

“RECODING” AND THE DERIVATIVE
WORKS ENTITLEMENT: ADDRESSING THE
FIRST AMENDMENT CHALLENGE*

An author redefines the characters of a classic literary tale to criticize the original narrative and the slave-owning society it romanticizes.¹ A sculptor works from a photograph to duplicate the image of eight puppies and their owners in a critique of the banality of modern society.² A publisher releases a comic book that depicts classic and wholesome cartoon characters engaging in decidedly unwholesome activities.³ These creators have in common their use of “recoding”: the appropriation of a copyrighted cultural object for new expression in a way that ascribes a different meaning to it than intended by its creator.⁴

Whether and to what extent recoding should be tolerated raises concerns that go to the foundations of copyright law: How much compensation for artists is enough? Should they be able to collect license fees from new artists in addition to the compensation they get from selling their works to the public? Who benefits when copyright owners dictate the terms of use for cultural icons that society has widely recognized? This Note focuses on various utilitarian implications of recoding and how they relate to an ongoing, heated debate over the proper role of the First Amendment in limiting (or strengthening) the entitlements granted by copyright law. By exploring this intersection of utilitarian and First Amendment concerns, it arrives at two tentative conclusions. First, a more explicit role for the government in determining the ground rules of recoding could ameliorate utilitarian and, somewhat paradoxically, First Amendment concerns. Second, a reform conditioning the right to recode on the passage of time and the cultural saturation of the underlying object would have utilitarian and possible First Amendment advantages over other suggested reforms.

* The author of this Note is a John M. Olin Fellow in Law and Economics at Harvard Law School, and acknowledges support from the School’s John M. Olin Center for Law, Economics, and Business.

¹ See *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1259 (11th Cir. 2001).

² See *Rogers v. Koons*, 960 F.2d 301, 304 (2d Cir. 1992).

³ See *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 753 (9th Cir. 1978).

⁴ The term “recoding” has neutral connotations in the spirited scholarly debate over whether the phenomenon is good for society. Compare Rosemary J. Coombe, *Objects of Property and Subjects of Politics: Intellectual Property Laws and Democratic Dialogue*, 69 TEX. L. REV. 1853, 1863–64 (1991) (describing recoding as “productive activity in which people engage in meaning-making to adapt signs, texts, and images to their own agendas”), with Justin Hughes, *“Recoding” Intellectual Property and Overlooked Audience Interests*, 77 TEX. L. REV. 923, 926 (1999) (arguing that the audience member as listener, rather than as recoder, has interests against pervasive recoding).

Part I sets up the competing interests at stake by summarizing important aspects of the law governing recoding and the nature of First Amendment challenges to the entitlements granted by copyright. Part II engages in the thought experiment of abolishing the derivative works entitlement, a fundamental obstacle to recoding, and concludes that this entitlement is desirable but overly broad — a problem that could be addressed with a more explicit government role in the process. Part III explores three suggested reforms: a compulsory license, an intent/estoppel theory relating to the copyright owner's actions, and a rule granting the right to recode any cultural object that has become established over time or through cultural saturation. It concludes that the third is most beneficial for the interests explored.

I. LEGAL CONTOURS OF RECODING

A. Copyright Law

Legal scholars have long debated the justification for intellectual property rights⁵ and questioned their proper role and scope in a free-speech democracy.⁶ The Constitution explicitly states that the purpose of intellectual property legislation must be “To promote the Progress of Science and useful Arts.”⁷ Congress enacted the first copyright statute in 1790 and has made many statutory modifications since; “the general goal of these statutes has been to establish an incentive for authors to create, by providing them an avenue for obtaining remuneration.”⁸ The Supreme Court has similarly interpreted the constitutional mandate in a utilitarian cast.⁹ Consistent with recent scholarship, this

⁵ Drawing on philosophical and political inquiries into the nature of property rights, legal scholars have identified a number of goals served by property rights and have attempted to make explicit their application to intellectual property. Professor William Fisher has identified four theories of intellectual property: utilitarianism (economic utility should be maximized), labor-desert (one's labor gives rise to a right to control the resulting product), personality (one should be allowed to maintain control over objects to promote personal flourishing), and social planning (the law should aim to create a “just and attractive culture” that promotes widespread expression). William W. Fisher III, *Property and Contract on the Internet*, 73 CHI.-KENT L. REV. 1203, 1212–15 (1998). This Note focuses on the utilitarian approach, but its discussion of such First Amendment concepts as the marketplace of ideas arguably is relevant to the social planning approach.

⁶ See, e.g., Paul Goldstein, *Copyright and the First Amendment*, 70 COLUM. L. REV. 983, 983 (1970) (“Copyright is the uniquely legitimate offspring of censorship.”); Neil Weinstock Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L.J. 283 (1996).

⁷ U.S. CONST. art. I, § 8, cl. 8.

⁸ Wendy J. Gordon, *Fair Use as a Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors*, 82 COLUM. L. REV. 1600, 1602 (1982).

⁹ See *Eldred v. Ashcroft*, 537 U.S. 186, 212 n.18 (2003) (“The profit motive is the engine that ensures the progress of science.” (quoting *Am. Geophysical Union v. Texaco Inc.*, 802 F. Supp. 1, 27 (S.D.N.Y. 1992), *aff'd*, 60 F.3d 913 (2d Cir. 1994)) (internal quotation mark omitted)); *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984) (“[This] limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the

Note considers utilitarian aims beyond ex ante incentives to create; relevant concerns include the development of markets for the protected work and the prevention of harmful externalities.¹⁰

Many provisions of the Copyright Act go to the basic question of how cultural objects may be recoded. These include provisions dealing with the simple act of reproduction itself¹¹ and with compulsory licenses for certain performances.¹² The Act also grants a creative work's author the exclusive right to prepare "derivative works"¹³ and consequently restricts recoding. The term "derivative work" is defined broadly as "a work based upon one or more preexisting works,"¹⁴ a definition that has encompassed many recodings, including two of the examples presented at the beginning of this Note.¹⁵ Additionally, most

creative activity of authors and inventors by the provision of a special reward . . ."). Numerous commentators have agreed with this appraisal. See, e.g., Yochai Benkler, *Through the Looking Glass: Alice and the Constitutional Foundations of the Public Domain*, LAW & CONTEMP. PROBS., Winter/Spring 2003, at 173, 176 (describing American copyright as "self-consciously utilitarian"); Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photographs, and Computer Programs*, 84 HARV. L. REV. 281, 291 (1970) ("If we are to justify copyright protection, we must turn to its economic objectives."); William W. Fisher III, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1659, 1687–88 (1988) ("The utilitarian theory . . . is undoubtedly the most venerable and oft-cited of the justifications for the American law of intellectual property."); Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1107–10 (1990) (discussing doctrinal and historical support for the utilitarian view).

¹⁰ The economic rationales for copyright have been characterized by scholars as falling into two camps: the incentive approach and the neoclassical approach. See Netanel, *supra* note 6, at 308–09. Whereas the former focuses on encouraging creators to make socially valuable creative contributions, the latter justifies intellectual property rights by their prevention of negative externalities and facilitation of optimal means of development and dissemination of creative expression.

¹¹ See 17 U.S.C. § 106(1) (2000 & Supp. II 2002); see also Rebecca Tushnet, *Copy This Essay: How Fair Use Doctrine Harms Free Speech and How Copying Serves It*, 114 YALE L.J. 535 (2004).

¹² Consider, for example, that a musical group is entitled to make a "cover" of a musical composition under section 115 of the Copyright Act, so long as the group "conform[s] it to the style or manner of interpretation of the performance involved[and does] not change the basic melody or fundamental character of the work." 17 U.S.C.A. § 115(a)(2) (West 2005). This provision is clearly concerned about the terms under which a cultural object may be recoded.

¹³ 17 U.S.C. § 106(2).

¹⁴ 17 U.S.C.A. § 101. Specifically, the statutory definition of "derivative work" includes "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." *Id.*

Some commentators have argued that the derivative works right is largely "superfluous" because it necessarily entails an infringement of the reproduction or performance right. See, e.g., Jed Rubenfeld, *The Freedom of Imagination: Copyright's Constitutionality*, 112 YALE L.J. 1, 50–52 (2002). But see H.R. REP. NO. 94-1476, at 62 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5675 (derivative works entitlement is "broader" than the reproduction right). This Note assumes that the derivative works entitlement bears materially on the right to recode. See *infra* note 47.

¹⁵ See *infra* note 47 (discussing cases presented *supra* notes 1–2 and accompanying text).

lawful derivative works are entitled to their own protection under copyright law.¹⁶

Other provisions of copyright law, however, place limits on the original author's monopoly over derivative works (and other entitlements), potentially freeing up the recoding of cultural objects.¹⁷ Two of the more foundational constraints are the idea/expression distinction and fair use doctrine. The idea/expression distinction provides that ideas and information are not proper subjects of copyright law to begin with; only the embodiment, or expression, of such ideas qualifies.¹⁸ The fair use doctrine provides that anyone may use a copyrighted work for such purposes as "criticism" and "comment," pursuant to a balancing test involving four factors: the purpose and character of the new use (for example, recoding), the nature of the copyrighted work being taken, the amount and substantiality of the portion used, and the effect of the new work upon the potential market for the copyrighted work.¹⁹ Many recoding cases involve detailed consideration of fair use as a possible defense to infringement for the new work.²⁰

Another doctrinal possibility for upholding the legality of a recoding is the doctrine of "misuse," a doctrine rooted in antitrust and patent law, which attempts to punish the holder of a property entitlement for "unclean hands." Courts in copyright cases have recently given new expression to this principle.²¹ There is no generally accepted "censorship misuse" defense to copyright infringement, though the idea seems to have animated courts. The Second Circuit famously construed the fair use doctrine to prevent a public figure from using a copyright entitlement to stifle criticism of himself.²² Similarly, something like a "censorship misuse" notion seems to have been at work in

¹⁶ See 17 U.S.C. § 103 (2000).

¹⁷ See Hughes, *supra* note 4, at 949–52 (enumerating judicial and statutory doctrines that support recoding).

¹⁸ See 17 U.S.C. § 102(b) ("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.").

¹⁹ *Id.* § 107.

²⁰ See, e.g., *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1267–76 (11th Cir. 2001) (considering and granting fair use defense); *Rogers v. Koons*, 960 F.2d 301, 308–12 (2d Cir. 1992) (considering and rejecting fair use defense); *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 756–58 (9th Cir. 1978) (considering and rejecting judge-made fair use defense as it existed before enactment of § 107 by the 1976 Copyright Act).

²¹ See, e.g., *Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc.*, 342 F.3d 191, 203–06 (3d Cir. 2003).

²² See *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 304–05 (2d Cir. 1966) (denying a preliminary injunction to block publication of an unauthorized biography of Howard Hughes that Hughes claimed infringed on magazine article copyrights his company had purchased a few days before filing suit).

the concurring opinion in *Suntrust Bank v. Houghton Mifflin Co.*,²³ discussed in the next section.

B. *The First Amendment*

Whether there are free speech problems in the existing copyright regime may depend on one's precise theory of the First Amendment. Major theories of the First Amendment include those based on the principles of individual autonomy,²⁴ a vibrant marketplace of ideas,²⁵ and democratic self-government.²⁶ While this Note incorporates arguments from all of these approaches, it also identifies areas where one's precise theory may be determinative in the resolution of a legal question. This section discusses recent First Amendment challenges to the copyright regime that both elucidate the tensions between copyright and the First Amendment and highlight the issues involved in recoding.²⁷

When Margaret Mitchell's estate considered licensing a sequel to the novel *Gone with the Wind*, the executors determined that "under no circumstances" would they license any work that contained "anything about miscegenation or homosexuality."²⁸ This information came to light in *Suntrust*, when the owner of the *Gone with the Wind* copyright sued to block publication of *The Wind Done Gone*, a novel by Alice Randall that "appropriated the characters, plot and major scenes"²⁹ from Mitchell's classic and, it so happens, included significant discussion of homosexuality, interracial sex, and "mulatto" characters.³⁰ Randall defended on First Amendment grounds, claiming that her work was "a critique of [*Gone with the Wind*]'s depiction of slavery

²³ 268 F.3d 1257.

²⁴ See, e.g., David A.J. Richards, *Free Speech and Obscenity Law: Toward a Moral Theory of the First Amendment*, 123 U. PA. L. REV. 45, 62 (1974) (arguing that free speech "nurtures and sustains the self-respect of the mature person").

²⁵ See JOHN STUART MILL, ON LIBERTY 24 (Oxford Univ. Press 1946) ("[T]he peculiar evil of silencing the expression of an opinion is, that it is robbing the human race . . .").

²⁶ See, e.g., ALEXANDER MEIKLEJOHN, POLITICAL FREEDOM 27 (2d ed. 1960) (contending that the First Amendment is directed against the "mutilation of the thinking process of the community" (emphasis omitted)).

²⁷ Scholars have debated for decades the fundamental nature of the First Amendment's implications for copyright. See, e.g., Goldstein, *supra* note 6 (discussing in 1970 the intersection of copyright and the First Amendment); Wendy J. Gordon, *A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property*, 102 YALE L.J. 1533, 1536-37 (1993). A more thorough enumeration of the seminal articles in this area may be found in Shubha Ghosh, *Deprivatizing Copyright*, 54 CASE W. RES. L. REV. 387, 491 n.463 (2003); and Rubinfeld, *supra* note 14, at 8 n.30.

²⁸ *Suntrust*, 268 F.3d at 1282 (Marcus, J., concurring).

²⁹ *Id.* at 1259 (majority opinion).

³⁰ *Id.* at 1282 (Marcus, J., concurring). For example, in the original, "Ashley Wilkes is the initial object of [heroine] Scarlett's affection; in [*The Wind Done Gone*], he is homosexual." *Id.* at 1270 (majority opinion).

and the Civil-War era American South.”³¹ The district court preliminarily enjoined publication of Randall’s novel as a copyright infringement.³² The Court of Appeals for the Eleventh Circuit held that the injunction was an unconstitutional prior restraint under the First Amendment³³ and ultimately granted Randall the right to publish her book.³⁴ A concurring opinion by Judge Marcus expressed concern that editorial restrictions like Suntrust’s on the use of miscegenation and homosexuality could amount to “a power of indirect censorship” that copyright should have no role in promoting.³⁵

The *Suntrust* district court’s willingness to enjoin publication of a piece of fiction in the name of copyright law amplified critical scrutiny of “copyright’s long-suppressed confrontation with the First Amendment,”³⁶ which gained further momentum³⁷ in the wake of *Eldred v. Ashcroft*.³⁸ In that case, the Supreme Court upheld the Sonny Bono Copyright Term Extension Act³⁹ (CTEA) against First Amendment and other constitutional challenges. Citing the idea/expression distinction and the fair use doctrine, the Court stated that “copyright law contains built-in First Amendment accommodations.”⁴⁰ The “substan-

³¹ *Id.* at 1259 (majority opinion).

³² See *Suntrust Bank v. Houghton Mifflin Co.*, 136 F. Supp. 2d 1357, 1386 (N.D. Ga. 2001).

³³ *Suntrust Bank v. Houghton Mifflin Co.*, 252 F.3d 1165, 1166 (11th Cir. 2001) (per curiam).

³⁴ See *Suntrust*, 268 F.3d at 1276–77. The *Suntrust* court relied on the fair use doctrine in its final ruling in Randall’s favor. *Id.* at 1277.

Despite Randall’s victory against injunctive relief, a financial settlement paid by Randall’s publisher suggests that she might have been held liable for monetary damages had the dispute continued. See David D. Kirkpatrick, *Mitchell Estate Settles ‘Gone With the Wind’ Suit*, N.Y. TIMES, May 10, 2002, at C6.

³⁵ *Suntrust*, 268 F.3d at 1282–83 (Marcus, J., concurring). Defendants accused of violating laws analogous to those of copyright have mobilized similar judicial concern regarding private censorship. Consider, for example, *International Olympic Committee v. San Francisco Arts & Athletics*, 781 F.2d 733 (9th Cir.), amended by 789 F.2d 1319 (9th Cir. 1986), *aff’d sub nom.* S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm., 483 U.S. 522 (1987), in which the U.S. Olympic Committee denied the term “Olympic” to a group that wanted to create a “Gay Olympic Games,” though it had openly permitted the “Special Olympics” and not sued the originators of the “International Police Olympics.” The Ninth Circuit upheld the district court’s injunction, *see id.* at 735, but Judge Kozinski wrote a vigorous dissent, *see Int’l Olympic Comm.*, 789 F.2d at 1323 (Kozinski, J., dissenting) (“Where the entity making the decision is private, unconstrained by principles of equal protection and due process, and entirely free of the discipline imposed by our political system, there are no safeguards whatsoever against arbitrary exclusion of certain groups because they [wish to] communicate ideas some may find offensive.”).

³⁶ Rubinfeld, *supra* note 14, at 8.

³⁷ See generally Pamela Samuelson, *The Constitutional Law of Intellectual Property After Eldred v. Ashcroft*, 50 J. COPYRIGHT SOC’Y U.S.A. 547 (2003).

³⁸ 537 U.S. 186 (2003).

³⁹ Pub. L. No. 105-298, § 102, 112 Stat. 2827, 2827–28 (1998) (codified as amended at 17 U.S.C. §§ 301–304 (2000 & Supp. II 2002)). The CTEA increased the copyright term by twenty years, so that copyrighted works now retain their protection for the life of the author plus seventy years.

⁴⁰ *Eldred*, 537 U.S. at 219–20 (citing *Harper & Row, Publ’rs, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985)). In *Harper & Row*, the Court held that “copyright’s idea/expression dichotomy

tial consensus” according to some was that the copyright term imposed by the CTEA was in fact unconstitutional due to, *inter alia*, First Amendment concerns and that the Supreme Court had failed to do anything about it.⁴¹

II. THE PROPER HOLDER OF THE DERIVATIVE WORKS ENTITLEMENT

In a free-enterprise democracy, we are all in some sense the supreme arbiters of the meaning of cultural objects, from literary myths to comic book heroes. From the meaning-making choices we make in daily discourse with others to the act of voting with our wallets through commerce, our behavior — not ownership of the right to re-code — can be the most important determinant of what copyrightable cultural objects actually mean.⁴² If enough people want the *Gone with the Wind* myth to retain its existing character and not become encumbered with overtones of homosexuality, then in some sense they will get their way, as revenues will fail to accrue to unauthorized sequels like *The Wind Done Gone*.⁴³ Retail spending is just one instance of a greater phenomenon — private ordering through contract. A Coasean approach to the question of entitlement would reason that even if one party is vested with the entitlement to control the meaning of a cultural object, other parties in society would bargain around the default rule to arrive at the cultural meaning most valuable to society.

Default entitlements, however, can have an important anchoring effect in “the real world of economics.”⁴⁴ A party with an entitlement may refuse to deal for reasons that are irrational, ill-informed, or against public policy.⁴⁵ Ownership of an entitlement also can raise

‘strike[s] a definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author’s expression.’” 471 U.S. at 556 (alteration in original) (quoting *Harper & Row, Publ’rs, Inc. v. Nation Enters.*, 723 F.2d 195, 203 (2d Cir. 1983)).

⁴¹ Samuelson, *supra* note 37, at 548. *But see, e.g.*, Paul M. Schwartz & William Michael Treanor, Eldred and Lochner: *Copyright Term Extension and Intellectual Property as Constitutional Property*, 112 YALE L.J. 2331, 2335 (2003).

⁴² See Jack M. Balkin, *Digital Speech and Democratic Culture: A Theory of Freedom of Expression for the Information Society*, 79 N.Y.U. L. REV. 1, 5 (2004) (“Through communicative interaction, through expression, through exchange, individual people become the architects of their culture . . .”).

⁴³ See Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1056 n.103 (2005) [hereinafter Lemley, *Property*] (“If customers want the original *Gone With the Wind*, not the rather more sordid story of [*The Wind Done Gone*] . . . , there won’t be a large market for the latter, and we shouldn’t expect them to proliferate sufficiently to drive out demand for the former.” (quoting Mark A. Lemley, *Ex Ante Versus Ex Post Justifications for Intellectual Property*, 71 U. CHI. L. REV. 129, 146 (2004) [hereinafter Lemley, *Ex Ante*])).

⁴⁴ Gordon, *supra* note 8, at 1608 n.49.

⁴⁵ Cf. *supra* pp. 1491–92 (discussing the notion of copyright “misuse”).

significant efficiency concerns because transactions are not costless — thus, a modified Coasean approach teaches that society should grant the entitlement to the party that, given the best available information, values it most. Such a strategy has the benefits of reducing overall transactions and, when transactions do occur, increasing the likelihood that the highest-valuing party will end up with the entitlement.

Although it is true that copyright owners' recoding monopolies are tempered by the idea/expression distinction and fair use doctrine, the owners nonetheless exert considerable control over cultural objects. And in light of behavior like that displayed by Margaret Mitchell's estate, many commentators consider the derivative works entitlement a particularly sore spot in the confrontation between copyright and the First Amendment.⁴⁶ It is worth exploring whether significant control by the copyright owner makes sense. This Part considers why a derivative works entitlement may be desirable from a recoding standpoint by assessing First Amendment and utilitarian effects that would result from three alternative regimes: abolishing the derivative works entitlement, vesting full control in the owner, and granting more supervisory control to the government.⁴⁷

⁴⁶ See, e.g., Netanel, *supra* note 6, at 301–05 (describing the derivative works entitlement as a “troublesome instance of copyright expansion”); Rubinfeld, *supra* note 14, at 53 (distinguishing the right to reproduce from the right to prepare derivative works and arguing that satisfaction of First Amendment principles requires that “significant changes would have to be made to copyright law as it applies to derivative works”).

⁴⁷ Again, this discussion assumes that other areas of copyright law, such as the grant of reproduction rights, would not substantially displace an abolished grant of the right to prepare derivative works.

It should be noted that focusing on derivative works may be both underinclusive of recoding, because recoding arguably may happen through the infringement of other entitlements such as the performance right, and overinclusive, because some derivative works arguably do not change the meaning of the cultural objects they portray, see Hughes, *supra* note 4, at 946–47. However, focusing on the derivative works entitlement — and especially the effects of its abolition — is likely to be an effective means of analyzing the right to recode for three reasons. First, the derivative works entitlement is the most relevant law; since Congress added the derivative works entitlement in the 1976 Copyright Act, numerous prominent cases deemed by commentators to involve recoding questions have in fact involved theories based on, and judicial discussions of, that entitlement. See, e.g., *id.* at 937–40 (discussing *Rogers v. Koons*, 751 F. Supp. 474, 477 (S.D.N.Y. 1990) (finding that a sculpture based on a picture of a couple and their eight puppies infringed on the photographer's derivative works entitlement)); Note, *Gone with the Wind Done Gone: “Re-Writing” and Fair Use*, 115 HARV. L. REV. 1193 (2002) (discussing *Suntrust Bank v. Houghton Mifflin Co.*, 136 F. Supp. 2d 1357, 1382 (N.D. Ga. 2001) (labeling *The Wind Done Gone* “an unauthorized derivative work”). Second, examining a less drastic derivative works entitlement reform — such as the creation of a “mechanism to determine whether a derivative work was ‘faithful’ to the original” — is problematic even for a thought experiment and likely to raise more questions than it answers, such as “how and who would decide.” Hughes, *supra* note 4, at 1007 n.388. Finally, the general approach of contemplating the wholesale abolition of a provision of copyright law to probe aspects of the system has a time-tested pedigree. See Ghosh, *supra* note 27, at 396–97 & n.33.

A. *The Copyright Owner*

From the Intellectual Property Clause to the 1976 Copyright Act, copyright law is premised on a basic notion that the author of a creative work should get the “exclusive Right”⁴⁸ to decide what happens to it. As the Supreme Court has stated, the primary goal of copyright is to provide ex ante incentives for creators,⁴⁹ and giving derivative work rights to copyright owners might be the best way to do this. In some instances the market for derivative works “can yield far greater returns to the copyright owner” than sales of the original work alone.⁵⁰ Another view of the utilitarian aims at stake in the derivative works entitlement, held by Professor William Landes and Judge Richard Posner, is that derivative works may require significant investment in and of themselves and thus require remuneration through copyright; the owner is the most efficient party to own this entitlement simply because this allocation reduces transaction costs for subsequent creators, since parties need acquire the permission of only one party.⁵¹ Other important reasons for copyright owners to have control are to encourage their own expression and to maximize the social value of works by allowing them to practice “good husbandry” of cultural objects,⁵² which may include price discrimination schemes that help ensure access to cultural objects for less wealthy consumers.⁵³

As previously discussed, however, a major problem with owner entitlement is that the owner may use the copyright to suppress expression with which he disagrees. More benignly, copyright owners may become too “attached” to their objects and resist socially beneficial changes in meaning.⁵⁴ Letting self-interested copyright owners be shepherds of the marketplace of ideas may be too close to letting the

⁴⁸ U.S. CONST. art. I, § 8, cl. 8.

⁴⁹ See *supra* p. 1489.

⁵⁰ Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. COPYRIGHT SOC'Y U.S.A. 209, 232–33 (1983) (listing “paperback sales, magazine serialization or condensation, and motion picture and television productions” as some of the “major potential markets” for derivative works of a novel).

⁵¹ See WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 110–11 (2003). This rule also helps stem “potentially burdensome lawsuits involving multiple plaintiffs.” William Landes, *Copyright, Borrowed Images and Appropriation Art: An Economic Approach*, in *COPYRIGHT IN THE CULTURAL INDUSTRIES* 9, 15 (Ruth Towse ed., 2002).

⁵² See William M. Landes & Richard A. Posner, *Indefinitely Renewable Copyright*, 70 U. CHI. L. REV. 471, 486 (2003) (discussing Disney’s preservation of the value of its iconic characters).

⁵³ Cf. Fisher, *supra* note 9, at 1774 (hypothesizing that because “the law should be adjusted to equalize consumers’ access to works . . . , an activity that facilitates price discrimination should be favored”).

⁵⁴ Another possibility is that an owner will induce *too much* change in the meaning of a cultural object, see Hughes, *supra* note 4, at 927, but the owner’s financial incentive should, in most cases, militate against rendering his own copyrighted object’s meaning confused and incoherent.

fox guard the henhouse, especially in a post-*Eldred* world where the stakes are higher for each copyright owned. Notably, the efficiency gains reaped from a single party's ownership of the entitlement to re-code do not require that party to be the copyright owner. One could imagine auctioning the right to make derivative works; this process would help ensure that the highest-valuing bidder would own the entitlement.⁵⁵ This mechanism, however, merely substitutes one self-interested owner for another and may not adequately address the First Amendment challenge to copyright law.

B. *The Public*

Public ownership of the right to recode is a provocative alternative to ownership by the copyright owner. This section shows that such a regime, which this Note assumes is tantamount to abolishing the derivative works entitlement, would in fact be a mixed bag from both a First Amendment and a utilitarian standpoint.

1. *First Amendment Consequences.* — If anyone who wanted to could appropriate a cultural object, transform it according to her own whims, and rerelease it into society, the result could be a win-win scenario for First Amendment values: significantly improved personal autonomy combined with democracy-reinforcing political expression. Indeed, Professor William Fisher has noted that “the power to make cultural meanings in most Western countries has become ever more concentrated”; ordinary citizens have long tried to subvert dominant expression, but their efforts “have never had the wide circulation and cultural power of the originals.”⁵⁶ If unregulated recoding were allowed, we might expect people to be “more engaged, less alienated” and the cultural environment “more variegated and stimulating.”⁵⁷ Thus, free speech principles would seem to ratify his conclusion that “[r]everse[ing] the concentration of semiotic power would benefit us all.”⁵⁸

This scenario sounds promising, though as Professor Fisher points out, it could result in corresponding utility losses with respect to stability of cultural meanings.⁵⁹ If stable cultural meanings are important to individuals, they could be important to democratic discourse as well. A more basic problem is that there might not be anything useful to re-

⁵⁵ See Lemley, *Ex Ante*, *supra* note 43, at 137–38.

⁵⁶ WILLIAM W. FISHER III, *PROMISES TO KEEP* 30 (2004). Others, however, have argued that mainstream culture has in fact been invaded, if not largely colonized, by just such a spirit of subversion. See JOSEPH HEATH & ANDREW POTTER, *NATION OF REBELS: WHY COUNTERCULTURE BECAME CONSUMER CULTURE* (2004) (dispelling the notion of a qualitative difference between American counterculture and mainstream consumerism).

⁵⁷ FISHER, *supra* note 56, at 31.

⁵⁸ *Id.* at 30–31.

⁵⁹ See *id.* at 36–37; see also *infra* note 102 and accompanying text.

code when everything has been recoded and thus has multiple meanings.⁶⁰ Professor Justin Hughes addresses a First Amendment problem with unregulated recoding in his interpretation of *Hurley v. Irish-American Gay, Lesbian & Bisexual Group of Boston, Inc.*⁶¹ — which denied the respondent organization, GLIB, the right to march in a private parade on the grounds that it would interfere with the “speech” of the parade proprietor⁶² — as a denial of a recoding of that parade.⁶³ Professor Hughes reasons that the decision vindicates the principle that although “[w]e may argue about the proper size of the speech act . . . there is a unit, of some size, entitled to control by the ‘author.’”⁶⁴ He also suggests that forcing GLIB to march in a different parade had the democratic benefit of pitting one parade against another in the ring of public opinion.⁶⁵

Protecting minority expression is a related worry: allowing substantial recoding of works may actually harm the minority interests that are most intended to be protected by such a reform. The facts of *Gilliam v. American Broadcasting Cos.*⁶⁶ lend support to such a concern.⁶⁷ There, comedy programs by the group Monty Python had been significantly edited by the television network ABC to the point of “distortion”; the court found “that the truncated version at times omitted the climax of the skits to which appellants’ rare brand of humor was leading.”⁶⁸ Accordingly, the court enjoined the broadcast.⁶⁹

The *Gilliam* facts illustrate the risk that unregulated recoding can cause some messages effectively to be lost. Because control over meaning-making is concentrated in a few powerful players, policymakers should be wary of handing such groups the keys to the cultural kingdom by giving them the right to recode “radical, emotive speech, since the voicing of radical concepts leads to the adoption of moderate, beneficial reforms.”⁷⁰ More fundamentally, the loss of radical voices and ideas hurts the marketplace of ideas and the First Amendment

⁶⁰ See Hughes, *supra* note 4, at 947.

⁶¹ 515 U.S. 557 (1995).

⁶² See *id.* at 573.

⁶³ See Hughes, *supra* note 4, at 973–77.

⁶⁴ *Id.* at 976.

⁶⁵ See *id.* at 981 (“If one believes that the traditional values embodied in Boston’s St. Patrick’s Day Parade are already dying, are they killed off more quickly by a GLIB contingent marching in the customary (now recoded) parade or by a whole new parade that gets its own television and radio attention in direct competition with the customary parade?” (footnote omitted)).

⁶⁶ 538 F.2d 14 (2d Cir. 1976).

⁶⁷ This argument was developed in Hughes, *supra* note 4, at 964–66.

⁶⁸ *Gilliam*, 538 F.2d at 25.

⁶⁹ *Id.* The court’s stated grounds were rooted in a moral rights theory: that ABC “impaired the integrity of appellants’ work.” *Id.*

⁷⁰ Hughes, *supra* note 4, at 964 (quoting Patricia Krieg, Note, *Copyright, Free Speech, and the Visual Arts*, 93 YALE L.J. 1565, 1583 (1984)).

maxim “that everything worth saying shall be said.”⁷¹ Thus, while recoding, like flag burning, may advance an “associative” type of discourse using the currency of symbolic referents,⁷² its potential for promoting personal expression, self-government, and the pursuit of truth is tempered by corresponding losses in these areas when the subversion of radical or minority messages by the mainstream threatens to unify the currency.

2. *Utilitarian Consequences.* — Vesting the right to recode in the public would free up a broad range of utility-enhancing recoding activities by artists who seek to draw on cultural objects and transform them in ways that please themselves and the public. Moreover, a rule that allowed universal use would foster economic harmony by forcing cultural goods to be priced at marginal cost,⁷³ thereby increasing access and social utility: because many forms of intellectual property tend to be “zero-marginal-cost goods,”⁷⁴ a free recoding rule coincides with the ideal license price for a wide assortment of works.

Giving the public uninhibited freedom to recode could, however, lead original creators to take drastic steps that would ultimately result in a net social loss. As a property right that includes the right to exclude, the entitlement to prepare derivative works curtails the social waste that arises from building walls to keep others out. It seems likely that most markets for derivative works are easily saturated: all but the most die-hard fans of *Gone with the Wind* will want to purchase only a limited number of sequels. Meanwhile, authors and publishers that do not have to pay or seek permission to produce such sequels will have an incentive to produce many, given the very low marginal cost of production. One might therefore expect the original creator or her copyright assignee to take action to prevent the market for derivative works from being flooded in this way, such as delaying release of the original work until sufficient headway has been made on the derivative works,⁷⁵ or building informational walls around the original work and its creative contents. These walls could take the form of trade secrets, suppression of information about releases, digital

⁷¹ MEIKLEJOHN, *supra* note 26, at 26.

⁷² See Ronald K.L. Collins & David M. Skover, *Pissing in the Snow: A Cultural Approach to the First Amendment*, 45 STAN. L. REV. 783, 797–99 (1993) (book review) (exploring the communicative importance of symbolic speech such as flag burning with reference to Jean Baudrillard’s theory of misappropriation of meaning through symbols).

⁷³ See FISHER, *supra* note 56, at 237–38.

⁷⁴ LANDES & POSNER, *supra* note 51, at 19.

⁷⁵ See *id.* at 110 (“The original author, eager to maximize his income from the work, would have an incentive to delay publishing it until he had created the derivative works as well (or arranged for their creation by licensees), in order to gain a head start over any would-be authors of such works.”).

encryption, or other literal and figurative fences that would result in social waste.

Such fences could also spur arms races. Technological protection measures would be part of an ongoing race between parties who make encryption schemes and those who seek to break them, resulting in additional costs to the content producer — and thus the consumer. As such, a world without an exclusive right to prepare derivative works could resemble the realm of trade secrets, replete with socially wasteful attempts to obfuscate information and protect against reverse engineering.⁷⁶

Other factors can exacerbate the head-start problem. For example, if a company could not make a profit from releasing a new work without preparing derivative works before the initial release, the price of each new release would rise, increasing risk aversion on the part of large media companies.⁷⁷ The enhanced incentive to keep quiet could also reduce economic coordination. For example, firms could inadvertently release duplicative content:⁷⁸ audiences may have loved *Shrek*, but two movies about a green ogre during the same summer likely would have cannibalized profits.⁷⁹

In sum, granting the public free reign to create derivative works that recode copyrightable expression raises a number of First Amendment and utilitarian problems. Many of these problems — diminishing a speaker's right to communicate his message unimpeded by others, potentially losing a radical message before it can be broadly disseminated, creating social waste and arms races by building walls — hinge on the temporal proximity of the recoding to the original expression. Had GLIB altered a videotape of the Boston parade years after it occurred by inserting images of gay advocates, it would be harder to argue that GLIB had impinged on anyone's right of free as-

⁷⁶ See *id.* at 359–63 (comparing the efficacy of trade secret protection with that of patent protection).

⁷⁷ Cf. Benjamin A. Goldberger, *How the "Summer of Spinoff" Came To Be: The Branding of Characters in American Mass Media*, 23 LOY. L.A. ENT. L. REV. 301, 393 (2003) ("[T]he market forces which favor low-risk sequels and discourage highly-risky, yet creative new works are extraordinarily powerful. This is particularly the case in media such as television and feature films . . .").

⁷⁸ See William Fisher, *Theories of Intellectual Property*, in NEW ESSAYS IN THE LEGAL AND POLITICAL THEORY OF PROPERTY 168, 179–84 (Stephen R. Munzer ed., 2001) (discussing the problem of rivalrous invention).

⁷⁹ Price discrimination viewed in this light is simply an instance of economic coordination within a single firm. Firms and other copyright owners need some latitude to maximize the social value of cultural works. Thus, while it may be true that, in some situations, "the prospect of competition to produce sequels may actually spur creators to write their own sequels more quickly and make them better," Lemley, *Property*, *supra* note 43, at 1056 n.103, any one-size-fits-all solution violates the important principle that "judges should watch for situations in which unauthorized use of copyrighted material undermines price discrimination schemes and should be chary of holding such uses fair," Fisher, *supra* note 9, at 1742.

sociation, given that the parade proprietors had communicated their message long before. On the other hand, had the legal regime allowed for authors to pen sequels immediately after the release of *Gone with the Wind*, such derivative works could have sprouted in many secondary markets, sapping new and potentially lucrative sources of revenue from the original work's copyright owner. This temporal characterization of the interests at stake resurfaces in Part III's consideration of suggested reforms to the law governing recoding.

C. *The Government*

The problems that abolishing the derivative works entitlement would cause suggest that cultural meaning is a public good, a resource that makes itself available to dueling uses in a way that raises tragedy of the commons concerns. The traditional solution to any public good problem is to increase the government's role in provisioning and regulating the good.

This section discusses the potential benefits of vesting control over derivative works not in the owner, or in the public, but in the government itself. This basic insight underlies the "Alternative Compensation System" suggested by Professor Fisher in his book *Promises To Keep*.⁸⁰ Under this system, the government would directly recompense artists with revenues from general income taxes or from taxes on Internet service.⁸¹ Consistent with the spirit of Professor Fisher's proposal, government control over the terms of recoding could take the form of neutral regulations permitting whole classes of recoding activities at designated periods based on the type of underlying work. For example, assuming a translation of a novel requires less time and investment to bring to market than a sequel or a movie adaptation, the Copyright Office might declare a recoding "open season" on novel translations before movie adaptations. Such a solution would address both the need for novel copyright owners to receive remuneration through lucrative marketing channels and the head-start problem by tailoring the derivative works entitlement to contours that make utilitarian sense. It would also meet First Amendment goals by recogniz-

⁸⁰ FISHER, *supra* note 56, at 199–258.

⁸¹ *See id.* at 216–23 (discussing taxation); *see also* Neil Weinstock Netanel, *Impose a Noncommercial Use Levy To Allow Free Peer-to-Peer File Sharing*, 17 HARV. J.L. & TECH. 1 (2003) (proposing a tax on products and services that derive value from file sharing and payment of proceeds to artists whose works are so exchanged). Professor Fisher's solution to the derivative works question does not follow this basic structure of government control. He opts for a combination of owner and public entitlement, letting artists choose whether to allow all derivative works or none and apportioning them more money if they choose the former. FISHER, *supra* note 56, at 241–42. This approach is similar to that taken by the online license provider Creative Commons. *See* Creative Commons, Choose a License, <http://creativecommons.org/license> (last visited Feb. 11, 2006).

ing that the proper protection of a copyright owner's speech act is realistically contingent on the ease with which that speech act may be brought to market.

Substantial hurdles lie in the way of such a reform, not the least of which is the notion that any government control over how cultural expression is produced is deeply at odds with democratic principles. Recognizing that the truth is in fact more nuanced, commentators have identified the possible benefits of enhancing the "sovereign's role in cultural production"⁸² and have argued for an increased role for agencies such as the Federal Communications Commission in preserving freedom of speech.⁸³ If one agrees that some government control over the meaning of cultural objects is inevitable,⁸⁴ letting administrators with data and expertise make such determinations openly and transparently could provide the most efficacious method of promoting the progress of science and useful arts.

Another motivation for such a solution is the arguably governmental role currently played by judges, who frequently grant post hoc entitlements to recode when they determine the legality of recoding in individual cases.⁸⁵ Adjudicating cases would not necessarily present the specter of indirect recoding by judges themselves but for hints of biases in the way recoding cases tend to be resolved. Twenty years ago, one commentator noted that courts consistently found infringement when a parody was pornographic;⁸⁶ another reflected that the results were driven by the court's sympathy or lack thereof for the defendants.⁸⁷ More recent commentators sound the same tune as they rail against inconsistent application of the fair use doctrine.⁸⁸

⁸² Ghosh, *supra* note 27, at 389–90. Professor Ghosh identifies copyright as a "devolution" of this role, while pointing out that "[d]emocratic governments continue to have a role in cultural production." *Id.* at 389–91.

⁸³ See, e.g., Tushnet, *supra* note 11, at 554–55.

⁸⁴ See, e.g., Robert A. Gorman, *Copyright Courts and Aesthetic Judgments: Abuse or Necessity?*, 25 COLUM. J.L. & ARTS 1, 19 (2001).

⁸⁵ Cf. Gordon, *supra* note 27, at 1607 n.400 ("Enforcement of property rights should be acknowledged as state action.")

⁸⁶ Randall B. Hicks, Note, *Requiem for a Parody*, 8 HASTINGS J. COMM. & ENT. L. 55, 57 (1985).

⁸⁷ Note, *The Parody Defense to Copyright Infringement: Productive Fair Use After Betamax*, 97 HARV. L. REV. 1395, 1406 (1984).

⁸⁸ See, e.g., Gorman, *supra* note 84, at 16 (charging that "decisions appear to turn upon many literary and artistic value judgments"); Rebecca Tushnet, *Copyright as a Model for Free Speech Law: What Copyright Has in Common with Anti-Pornography Laws, Campaign Finance Reform, and Telecommunications Regulation*, 42 B.C. L. REV. 1, 22 (2000) (observing that "[s]ympathetic plaintiffs are far more likely to have their rights expansively defined than unattractive plaintiffs"). Nominally, the courts do not make aesthetic judgments when deciding copyright infringement cases. This principle was laid down by Justice Holmes in *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251–52 (1903).

The First Amendment implications of such a proposal are unknown. One mystery is whether courts would deem such regulations “content neutral”;⁸⁹ another is whether they would receive the same level of constitutional scrutiny applied to regulations of “constitutionally proscribable content”⁹⁰ such as obscenity and defamation. Such questions may have to remain in the realm of thought experiments, since “[n]o court has asked, much less answered,” basic questions about the First Amendment status of copyright law.⁹¹

Perhaps the most significant practical hurdle to such reform is the United States’s commitment to its Berne Convention treaty partners.⁹² Article 12 of the Convention provides simply that “authors of literary or artistic works shall enjoy the exclusive right of authorizing adaptations, arrangements and other alterations of their works.”⁹³ The extent to which the reforms suggested in this section and in Part III might be inconsistent with the treaty is beyond the scope of this Note, but it is nonetheless worth mentioning that the present U.S. copyright term is longer than that required by Berne, which may provide one basis for leeway, at least after expiration of the Convention’s term.⁹⁴

In a sense, it is imprecise to view such reforms as giving the entitlement to the government. The government would not take the active role in controlling the recoding of cultural objects that a true property entitlement would allow, and this is as it should be. Yet while the major tensions lie between creator and audience, and between original creator and subsequent creator, an expanded and more explicit role for the government in narrowing the broad derivative works entitlement could advance both utilitarian and First Amendment interests.

⁸⁹ Generally, to be content neutral, a law must not reference the underlying content of what it is regulating. See *City of Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 429 (1993) (finding a regulation of commercial handbills to be content based because “the very basis for the regulation is the difference in content between [unregulated] ordinary newspapers and [regulated] commercial speech”).

⁹⁰ *R.A.V. v. City of St. Paul*, 505 U.S. 377, 383 (1992) (emphasis omitted). *R.A.V.* held that government may not issue content-based regulations, even for speech not subject to traditional protection under the First Amendment, but that it could discriminate on the basis “of the very reason the entire class of speech at issue is proscribable” — for example, the government can restrict the most obscene obscenity. *Id.* at 388.

⁹¹ Rubinfeld, *supra* note 14, at 5–6.

⁹² See Justin Hughes, *The Philosophy of Intellectual Property*, 77 GEO. L.J. 287, 292 n.22 (1988); Netanel, *supra* note 6, at 366 n.377.

⁹³ Berne Convention for the Protection of Literary and Artistic Works art. 12, *opened for signature* Sept. 9, 1886, *as last revised*, 25 U.S.T. 1341, 828 U.N.T.S. 221. Likewise, Article 8 provides that authors “shall enjoy the exclusive right of making and of authorizing the translation of their works throughout the term of protection of their rights in the original works.” *Id.* art. 8.

⁹⁴ Article 7 of the Convention requires a copyright term of the life of the author plus fifty years; U.S. copyright law provides for twenty additional years of protection, see 17 U.S.C. § 302(a) (2000). The author thanks Professor Justin Hughes for pointing out the relevance of this argument.

III. BREAKING UP THE DERIVATIVE WORKS ENTITLEMENT

The remainder of this Note examines three other suggested reforms for tailoring the derivative works entitlement in the face of alleged confrontation with the First Amendment. It relies on the analysis and conclusions in the previous Part, including the benefits of increased government control, the ambiguous effects of full recoding by the public, and the importance of temporal proximity to creation of the original work in regulating recoding.

A. *Compulsory License Regime*

Suntrust illustrates that a remedy commonly granted in copyright cases — injunctive relief — may pose a special problem for the First Amendment: prior restraints against speech are traditionally disfavored, so why not in copyright law?⁹⁵ Responding to this problem, commentators have suggested “denying an injunction, and awarding the copyright owner only a right to an allocable share of the user’s profits.”⁹⁶ This solution is akin to replacing a property rule with a liability rule for recoders: they will be entitled to create their works, but will risk being held liable to the original creator.⁹⁷

If carefully implemented, this approach could pay dividends to copyright holders and recoders alike: the original creator would be reimbursed for expression according to the value taken, while recoders would be free to express themselves. One concern, as discussed earlier in connection with abolishing the derivative works entitlement,⁹⁸ is the lack of economic coordination engendered by this approach. Another problem is that the payment would not capture negative externalities caused by recoding. In *Walt Disney Productions v. Air Pirates*,⁹⁹ for example, the defendants had issued underground comic books portraying Mickey Mouse and his Disney friends “as active members of a free thinking, promiscuous, drug ingesting counterculture,”¹⁰⁰ and the court found them liable for copyright infringement.¹⁰¹ Tarnishing established, friendly characters can create negative associations in the minds

⁹⁵ See generally Mark A. Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 DUKE L.J. 147 (1998).

⁹⁶ Wendy J. Gordon, *Render Copyright unto Caesar: On Taking Incentives Seriously*, 71 U. CHI. L. REV. 75, 87 (2004).

⁹⁷ The Supreme Court has recognized that a liability rule may be the most appropriate relief for copyright infringement in certain circumstances. See *N.Y. Times Co. v. Tasini*, 533 U.S. 483, 505 (2001).

⁹⁸ See *supra* notes 78–79 and accompanying text.

⁹⁹ 581 F.2d 751 (9th Cir. 1978).

¹⁰⁰ *Id.* at 753 (quoting Kevin W. Wheelwright, Comment, *Parody, Copyrights and the First Amendment*, 10 U.S.F. L. REV. 564, 582 (1976)) (internal quotation mark omitted).

¹⁰¹ *Id.* at 760.

of the public, which can result in destruction of social value.¹⁰² If the compulsory license forced recoders to internalize these costs, it could address such concerns, but such a solution raises intractable problems to the extent that it pits utilitarian interests against free speech. As one commentator noted, “[t]he only way to dim the aura of legitimacy adhering to the Disney world view would be to reach Mickey’s audience emotionally, and this is the course the Air Pirates took.”¹⁰³

A compulsory license regime would not address other significant First Amendment effects of abolishing the derivative works entitlement. For example, the author’s freedom from association with undesired messages would be boiled down to a cash payment. His minority or radical expression certainly could be lost in the process. Proponents of a compulsory license system recognize such problems and suggest that the system should only apply to particular inventors and recoders.¹⁰⁴ Doing so would require recourse to a sorting mechanism outside of the compulsory license system per se, however.

B. Intent/Estoppel Standard

Judge Marcus, concurring in *Suntrust*, thought the plaintiff’s refusal to license certain derivative works could be used against him in the fourth prong of the fair use test: refusal to license a work involving homosexuality or miscegenation should result in the court simply not considering such work to be part of the plaintiff’s “market” and finding fair use present.¹⁰⁵ Such an inquiry implicates the plaintiff’s intent. Intent standards in copyright recently got a boost in *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*,¹⁰⁶ and perhaps they could be applied in recoding cases. Unlike the intent rule created in *Grokster*, the recoding intent rule would have an estoppel-like character, in that it would look to the intent and behavior of the plaintiff, not the defendant. It would bear some resemblance to the notion of “copyright misuse,” minus that doctrine’s antitrust overtones.¹⁰⁷

¹⁰² See generally Hughes, *supra* note 4; Landes & Posner, *supra* note 52, at 484–88 (discussing “congestion externalities,” in which the social value of established cultural icons can be eroded by tarnishing or overexposure); see also Alex Kozinski, *Mickey & Me*, 11 U. MIAMI ENT. & SPORTS L. REV. 465, 469 (1994) (“It is the development of such a character [as Mickey Mouse], one that avoids negative associations, which not only allows Disney to make a profit, but also gives kids . . . a real pleasure, a pleasure they might not otherwise have.”).

¹⁰³ Gordon, *supra* note 27, at 1603.

¹⁰⁴ See, e.g., Gordon, *supra* note 96, at 88 (contrasting “the instrumentalist user who sees the work he uses as a commodity” with “a myriad of other folks” who may not).

¹⁰⁵ *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1282 (11th Cir. 2001) (Marcus, J., concurring).

¹⁰⁶ 125 S. Ct. 2764 (2005) (creating an intent standard for contributory liability of a distributor of a technological device).

¹⁰⁷ See *supra* pp. 1491–92.

As the *Gilliam* case shows, however, this approach is problematic in that it could punish the owner of a controversial message for not allowing that message to be used in contexts that could strip it of its radical character;¹⁰⁸ thus, a court that found for the recoder in such a case would be a party to the dilution of radical expression. Additionally, there may be public policy reasons for deferring to a refusal to allow recoding. This issue seemed to arise in an Australian copyright infringement case brought by Twentieth Century Fox against a brewer that manufactured and sold a brand of beer called “Duff” in the same “get-up and style” as the one featured in the television show *The Simpsons*.¹⁰⁹ The court noted that Fox had consistently refused to grant licenses for alcohol, tobacco, or other products that could be detrimental to children and observed that the effects of Duff Beer in the show were “not depicted in a pleasant or appealing way.”¹¹⁰ Recoding the Duff label threatened to attribute positive meanings to an object that was by design negative, all the worse because “it might encourage children to drink alcohol.”¹¹¹ A public policy exception could be grafted onto the intent/estoppel standard to avoid such problems, but many recodings will involve issues less cut-and-dried than the encouragement of underage drinking.

C. Cultural Saturation Exception

A third potential reform is more likely to ameliorate previously explored utilitarian and First Amendment concerns. Section II.B suggests that time and cultural exposure are recurrent issues in the utilitarian and First Amendment justifications for a derivative works entitlement. Some commentators have proposed reform based on precisely this insight: phasing out the protection of a work over time¹¹² or in accordance with how much cultural exposure the expressive work has accrued in society.¹¹³ Such rules, grounded in a determination of cultural saturation based on a minimum term of years of existence, would offer courts an effective way to address First Amendment concerns in areas where they are likely to be significant.¹¹⁴ Older works

¹⁰⁸ See *supra* pp. 1498–99.

¹⁰⁹ *Twentieth Century Fox Film Corp. v. S. Australian Brewing Co.* (1996) 66 F.C.R. 451, 456 (Austl.).

¹¹⁰ *Id.* at 457.

¹¹¹ *Id.*

¹¹² See Justin Hughes, *Fair Use Across Time*, 50 UCLA L. REV. 775 (2003); Joseph P. Liu, *Copyright and Time: A Proposal*, 101 MICH. L. REV. 409, 425 (2002).

¹¹³ See Note, *supra* note 47, at 1209 (arguing that in recoding cases, “courts should determine the extent to which the original work occupies a place of such culturally iconic status that not to permit a re-writing of it would suppress important and necessary discussion of that work”).

¹¹⁴ A citizen’s interest in free discussion of pervasive cultural objects that, almost by definition, have garnered wide acceptance and establishment in society is likely — to borrow a phrase from

may be worth less,¹¹⁵ and if not, the passage of time or the broad acceptance of a work could have bestowed upon its owner significant financial remuneration. These owners would have had ample opportunities to write sequels and create other derivative works containing their expression at the time and place of their choosing.

The notion that the author's and the public's interests in preventing recoding diminish over time is, of course, not absolute: a work may be in its earning potential "prime" only after many years, or a copyright owner may simply want to wait a long time before authorizing a sequel or translations. But from the standpoint of copyright's utilitarian aim of promoting expression and the First Amendment's concerns with speaker autonomy, the marketplace of ideas, and freedom of association, the more pressing questions are likely to lie along the following lines: Would a novel like *Gone with the Wind* ever have been created and have achieved due recognition in the first place? Does the law ensure that "the public [has] access to [a recoder's] ideas or viewpoint in the form of expression that she chose"?¹¹⁶ Whether cultural objects should continue to be shielded decades after achieving notoriety is likely to be of lesser importance.

Moreover, established cultural objects are likely to have their own strong defenses against the negative externalities caused by recoding. Some iconic works whose copyright protection, if any, has lapsed are unlikely to have their meanings affected by recoding.¹¹⁷ Even if recoding threatens a meaning change, copyright owners may also be well enough endowed from their success to meet the recoding challenge head-on by spending money on preservation of the old meaning. Similar reasoning — recognition of the ability to counter destructive messages — motivated the Supreme Court to create a public figure exception to libel.¹¹⁸ Commentators have asked why such reasoning has not been imported into copyright.¹¹⁹

the commercial speech realm — to be "as keen, if not keener by far, than his interest in the day's most urgent political debate." *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 763 (1976). While not a copyright dispute, *Virginia State Board of Pharmacy* recognized that listeners' interests can play a role in the First Amendment calculus. *See id.* at 763–65.

¹¹⁵ *See Eldred v. Ashcroft*, 537 U.S. 186, 251 (2003) (Breyer, J., dissenting) ("The older the work, the less likely it retains commercial value . . .").

¹¹⁶ *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1277 (11th Cir. 2001).

¹¹⁷ Hughes, *supra* note 4, at 961 (listing as examples *Dracula*, *Frankenstein*, *Hamlet*, *Scrooge*, and others).

¹¹⁸ *See N.Y. Times Co. v. Sullivan*, 376 U.S. 254 (1964); *see also* Hughes, *supra* note 92, at 360 & n.300.

¹¹⁹ *See, e.g., Rubinfeld, supra* note 14, at 26–27 ("Copyright stands to property law as libel stands to tort law; copyright makes speech property, as libel makes speech a tort. The difference is that copyright law remains in a pre-*Sullivan* condition.")

The Supreme Court explicitly refused to create a copyright public figure exception analogous to the one in *Sullivan* on the grounds that it would cripple the creation of works in subjects

A further consideration is the protection afforded to established cultural objects by trademark law.¹²⁰ The point has not been lost on plaintiffs; copyright infringement cases involving the kind of prominent cultural symbols that animate claims about preserving reputation and stability also tend to contain assertions of trademark infringement or dilution.¹²¹ Although a claim of overlap in these areas of the law may be premature,¹²² to the extent that trademark law prevents recoding activities that also infringe on the derivative works entitlement, a cultural saturation exception to the entitlement would simply offset some bias toward cultural stability present in trademark law.

That such a reform would enable only some expression is both a First Amendment blessing and a First Amendment curse. Referencing the cultural saturation of an artist's expression might make any such regulation constitutionally suspect, as it attempts to free up particular topics of discourse based on their content. Moreover, the rationale of promoting minority and radical expression, while it may further autonomy and democracy interests, may hold little constitutional water, for "the concept that government may restrict the speech of some elements of our society in order to enhance the relative voice of others is wholly foreign to the First Amendment."¹²³ At this point in the constitutional analysis, as with campaign finance, one's specific theory of the First Amendment probably becomes determinative.¹²⁴ Given the

that are "of greatest importance to the public." *Harper & Row Publ'rs, Inc. v. Nation Enters.*, 471 U.S. 539, 559 (1985). An exception to the derivative works entitlement need not suffer this defect, however, because the underlying *expression*, not the subject matter of the work, would be the element that determines whether recoding would be allowed. Thus, while the *Harper* Court was concerned about sapping authors' incentives to write about important public figures, a cultural saturation exception would look to whether an author's book, not the figure being depicted, had achieved widespread recognition in the cultural consciousness.

¹²⁰ For example, federal trademark dilution claims are generally based on "blurring" or "tarnishment," see KENNETH L. PORT, TRADEMARK LAW AND POLICY 440, 451 (2004), but may be asserted only for "famous" marks. See 15 U.S.C. §§ 1125(c), 1127 (2000).

¹²¹ See, e.g., *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9th Cir. 2003) (Barbie); *Dr. Seuss Enters. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997) (Dr. Seuss books); *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978) (Disney characters).

¹²² Trademark law's grounding in the Commerce Clause imparts different purposes to the doctrine. See PORT, *supra* note 120, at 33. Trademark also has its own First Amendment exceptions. See, e.g., *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 906 (9th Cir. 2002) (holding that only defendants engaged in commercial speech can be found liable for trademark dilution).

¹²³ *Buckley v. Valeo*, 424 U.S. 1, 48-49 (1976) (per curiam); see also David McGowan, *Why the First Amendment Cannot Dictate Copyright Policy*, 65 U. PITT. L. REV. 281, 322 (2004) ("*McCConnell v. Federal Election Commission*[], 124 S. Ct. 619 (2003),] arguably modifies *Buckley*'s general approach to campaign finance, but this principle remains good law as a general matter.").

¹²⁴ Whether attempts to enhance democratic deliberation should be allowed to define the social framework within which democratic discourse occurs is a matter of dispute. Compare, e.g., Robert Post, *Meiklejohn's Mistake: Individual Autonomy and the Reform of Public Discourse*, 64 U. COLO. L. REV. 1109, 1117 (1993) (grounding First Amendment theory in the "necessary indeterminacy of public discourse"), with Cass R. Sunstein, *Preferences and Politics*, 20 PHIL.

Supreme Court's statements on Congress's right to legislate in the realm of copyright,¹²⁵ however, a solution imposed by Congress could very well pass constitutional muster.¹²⁶

A congressional solution may be a long time coming, and if the courts agree that copyright law is in an intractable confrontation with the First Amendment, their recourse to an exception to the derivative works entitlement, grounded in the passage of time or level of cultural saturation of the underlying expression, could be more effective at defusing the confrontation and preserving the aims of copyright than alternative options.

IV. CONCLUSION

The act of recoding and the constraints imposed on it by copyright law — particularly the current derivative works entitlement — raise significant utilitarian and First Amendment questions. The medicine must not create more complications than the ailment, but a close examination of these principles indicates that letting the government apply content-neutral restrictions might result in a more benevolent First Amendment dictator than allowing private parties to run roughshod over society's highest free speech aspirations. Based on this and other insights, courts should continue to protect young cultural objects so that they can acquire cultural sea legs before moving into a more recoding-friendly phase of their lives. Among suggested reforms, the idea that courts should "recode" the derivative works entitlement through recognition of a cultural saturation exception to the right to control derivative works most effectively ameliorates First Amendment grievances while sacrificing little of the purpose of copyright.

& PUB. AFF. 3, 28 (1991) ("The meaning of the First Amendment is a function of competing views about what sort of relation between government and markets will best promote democratic deliberation.").

¹²⁵ See *Eldred v. Ashcroft*, 537 U.S. 186, 212 (2003) ("[I]t is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause's objectives.").

¹²⁶ Congress may be able to predicate its jurisdiction to create a cultural saturation exception partially on the Commerce Clause. Cf. *SUSAN SCAFIDI, WHO OWNS CULTURE?* 149 (2005) (suggesting a standard of intellectual property ownership jurisdictionally based in part on the Commerce Clause and "taking into account the relative cultural significance of particular artifacts").