress still maintains that the infringement of the derivative right does not require fixation.

E. Concern for the Incentive Structure of the Copyright Act Supports the Protection of the Derivative Right

The incentive structure of Copyright Act must also be considered in relation to the unfixed, altered works created by the editing software. The incentive structure behind the Act’s grant of derivative rights has two, often interrelated, aspects. First, the protection of the derivative right encourages the author to add something to the original work to give it “new expression, meaning, or message”³²⁸ which furthers the purpose of the Copyright Act.³²⁹ Second, as a result of the development of the last factor of the fair-use analysis, the effect of the use upon the potential market for, or value of, the copyrighted work,³³⁰ protection of the author’s exclusive right to enter potential markets, which are distinct from the market in which the copyrighted work originally exploited, serves to protect the author’s derivative right.³³¹ In an application of these concepts to the altered versions of the movies created by the software, it is clear that the altered versions do not contain “new expression, meaning, or message,”³³² but that they do target a distinct market.³³³ Because the movie studios already sanitize movies for airlines and television

³²⁶ H.R. REP. NO. 94-1476, at 61-62 (1976); S. REP. NO. 94-473, at 58 (1975).

³²⁷ Family Movie Act of 2005, Pub. L. No. 109-9, §§ 201-202, 119 Stat. 218, 223-24 (codified as amended in scattered sections of 17 U.S.C.).

³²⁸ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

³²⁹ See *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 558 (1985); *Pacific & Southern Co. v. Duncan*, 744 F.2d 1490, 1499 (11th Cir. 1984); *Birnhack*, *supra* note 211, at 269.

³³⁰ 17 U.S.C. § 107(4) (2000).

³³¹ *Id.*

³³² *Acuff-Rose Music*, 510 U.S. at 579.

³³³ *Mitakis*, *supra* note 16, at 292.

networks, the market is one that the movie studios could reasonably enter, although it thus far has remained relatively untapped.³³⁴

In sum, the current copyright law is the result of much reflection on the purpose of the Copyright Act. The development of derivative rights is one specific aspect of this reflection. The concepts articulated in the case law and scholarly articles on derivative rights, as well as the statutory language of and legislative history behind the derivative right, indicate that infringement of the derivative right need not require fixation. However, proper restraints should be placed on this pronouncement so as not to impede the advancement of technology.

CONCLUSION

The determination of whether alterations enabled by technology violate the copyright owner's monopoly should be made under the existing internal restraints on copyright, the idea-expression dichotomy and the fair-use doctrine. In the case of the altered versions of the movies produced by the editing software, Congress has already weighed the interests affected and spoken on the subject in its Family Movie Act, indicating that, in this case, the interests of the consumer weigh more heavily than the interests of the copyright owners in the emerging market.

In defining the scope of the protection afforded to copyright owners from unfixed works which potentially infringe their derivative rights, I propose that two considerations be considered in the matrix of competing interests. First, if the technology is able to reproduce the altered version in an identical fashion *infinitely*, this is equivalent to fixation. Thus, unfixed, altered works which

³³⁴ Glasser, *supra* note 17, at 176; Mitakis, *supra* note 16, at 293; Nokes *supra* note 16, at 615–16; *see* Aguilar, *supra* note 18 (reporting that studios have worked with television networks and airlines to produce sanitized movies); Luzadder, *supra* note 281 (stating that the Dove Foundation of Michigan announced an agreement that Warner Brothers will endorse Dove's sanitized versions of movies made by Warner Brothers); *see also supra* note 281.

cannot be reproduced in the same manner repeatedly would be protected from liability.

Second, the *Galoob* court developed a concept of market exploitation which might prove useful in efforts to protect the copyright owner's derivative rights without impeding the progression of technology. Under the fair-use analysis, courts should not only consider whether the defendant is exploiting a potential market for the copyrighted work, but they should also consider whether it would be *reasonable* for the copyright owner to enter the market exploited by the alleged infringer.³³⁵ If so, liability should be imposed. If not, the market development should not be considered an infringement.

Putting aside the exemptions under the Family Movie Act, the application of the first factor to the editing software, whether the unfixed, altered versions can be reproduced in an identical fashion infinitely, tends towards a finding of liability. The altered versions clearly can be reproduced in an identical fashion infinitely. A consumer merely has to leave the settings at the same levels and the identical material will be skipped or muted. Thus, this factor favors the movie studios.

Under the second factor, whether it would be reasonable for the copyright owners to enter the market exploited by the alleged infringer, the editing companies target a market which, unlike the market in *Galoob*,³³⁶ is a reasonable market for the studios to target. Moreover, the movie studios have worked with airlines and television networks to develop sanitized versions of their films, and thus have already made the artistic decisions necessary to edit individual films with offensive material so that they are appropriate for children. Under *Midway*³³⁷ and *FormGen*,³³⁸ the studios should be able to choose whether to enter this market and how to enter this market. Thus, this factor also weighs in favor of the movie studios.

³³⁵ *Lewis Galoob Toys, Inc. v. Nintendo of Am. Inc.*, 964 F.2d 965, 971–72 (9th Cir. 1992).

³³⁶ *Id.*

³³⁷ *Midway Mfg. Co. v. Artic Int'l, Inc.*, 704 F.2d 1009, 1014 (7th Cir. 1983).

³³⁸ *Micro Star v. FormGen Inc.*, 154 F.3d 1107, 1113 (9th Cir. 1998).

In total, the balance of the competing interests under copyright law of the copyright owners and the public tend toward a finding of infringement. In this particular situation, Congress has exempted the editing software from any finding of infringement under the Family Movie Act. This Act was passed to protect the technology developed and the consumers' interest in having the ability to skip or mute objectionable material.³³⁹ If the analysis presented in this note were to be accepted by courts, without the exemption under the Family Movie Act, the software companies would face a credible challenge by the movie studios in a dispute over the scope of the studios' rights under the Copyright Act.

³³⁹ H.R. REP. NO. 109-33(I), at 5 (2005), *reprinted in* 2005 U.S.C.C.A.N. 220, 224.