Copyright, Derivative Works and Fixation: Is Galoob a Mirage, or Does the Form (GEN) of the Alleged Derivative Work Matter?

Tyler T. Ochoa
Santa Clara University School of law, ttochoa@scu.edu

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FIXATION: IS GALOOB A MIRAGE, OR DOES THE
FORM(EN) OF THE ALLEGED DERIVATIVE
WORK MATTER?

Tyler T. Ochoa†

ABSTRACT

The Copyright Act gives a copyright owner the exclusive right “to prepare derivative works based on the copyrighted work.” Does the Copyright Act require that a derivative work be “fixed in a tangible medium of expression” in order to be infringing? Existing case law is contradictory, stating both that a derivative work does not need to be “fixed” but that it does need to be embodied in some “concrete or permanent form.” This contradiction stems from the fact that although the statutory language does not appear to require fixation, reading the statutory language literally would render illegal merely imagining a modified version of a copyrighted work. This contradiction can be eliminated by recognizing that what Congress intended was to prohibit the public performance of an unfixed derivative work, as well as the reproduction, public distribution, public performance or public display of a fixed derivative work. Congress’ intent can be fully implemented by holding that the exclusive right to prepare derivative works is dependent upon, rather than independent of, the other four exclusive rights. The advantage of this interpretation is that it leaves all private performances of a derivative work, whether fixed or unfixed, outside the realm of copyright infringement.

† Professor, High Technology Law Institute, Santa Clara University School of Law. A.B. 1983, J.D. 1987, Stanford University. Copyright © 2004 Tyler T. Ochoa. This article was produced with the support of a grant from the High Technology Law Institute. The author would like to thank Andrew Wistrich for many hours of thoughtful discussion, and David Welkowitz and the editors of the Journal for their additional helpful comments on previous drafts of this article.
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I. INTRODUCTION

Suppose a person sits down at a piano and creates a new arrangement of a popular song. Later, he performs the new arrangement for some friends in the privacy of his home. Has he infringed the copyright in the musical work? Does it matter if he writes the arrangement down instead of memorizing it?1

Suppose another person cuts a photograph out of a book, mounts it upon a ceramic tile, and displays the mounted photo in her home. Has she infringed the copyright in the photograph?2 Does it make a difference if she places a transparent piece of pink plastic over the photograph before displaying it?3 What if she paints the photo with pink watercolor instead of framing it with pink plastic?4 What if she offers the pink-framed photo for sale at her local swap meet, or on the Internet?5

Suppose a company creates an electronic device that alters the display of a popular video game. A teenager plays the video game in his home while using the device. Has he infringed the copyright in

1. This hypothetical assumes that the musical arrangement is sufficiently original to constitute a derivative work. Compare Woods v. Bourne Co., 60 F.3d 978, 989–93 (2d Cir. 1995) (affirming district court’s finding that piano-vocal arrangement and other printed and performed arrangements, with one exception, were not sufficiently original to qualify as derivative works) with Tempo Music, Inc. v. Famous Music Corp., 838 F. Supp. 162, 167–69 (S.D.N.Y. 1993) (holding that creating harmony for an existing melody may, in some instances, be sufficiently original to qualify for copyright protection). The question posed is whether infringement depends upon the fixation of the derivative work, or upon the fact that it was only performed in private.


3. This variation is based upon a hypothetical posed by Judge Kozinski in Micro Star v. FormGen, Inc., 154 F.3d 1107, 1111 n.4 (9th Cir. 1998) (the “Pink Screener”).

4. See Peker v. Masters Collection, 96 F. Supp. 2d 216 (E.D.N.Y. 2000) (application of paint to mounted poster was an infringing reproduction, but was not sufficiently original to constitute a derivative work), aff’d in relevant part, vacated and remanded on other grounds, 47 Fed. Appx. 597 (2d Cir. 2002).

5. This variation raises the issue of public distribution and display of the alleged derivative work. See 17 U.S.C. § 106(3), (5) (2000). But see 17 U.S.C. § 109(a), (c) (first-sale doctrine). It also raises the further issue, which will not be discussed in detail here, of third-party liability for the owner of the swap meet or the internet service provider. Compare Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259 (9th Cir. 1996) (swap meet owner may be contributorily and vicariously liable for sale of infringing items) with Adobe Sys., Inc. v. Canus Prods., Inc., 173 F. Supp. 2d 1044 (C.D. Cal. 2001) (finding genuine issues of material fact as to whether operator of trade show was contributorily or vicariously liable for sale of infringing items) and 17 U.S.C. § 512 (limitation of liability for Internet service providers).
the video game? If so, is the device manufacturer liable for contributory infringement? 6

Finally, suppose that a person watching a videotape or DVD at home fast-forwards through certain parts of a movie, or presses the mute button during playback. Has she infringed the copyright in the movie? Suppose instead that a company sells software that automatically instructs the VCR or DVD player to skip over certain portions of the movie or to mute certain words. If the same person uses the software while watching the movie, has she infringed? If so, is the company liable for direct or contributory infringement? 7

What these four situations have in common is that each involves the alleged preparation of a derivative work in the privacy of one's home, and each involves a potential question of whether the alleged derivative work is "fixed" in a tangible medium, and therefore "reproduced," within the meaning of the Copyright Act. 8 Thus, in each case the same legal question is presented: is the private preparation of a derivative work, in the absence of any fixation of that derivative work, a copyright infringement?

In this article, I contend that the proper answer in each of the four basic situations outlined above is that the person has not infringed the copyright in the underlying work. Part II of this article examines the role of fixation in copyright law generally. Part III analyzes the exclusive right to prepare derivative works and the case law interpreting that right. Part IV suggests an alternative interpretation of the Copyright Act that would achieve more consistent results in cases of this type; and Part V applies this new interpretation to each of the four situations outlined above.

II. THE ROLE OF FIXATION IN COPYRIGHT LAW

The U.S. Constitution grants Congress the power "to Promote the Progress of Science and useful Arts, by granting to Authors and Inventors for limited Times the exclusive right to their respective

6. See Lewis Galoob Toys, Inc. v. Nintendo of A.m., Inc., 964 F.2d 965, 967-69 (9th Cir. 1992) (no). But see Micro Star, 154 F.3d at 1110-12 (distinguishing Galoob where instructions for altering the display were fixed in software instead of enabled by an electronic device).

7. This hypothetical describes the operation of software currently offered for sale by Clear Play, the legality of which has been challenged in a pending action. See infra notes 224-251 and accompanying text.

8. For definitions of these terms, see supra notes 12-26 and accompanying text.
Writings and Discoveries. The term “Writings” has been construed broadly to mean “any physical rendering of the fruits of creative intellectual or aesthetic labor.” In the 1976 Copyright Act, the Constitutional requirement of a physical rendering is found in the statutory requirement of fixation in a tangible medium.

Section 102 of the Copyright Act grants copyright protection to “original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” Under section 101, “[a] work is ‘fixed’ in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.”

Copyright law draws a distinction between the work (an intangible intellectual creation in which copyright subsists) and the tangible object in which the work is fixed. “Copies” are defined as material objects, other than phonorecords, in which a work is fixed, and “phonorecords” are defined as material objects in which sounds are fixed. Thus, for example, a “literary work” is an intangible sequence of words or symbols, which may be fixed in one or more “copies” (such as a manuscript, a book, a reel of microfilm, or a computer disk) and/or in one or more “phonorecords” (such as a


11. Cf United States v. Moghadam, 175 F.3d 1269, 1280 (11th Cir. 1999) (referring to “the fixation requirement inherent in the term ‘Writings’” and “the fixation requirement of the Copyright Clause”); id. at 1281–82 (referring twice to “the fixation requirement of the Copyright Clause”).


14. Id. § 202 ("Ownership of a copyright . . . is distinct from ownership of any material object in which the work is embodied."). The statute appears to use the word “embodied” as a synonym for the word “fixed.”

15. Id. § 101.

16. Id. The definition of “phonorecords” excludes sounds accompanying a motion picture or other audiovisual work, id., so material objects in which both sounds and images are fixed are classified as “copies” rather than “phonorecords.”
cassette tape or a CD). 17 "A work is ‘created’ when it is fixed in a copy or phonorecord for the first time,” 18 and copyright attaches at the moment of creation. 19 Thus, federal copyright law does not protect works that exist only in an author’s mind, and which have not yet been committed to paper, to film, to disk, or to some other tangible medium. 20

Copyright protection consists of five exclusive rights set forth in section 106, which are subject to various limitations and exclusions in sections 107 through 122. 21 Fixation plays an important role in defining the first, third and fifth of these exclusive rights. The first exclusive right, for example, is the right "to reproduce the copyrighted work in copies or phonorecords." 22 As seen above, the terms “copies” and “phonorecords” are both defined as material objects in which the work is fixed. 23 Thus, the right of reproduction is really the right to produce new fixations of the copyrighted work, i.e., the right to fix the work in any material object. 24 Copyright infringement is defined as the unauthorized exercise of any of the

17. Id. ("‘Literary works’ are works, other than audiovisual 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.").
18. Id.
19. 17 U.S.C. § 302(a) (duration for works created on or after Jan. 1, 1978); Works created before 1978 are governed by the 1909 Act, which required either publication with notice or registration for federal copyright protection to attach, see Copyright Act of 1909, ch. 320, 35 Stat. 1075, 1077–78 (1909).
20. It is clear, however, that state law may protect works of authorship that are not yet fixed in a tangible medium of expression. 17 U.S.C. § 301(b)(1); H.R. Rep. 94-1476, at 131, reprinted in 1976 U.S.C.C.A.N. 5659, 5747. Ironically, by defining “creation” in terms of “fixation,” the Copyright Act gives rise to a semantic paradox in which state law can protect a work of authorship before it is “created”!
21. 17 U.S.C. § 106. There are actually six subsections, the sixth ("in the case of sound recordings, to perform the copyrighted work publicly by means of digital audio transmission") having been added in 1995. Logically, however, the sixth subsection should have been implemented by adding “sound recordings” to the fourth subsection (the exclusive right "to perform the copyrighted work publicly"), and placing the limitation ("by means of digital audio transmission" only) in Section 114. This author, therefore, will continue to refer to the six subsections of section 106 as providing five exclusive rights.
23. Id. § 101; see supra notes 14–17 and accompanying text.
24. See H.R. Rep. No. 94-1476, at 61, reprinted in 1976 U. S.C.C.A.N. 5675 ( "Read together with the relevant definitions in section 101, the right ‘to reproduce the copyrighted work in copies or phonorecords’ means the right to produce a material object in which the work is duplicated, transcribed, imitated, or simulated in fixed form").
exclusive rights.\textsuperscript{25} Thus, any unauthorized fixation of the work is an infringement of the exclusive right of reproduction.\textsuperscript{26}

The third exclusive right is the right "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."\textsuperscript{27} Again, the terms "copies" and "phonorecords" are defined as material objects in which the work is fixed;\textsuperscript{28} thus, the public distribution right envisions that material objects containing the work will be distributed to the public.\textsuperscript{29} Under the first-sale doctrine, once copies or phonorecords have been distributed by sale or other transfer of ownership, the copyright owner’s exclusive right ceases with respect to those copies or phonorecords: "[n]otwithstanding the provisions of section 106(3), the owner of a particular copy or phonorecord lawfully made under this title ... is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord."\textsuperscript{30}

"Distribution" is synonymous with "publication," which is defined as "the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease or lending."\textsuperscript{31} The Act contemplates that works will be "published" in the manner that books are traditionally published: copies (or phonorecords) will first be fixed, and then the fixed copies (or phonorecords) will be distributed to the public. In an electronic world, of course, distribution occurs in the reverse order: bits of digital information are transmitted from one location to another and

\textsuperscript{25} 17 U.S.C. § 501(a) ("Anyone who violates any of the exclusive rights of the copyright owner as provided in sections 106 through 122 ... is an infringer of the copyright ... ").

\textsuperscript{26} Although the definition of "fixed" includes the phrase "by or under the authority of the author," 17 U.S.C. § 101, this clause is nonsensical in the context of infringement, which by definition is an unauthorized exercise of any of the exclusive rights. Thus, the limitation "by or under the authority of the author" is properly read as applying only to the initial fixation of the work for purposes of copyright protection; and not to any fixations which are alleged to constitute an infringement.

\textsuperscript{27} 17 U.S.C. § 106(3).

\textsuperscript{28} See supra notes 14–17 and accompanying text.


\textsuperscript{30} 17 U.S.C. § 109(a). There are two exceptions: the owner of a copy of a computer program or of a phonorecord may not rent, lease or lend that copy or phonorecord "for the purposes of direct or indirect commercial advantage" without the authorization of the copyright owner, except in limited circumstances. 17 U.S.C. § 109(b).

\textsuperscript{31} 17 U.S.C. § 101 (defining "publication").
are fixed at the receiving end.\textsuperscript{32} The end result is that copies of the work wind up in the hands of the public, even though no material objects have ever changed hands, as the language of the Act seems to require.\textsuperscript{33} Despite this theoretical difficulty, courts have not been troubled in concluding that digital transmission is a distribution, and therefore a “publication,” within the meaning of the Act.\textsuperscript{34}

The fifth exclusive right is the right “to display the copyrighted work publicly.”\textsuperscript{35} This right does not seem on its face to be limited to fixed copies. However, the term “display” is defined in section 101 as follows: “[t]o ‘display’ a work means to show a copy of it, either directly or by means of a film, slide, television image, or any other device or process or, in the case of a motion picture or other audiovisual work, to show individual images nonsequentially.”\textsuperscript{36} Thus, the act of display necessarily involves at least one fixed “copy” of the work which is being displayed.\textsuperscript{37} The actual viewing of the display, however, can occur indirectly though means that do not

\textsuperscript{32} This manner of distribution necessarily results in a reproduction, as there is a new fixation of the copyrighted work on the receiving end. See Mark A. Lemley, \textit{Dealing With Overlapping Copyrights on the Internet}, 22 \textit{U. DAYTON L. REV.} 547, 556–57 (1997). In addition, as the transmission occurs by copying the data from computer to computer along the internet transmission network, courts have found that there are multiple “RAM copies” (and therefore multiple reproductions) of the work created during the transmission. See Reese, \textit{supra} note 29, at 138–46 (describing and criticizing existing case law). The fact that these intermediate fixations have no independent economic significance has not deterred copyright owners from suing internet service providers for infringement, in addition to (or instead of) the person making the transmission. See Alfred C. Yen, \textit{Internet Service Provider Liability for Subscriber Copyright Infringement, Enterprise Liability, and the First Amendment}, 88 \textit{GEO. L.J.} 1833, 1838–80 (2000). Copyright law has responded by limiting the liability of internet service providers if they comply with a long list of restrictive conditions. See 17 \textit{U.S.C.} § 512. For an evaluation of § 512, see Yen, \textit{supra}, at 1881–89.

\textsuperscript{33} See Reese, \textit{supra} note 29, at 126–38. The material object in which the work is fixed at the receiving end is typically a hard disk on a computer. While a hard disk is a “copy” (a tangible object in which the work is fixed), this transaction does not involve the physical transfer of the hard disk from one person to another, as contemplated by the statute.


\textsuperscript{35} 17 \textit{U.S.C.} § 106(5).

\textsuperscript{36} 17 \textit{U.S.C.} § 101.

\textsuperscript{37} Note that since the public display right does not extend to sound recordings, 17 \textit{U.S.C.} § 106(5), the definition of “display” applies only to a “copy” and not to a “phonorecord.”
require any additional fixation (such as a television transmission). Indeed, because the first-sale doctrine expressly permits the owner of a particular copy to display that copy "to viewers present at the place where the copy is located," infringement of the public display right is effectively limited to the unauthorized transmission of an image of the work to viewers at a remote location.

The fourth exclusive right is the right "to perform the copyrighted work publicly." The word "perform" is defined without reference to fixation. Consequently, a copyrighted work may be infringed by an unauthorized, unfixed public performance of the work, as well as by an unauthorized fixation (reproduction) or by an unauthorized public distribution, public performance or public display of one or more fixed copies.

III. DERIVATIVE WORKS AND FIXATION

A. Text and Legislative History

The second exclusive right is the right "to prepare derivative works based upon the copyrighted work." The term "derivative work" is defined in section 101 as follows:

A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other

38. See, e.g., Triangle Publ'ns, Inc. v. Knight-Ridder Newspapers, Inc., 445 F. Supp. 875, 879 (S.D. Fla. 1978) ("[T]he term 'display' includes showing a 'copy' of the work via television."); aff'd on other grounds, 626 F.2d 1171 (11th Cir. 1980).


41. 17 U.S.C. § 106(4). As explained above, I am including within the ambit of this right the sixth exclusive right, the right to perform a sound recording publicly "by means of digital audio transmission." Id. § 106(6); see supra note 21.

42. 17 U.S.C. § 101 ("To 'perform' a work means to recite, render, play, dance, or act it, 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 them audible.").

43. Id. § 106(2).
modifications which, as a whole, represent an original work of
authorship, is a "derivative work." 44

A lawfully-made derivative work is entitled to a separate copyright,45
which extends only to the new material in the derivative work (as
opposed to the preexisting material).46

Like any other work, a derivative work must be fixed in a
tangible medium in order to be protected by copyright.47 Because the
same statutory definition applies both to copyrightable (authorized)
derivative works and infringing (unauthorized) derivative works, it
has been argued that the Act also requires that a derivative work be
fixed in order to be infringing.48 The argument runs as follows: a
derivative work is a "work," and a work is not "created" until "it is
fixed in a copy or phonorecord for the first time." 49 Therefore,
"preparation of a derivative ‘work’ entails embodying the plaintiff’s
copyrightable composition in some type of fixed form."50 This
conclusion would be unassailable if section 106(2) provided the
exclusive right to create derivative works; however, that section uses
the undefined word "prepare" instead of the word "create."51 The
avoidance of the word "create" (which is defined in terms of fixation),
together with the absence of the terms "copies" and "phonorecords" and
the absence of any other reference to fixation, strongly suggests
that the right to prepare derivative works can be infringed without any
additional fixation of the copyrighted work.52

This conclusion is reinforced by the House Report to the 1976
Act, which indicates in several places that it is possible to have a

44. Id. § 101.
45. Id. § 103(a).
46. Id. § 103(b).
47. This result follows because section 103 is not independent of section 102. Section
103(a) states that "[t]he subject matter of copyright as specified by section 102 includes . . .
derivative works," 17 U.S.C. § 103(a) (emphasis added); and section 102(a) expressly requires
48. See 2 MELVILLE B. NIMMER AND DAVID NIMMER, NIMMER ON COPYRIGHT, §
8.09[A], at 8-142 (2003) ("Absent any compelling need to depart from the plain language of the
statute, both doctrine and policy incline to the same result . . . [Therefore,] fixation should be
required to infringe the adaptation as well as the reproduction right.").
49. 17 U.S.C. § 101 ("A work is ‘created’ when it is fixed in a copy or phonorecord for
the first time").
50. 2 NIMMER, supra note 48, § 8.09[A], at 8-140 n.12.10.
52. See 2A NORMAN J. SINGER, STATUTES AND STATUTORY CONSTRUCTION § 46.06, at
194 (6th ed. 2000) ("The use of different words within related statutes generally implies that
different meanings were intended"). Students of legal history will be saddened to learn that the
Singer treatise no longer acknowledges its origins as a revision of Sutherland’s famous treatise.
"work of authorship" that is not fixed. More specifically, the House Report expressly states that:

The exclusive right to prepare derivative works, specified separately in clause (2) of section 106, 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, such as a ballet, pantomime, or improvised performance, may be an infringement even though nothing is ever fixed in tangible form.

Similarly, the Register's 1965 Supplementary Report states:

[I]t is possible for a "derivative work" based on a copyrighted work to be prepared without being fixed in a copy or phonorecord; examples are ballets, pantomimes, and impromptu performances. It is true that a derivative work would not itself be protected by statutory copyright if it were not fixed in a "tangible medium of expression" as required by section 102 of the bill. Nevertheless, since there is no requirement under the definition in section 101 that a "derivative work" be fixed in tangible form, clause (2) of section 106... would make the preparation of "derivative works" an infringement whether or not any copies or phonorecords had been produced.

Thus, both the text of the Act and its legislative history demonstrate that Congress intended that a derivative work does not need to be fixed in order to infringe.

Despite this seemingly straightforward conclusion, however, consider the difficulties that would arise from accepting this literal reading of the statute. If fixation is not required, that means that the preparation of any unfixed derivative work, even only in one's own mind, would be a prima facie infringement of the copyright in the underlying work. If, in your mind's eye (or ear), you imagine an

53. See, e.g., H.R. Rep. No. 94-1476, at 53, reprinted in 1976 U.S.C.C.A.N. 5666 ("It is possible to have an 'original work of authorship' without having a 'copy' or 'phonorecord' embodying it."); id. at 131, 1976 U.S.C.C.A.N. 5747 ("Section 301(b) explicitly preserves common law copyright protection for one important class of works: works that have not been 'fixed in any tangible medium of expression.'").
original arrangement of a popular song, or you imagine an altered version of a copyrighted work of art, or you imagine your favorite action movie with Johnny Depp in the lead role instead of Arnold Schwarzenegger\(^57\) (or vice versa),\(^58\) under this interpretation of the statute you would be a copyright infringer.\(^59\) While no one would be aware of your transgression unless and until you revealed it to someone else, and while it is all but certain that you would not be sued even if the copyright owner became aware of such musings, "[a] definition of derivative work that makes criminals out of art collectors and tourists [and imaginative thinkers] is jarring despite [plaintiff's] gracious offer not to commence civil litigation."\(^60\)

\section*{B. Case Law}

\subsection*{1. Unfixed Modifications to a Copyrighted Work}

Courts have shown some reluctance to accept the literal reading of the Act that renders all unfixed derivative works infringing. A prime example is \textit{Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.},\(^61\) which involved the Game Genie, "a device manufactured by Galoob that allows the player to alter up to three features of a Nintendo video game."\(^62\) The court explained that "[t]he Game Genie functions by blocking the value for a single data byte sent by the game cartridge to the central processing unit in the Nintendo

In theory, the police officer who succumbs to temptation and imagines the film [\textit{INTERVIEW WITH THE VAMPIRE}] as it might have looked if Daniel Day Lewis had been cast in Tom Cruise's role may be violating the copyright owners' exclusive rights under 17 U.S.C. \textsection{106}(2) to prepare derivative works, since a violation of the derivative work right requires no tangible embodiment whatsoever.

\(^{57}\) \textit{See}, \textit{e.g.}, \textit{THE TERMINATOR} (Orion 1984).

\(^{58}\) \textit{See}, \textit{e.g.}, \textit{PIRATES OF THE CARIBBEAN: THE CURSE OF THE BLACK PEARL} (Disney 2003).

\(^{59}\) \textit{See} \textit{JESSICA LITMAN, DIGITAL COPYRIGHT} 22 (2001) ("[C]urrent law may make it technically illegal to watch a movie and then imagine what it would have looked like if the studio had cast some other actor in the leading role."); \textit{id.} at 32 n.1 (Right to prepare derivative works "include[s] any adaptation in any form, regardless of whether that adaptation is ever embodied in a permanent copy or communicated to another human being.").

\(^{60}\) \textit{See} \textit{Lee v. A.R.T. Co.}, 125 F.3d 580, 582 (7th Cir. 1997) (Easterbrook, J.). Such an interpretation might also raise serious constitutional problems. \textit{See} Jed Rubenfeld, \textit{The Freedom of Imagination: Copyright's Constitutionality}, 112 \textit{YALE L.J.} 1, 39 (2001) (propounding a First Amendment theory based on the freedom of imagination, because "in America no one can be punished for daring to conceive or express an unauthorized idea.").

\(^{61}\) 964 F.2d 965 (9th Cir. 1992).

\(^{62}\) \textit{id.} at 967.
Entertainment System and replacing it with a new value. However, as explained more fully in a previous, unpublished appeal:

The Game Genie makes no change in the data stored in the game cartridge. Its interception and substitution of data takes place only as long as it is attached to the game cartridge and the [Nintendo] controller’s power is on. The individual changes that the user makes through entering codes therefore alter the audiovisual display temporarily but do not change it or the Nintendo game permanently.

Because no fixed “copy” of the altered display was created, use of the Game Genie did not violate the reproduction right. The issue was whether the altered screen display created when a Nintendo video game cartridge was played using the Game Genie constituted an infringing derivative work of that game.

The Galoob court expressly stated that “[o]ur analysis is not controlled by the Copyright Act’s definition of ‘fixed’... The definition of a ‘derivative work’ does not require fixation.” Nonetheless, the court held that “[a] derivative work must incorporate a protected work in some concrete or permanent ‘form.’” The court explained that “[t]he examples of derivative works provided by the

63. Id.

64. Nintendo of Am., Inc. v. Lewis Galoob Toys, Inc., 923 F.2d 862, No. 90-15936, 1991 WL 5171, at *1 (N.D. Cal. Jan. 24, 1991); see also Galoob, 964 F.2d at 967 (“The Game Genie does not alter the data that is stored in the game cartridge. Its effects are temporary.”).

65. One might question this assumption today, by noting that the object code of the video game had to be transferred into the Random Access Memory (RAM) of the Nintendo controller (which is merely a special-purpose computer) in order to play the game; and that by intercepting and substituting data obtained from the game cartridge, an altered version of the object code would be utilized in RAM while the game was being played. Virtually all courts that have addressed the issue have concluded that a RAM version of a work is sufficiently permanent or stable to be considered “fixed” within the meaning of the Act, and therefore to constitute a “copy” and to violate the reproduction right if unauthorized. See, e.g., Stenograph L.L.C. v. Bossard Assocs., Inc., 144 F.3d 96, 101--02 (D.C. Cir. 1998); MAI Sys. Corp. v. Peak Computer, Inc., 991 F.2d 511, 518 (9th Cir. 1993). In this analysis, the RAM memory chip itself is considered the tangible object in which the work is fixed—notwithstanding the fact that the electronic version of the work would vanish if the flow of electricity to the RAM were turned off. Despite widespread academic criticism of this view, see, e.g., Lemley, supra note 32, at 551 n.25 (collecting articles); Reese, supra note 29, at 138-46; Litman, supra note 56, at 40-42. Congress appears to have implicitly adopted the thesis that a RAM version of a work is a “copy” by providing a number of express exceptions for various electronic versions of a work. See, e.g., 17 U.S.C. §§ 117(c), 512(a). In Galoob, however, neither party argued that a copy of the altered screen displays was fixed in RAM.

66. 964 F.2d at 969 (“[T]he only question before us is whether the audiovisual displays created by the Game Genie are ‘derivative works.’”).

67. Id. at 967--68.

68. Id. at 967 (emphasis added).
Act all physically incorporate the underlying work or works. The Act’s legislative history similarly indicates that ‘the infringing work must incorporate a portion of the copyrighted work in some form.”69

The court’s conclusion is self-contradictory: the requirement of “concrete or permanent” incorporation is nothing more than fixation by another name.70 In addition, its reasoning is weak. While it is true that the examples of derivative works given in the statutory definition all incorporate the underlying work in some way, it is meaningless to say that they physically incorporate the underlying work without further defining what “physically” means. If “physical” means concrete or permanent, as the court suggests, the qualification is simply untrue: a musical arrangement, for example, can exist in a live performance without being preserved permanently (i.e., without being fixed), as can a dramatization. If “physical” means “tangible,” that is simply another synonym for “fixed.”71 Moreover, the legislative history states only that a derivative work must incorporate a portion of the copyrighted work in some form;72 it does not state that it must incorporate the copyrighted work in some concrete or permanent form.

Applying its new-found requirement of concrete or permanent incorporation, the Galoob court concluded that:

The Game Genie merely enhances the audiovisual displays (or underlying data bytes) that originate in Nintendo game cartridges. The altered displays do not incorporate a portion of the copyrighted work in some concrete or permanent form. Nintendo argues that the Game Genie’s displays are as fixed in the hardware


71. See 17 U.S.C. § 101 (“A work is ‘fixed’ in a tangible medium of expression . . . “) (emphasis added).

72. See H.R. Rep. No. 94-1476, at 62, reprinted in 1976 U.S.C.C.A.N. 5675 (“[T]o constitute a violation of section 106(2), the infringing work must incorporate a portion of the copyrighted work in some form, for example, a detailed commentary on a work or a programmatic musical composition inspired by a novel would not normally constitute infringements under this clause.”).
and software used to create them as Nintendo's original displays. Nintendo's argument ignores the fact that the Game Genie cannot produce an audiovisual display; the underlying display must be produced by the Nintendo Entertainment System and game cartridge. Even if we were to rely on the Copyright Act's definition of 'fixed,' we would similarly conclude that the resulting display is not 'embodied,' see 17 U.S.C. §101, in the Game Genie. It cannot be a derivative work.73

It is clear that the court's requirement that a derivative work have some "concrete or permanent" form affected the outcome.74 The altered screen displays unquestionably incorporated the Nintendo screen displays; indeed, they consisted of nothing but the Nintendo screen displays behaving or moving in a different manner. But the altered displays did not exist in any "concrete or permanent" form, because they persisted only so long as the game was being played.

Circuit Judge Pamela Rymer concurred in the judgment only, "for [the] reasons stated by the district court."75 The district court expressly required that a derivative work be fixed in order to be infringing:

<T>his Court concludes that inherent in the concept of a "derivative work" is the ability for that work to exist on its own, fixed and transferable from the original work, i.e., having a separate "form." The Game Genie does not meet that definition. . . . No independent, fixed work is created.76

The district court distinguished Midway Manufacturing Co. v. Artic International, Inc.77 in which "the allegedly infringing product was a printed circuit board which could be used to speed up the rate of play . . . of one of plaintiff's video games ('Galaxian'),"78 as follows:

Midway's result, if not its analysis, appears to have turned on the fact that the licensee arcade owner, not the copyright holder, was making money from the public performance of the altered game, a violation of section 106(4) . . . .

73. 964 F.2d at 968.
74. Indeed, the Galoob court repeated the "concrete or permanent" requirement, mantra-like, four times in three pages. Id. at 967–69.
75. Id. at 972 (Rymer, J., concurring in the judgment).
77. 704 F.2d 1009 (7th Cir. 1983).
The alleged infringer in this case is not a commercial licensee, but rather a consumer utilizing the Game Genie for noncommercial, private enjoyment. Such use neither generates a fixed transferable copy of the work nor exhibits or performs the work for commercial gain.\textsuperscript{79}

This passage contains three potential grounds on which the \textit{Midway} case could be distinguished. The first, commercial gain versus noncommercial use, does not affect whether a \textit{prima facie} case of infringement exists; rather, it is relevant (if at all) only to the fair use doctrine.\textsuperscript{80} The second, whether a "fixed transferable copy" is made, is the issue that the Court of Appeals discussed at length.\textsuperscript{81} The third, whether the performance of the altered video display was a public or a private performance, ostensibly also does not affect whether an infringing derivative work has been "prepared."\textsuperscript{82} The district court, however, found the private character of the alleged derivative work to be significant (and in the process anticipated a current copyright controversy):

The Game Genie is a tool by which the consumer may temporarily modify the way in which to play a video game, legally obtained at market price. Any modification is for the consumer's own enjoyment in the privacy of the home. Such a process is analogous in purpose, if not in technology, to skipping portions of a book, learning to speed read, fast-forwarding a video tape one has purchased in order to skip portions one chooses not to see, or using slow motion for the opposite reasons. None of these practices permanently modifies or alters the original work, none produces a separate work which can then be transferred in any way, none replaces the original work, and none deprives the copyright holder of current or expected revenue.\textsuperscript{83}

In concluding that "none [of these practices] produces a separate work," the district court appears to confuse the intangible work with the tangible copy. The Game Genie does not contain or produce a

\textsuperscript{79} Id. at 1291.
\textsuperscript{80} See 17 U.S.C. § 107 (2000) ("In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes . . . . ").
\textsuperscript{81} See supra notes 67–74 and accompanying text.
\textsuperscript{82} Compare 17 U.S.C. § 106(2) (exclusive right "to prepare derivative works") with § 106(3) (exclusive right "to distribute copies or phonorecords of the copyrighted work to the public"), § 106(4) (exclusive right "to perform the copyrighted work \textit{publicly}"), and § 106(5) (exclusive right "to display the copyrighted work \textit{publicly}") (emphases added).
\textsuperscript{83} 780 F. Supp. at 1291.
separate *copy* (a material object) of the copyrighted work, which could then be transferred; but whether the altered screen displays are a separate *work* (an intangible intellectual creation) is the question to be decided. And although the court found that the copyright holder would not be deprived of current or expected revenue, the effect on the market is supposed to be relevant, if at all, only to the fair use doctrine.\(^{84}\) Nonetheless, the analogy is an apt one, and it raises the issue (to be discussed further in Part IV, below) whether the private performance of an unfixed derivative work is, or should be, infringing.

Finally, the district court also suggested that the Game Genie could be characterized as instructions (in the form of software)\(^ {85}\) for creating an altered screen display:

> Both parties agree that it is acceptable, under the copyright laws, for a noncopyright holder to publish a book of instructions on how to modify the rules and/or method of play of a copyrighted game. Once having purchased, for example, a copyrighted board game, a consumer is free to take the board home and modify the game in any way the consumer chooses, whether or not the method used comports with the copyright holder's intent. The copyright holder, having received expected value, has no further control over the consumer's private enjoyment of that game.\(^ {86}\)

This passage again raises several potential issues that bear on the question of whether a derivative work has been prepared. One is whether a set of instructions for the private preparation of a derivative work is itself a fixation of the resulting work. The district court concludes that it is not. The second relates to the idea/expression dichotomy, the fundamental principle that a copyright protects only the expression of an idea, and not the idea, procedure, process, system or method of operation itself.\(^ {87}\) If the rules of a board game (or the "behavior" of a video game) are considered part of the idea or method of operation, then instructions or a device that alter only the unprotected idea or method of operation, rather than its expression

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84. See 17 U.S.C. § 107 ("In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include ... (4) the effect of the use upon the potential market for or value of the copyrighted work.").

85. See 17 U.S.C.S. § 101 ("A 'computer program' is a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result.").

86. 780 F. Supp. at 1291.

87. 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.").
(such as the appearance of the board game, or the artwork of the video game), should not be infringing. This analysis raises a very difficult line-drawing problem, since the way in which a video game character moves (for example) could be considered either part of the expression or part of the idea. The third potential issue is the relationship of the right to prepare derivative works to the first sale doctrine. Can a person who has purchased a lawfully-made copy of a copyrighted work permanently alter or modify that copy without the permission of the copyright holder? That question has been addressed in a trio of cases to which we now turn.

2. Mounting and Framing a Copyrighted Work of Art

Under the first-sale doctrine, if a person buys a painting, he or she becomes the owner of that tangible object, and he or she can lend or resell that painting, or display that painting publicly to persons who are physically present, without the permission of the copyright owner. The buyer, however, does not acquire the right to reproduce the copyrighted work. This result is accomplished in the statute by making the first-sale doctrine an express exception to the distribution and display rights, but not to the reproduction right.

Likewise, the first-sale doctrine does not expressly apply to the right to prepare derivative works. If a very crass person bought a painting and painted a moustache on it, would doing so infringe the copyright in the painting? We need not answer this specific question, because in the case of a painting or other "work of visual art," the author has the moral right of integrity provided in section 106A. That section gives the author a non-transferable right "to prevent any

88. See id. § 101 ("The term 'copies' includes the material object . . . in which the work is first fixed.").

89. See id. § 109(a).

90. See id. § 109(c).

91. See id. § 202 ("Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object.").

92. See 17 U.S.C. § 109(a) ("Notwithstanding the provisions of section 106(3) . . . ." ); § 109(c) ("Notwithstanding the provisions of section 106(5) . . . ."). There is also a limited first-sale provision which permits the public performance and display of "an electronic audiovisual game intended for use in coin-operated equipment" without the permission of the copyright holder in the game. See id. § 109(e).

intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation" and provides a civil action to enjoin (or to recover damages for) any violation of that right. However, the term "work of visual art" is very narrowly defined: it applies only to a single original painting, drawing, print, or sculpture, or "a still photographic image produced for exhibition purposes only, existing in a single copy that is signed by the author," or to a limited edition of 200 copies or fewer of any of the above that are signed and consecutively numbered. We can therefore remove the limited moral right provided by U.S. law from the equation by changing our hypothetical to a photograph published in a book. Suppose a person buys an illustrated catalog (published in more than 200 copies) at a museum exhibition of an artist's work. Can he or she paint a moustache on one of the photographs in the catalog?

An initial reaction might be "of course"; after all, the book is a tangible piece of personal property (a "copy"), and under the first-sale doctrine, the person owns that copy and can do what he or she wants with it. This was the reaction of the Seventh Circuit in Lee v. A.R.T. Co., in which the defendant purchased notecards bearing printed works of art, mounted each notecard on a ceramic tile using an epoxy resin, and sold the finished tiles. The court said:

Now one might suppose that this is an open and shut case under the doctrine of first sale, codified at 17 U.S.C. § 109(a). A.R.T. bought the work legitimately, mounted it on a tile, and resold what it had purchased. Because the artist could capture the value of her art's contribution to the finished product as part of the price for the original transaction, the economic rationale for protecting an adaptation as "derivative" is absent. See William M. Landes & Richard A. Posner, An Economic Analysis of Copyright Law, 17 J. Legal Studies 325, 353-57 (1989). An alteration that includes (or consumes) a complete copy of the original lacks economic significance. One work changes hands multiple times, exactly what § 109(a) permits, so it may lack legal significance too.

95. See id. § 501(a) ("Anyone who violates any of the exclusive rights ... of the author as provided in section 106A(a) ... is an infringer of the ... right of the author.").
96. Id. § 101. In the case of a sculpture, the limited-edition copies may bear an identifying mark instead of a signature. Id.
97. 125 F.3d 580 (7th Cir. 1997).
98. Id. at 580.
99. Id. at 581.
But the artist might reply: "Not so fast. The first-sale doctrine is only an exception to the rights of public distribution and public display. It does not provide any exception to the right to prepare derivative works, and painting a moustache on the photograph is the preparation of a derivative work."

The Ninth Circuit essentially agreed with this analysis in *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, in which the defendant purchased a book of prints by the artist Patrick Nagel and mounted the individual pages in the same manner as in *Lee*. The *Mirage* court held:

We recognize that, under the "first sale" doctrine..., appellant can purchase a copy of the Nagel book and subsequently alienate its ownership in that book. However, the right to transfer applies only to the particular copy of the book which appellant has purchased and nothing else. The mere sale of the book to the appellant without a specific transfer by the copyright holder of its exclusive right to prepare derivative works, does not transfer that right to appellant.

The question, therefore, was whether mounting the art print onto a ceramic tile amounted to the preparation of a derivative work. Or, in the more colorful language of the Seventh Circuit:

... Lee believes that affixing the art to the tile is "preparation," so that A.R.T. would have violated § 106(2) even if it had dumped the finished tiles into the Marianas Trench. For the sake of argument we assume that this is so and ask whether the card-on-a-tile is a "derivative work" in the first place.

In *Mirage*, the Ninth Circuit concluded that the mounted prints were derivative works:

What appellant has clearly done here is to make another version of Nagel's art works, and that amounts to preparation of a derivative

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100. 856 F.2d 1341 (9th Cir. 1988).
101. The *Mirage* court gave a more detailed explanation of the process:
Since 1984, the primary business of appellant has consisted of: 1) purchasing artwork prints or books including good quality artwork page prints therein; 2) gluing each individual print or page print onto a rectangular sheet of black plastic material exposing a narrow black margin around the print; 3) gluing the black sheet with print onto a major surface of a rectangular white ceramic tile; 4) applying a transparent plastic film over the print, black sheet and ceramic tile surface; and 5) offering the tile with artwork mounted thereon for sale in the retail market.

*Id.* at 1342.
102. *Id.* at 1344.
103. *Lee*, 125 F.3d at 581.
work. By borrowing and mounting the preexisting, copyrighted individual art images without the consent of the copyright proprietors... appellant has prepared a derivative work and infringed the subject copyrights. The language "recast, transformed or adapted" seems to encompass other alternatives besides simple art reproduction. By removing the individual images from the book and placing them on the tiles, perhaps the appellant has not accomplished reproduction. We conclude, though, that appellant has certainly recast or transformed the individual images by incorporating them into its tile-preparing process.  

This passage is remarkably devoid of analysis; the court simply repeats its conclusion three times, as if doing so would make its opinion more persuasive and comprehensible. The real question is: what does "recast, transformed, or adapted" mean? The court apparently did not believe that an "adaptation" had taken place. The print (the tangible object) has been "transformed" in the sense that it is now permanently bonded to a three-dimensional object, but the work (the intangible image) has not been transformed at all; it "still depicts exactly what it depicted" before it was mounted. The literal meaning of "recast" would be to reproduce or repair a sculpture (or other metal object) by pouring molten metal into a mold; a more likely meaning in this context is "[t]o set down or present (ideas, for example) in a new or different arrangement." Perhaps shuffling the prints and presenting them in a different order would constitute a new arrangement of those images and would infringe the copyright in the collective work; but with respect to each individual copyrighted image, how is mounting it on a tile a new "arrangement" of the image?

104. 856 F.2d at 1343–44.
105. Lee, 125 F.3d at 582.
106. See AMERICAN HERITAGE DICTIONARY OF THE ENGLISH LANGUAGE 1458 (4th ed. 2000) ("[t]o mold again"); id. at 289 (defining "cast" as "[t]o form (liquid metal, for example) into a particular shape by pouring into a mold").
107. Id. at 1458.
108. A "collective work" is a species of "compilation"; and "[a] 'compilation' is a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship." 17 U.S.C.S. § 101 (2000). Under the Supreme Court's landmark opinion in Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991), the copyrightable element in a compilation is the original selection or arrangement of preexisting materials.
109. Another definition of "recast" is "[t]o refashion, remodel, reconstruct (a thing, esp. a literary work, a sentence, etc.); to invest with new form or character." 13 OXFORD ENGLISH DICTIONARY 311 (2d ed. 1989). Using this definition, it is hard to see how mounting an image
In yet another case involving the same process, *Munoz v. Albuquerque A.R.T. Co.*, the same defendant argued that mounting a print on a ceramic tile was no different from placing it in a frame. The district court rejected this argument:

The court cannot agree that permanently affixing a notecard to a ceramic tile is not recasting, transforming or adapting the original artwork. Placing a print or painting in a frame and covering it with glass does not recast or transform the work of art. It is commonly understood that this amounts to only a method of display. Moreover, it is a relatively simple matter to remove the print or painting and display it differently if the owner chooses to do so. Neither of these things is true of the artwork affixed to a ceramic tile.

In an unpublished decision, the Ninth Circuit affirmed, holding that the outcome was controlled by its opinion in *Mirage*, and endorsing the district court’s distinction between mounting and framing. But in *Lee*, the Seventh Circuit disagreed with this conclusion:

No one believes that a museum violates § 106(2) every time it changes the frame of a painting that is still under copyright, although the choice of frame or glazing affects the impression the art conveys, and many artists specify frames (or pedestals for sculptures) in great detail. Nonetheless, the [N]inth [C]ircuit held, what A.R.T. does creates a derivative work because the epoxy resin bonds the art to the tile. Our district judge thought this a distinction without a difference, and we agree. If the framing process does not create a derivative work, then mounting art on a tile, which serves as a flush frame, does not create a derivative work. What is more, the [N]inth [C]ircuit erred in assuming that normal means of mounting and displaying art are easily reversible. A painting is placed in a wooden “stretcher” as part of the framing process; this leads to some punctures (commonly tacks or staples), may entail trimming the edges of the canvas, and may affect the surface of the painting as well. As a prelude to framing, photographs, prints and posters may be mounted on stiff boards on a ceramic tile “refashions, remodels or reconstructs” the image. Whether mounting an image invests the image with “new form or character” is more of a metaphysical inquiry.


111. 829 F. Supp. at 314.

112. 1994 WL 574156, at **2 (“A.R.T.’s position ignores the distinction drawn in this circuit between conventional framing and A.R.T.’s ceramic tiling process which the district court properly held to constitute a derivative work.”). Despite the language in the court’s unpublished opinion, the “distinction” to which the court refers was not mentioned in *Mirage* and did not exist in any circuit precedent prior to the *Munoz* decision.
using wax sheets, but sometimes glue or another more durable substance is employed to create the bond.\footnote{113}

As a practical matter, the disagreement between Lee, on the one hand, and Mirage and Munoz, on the other, is a dispute about money: should the artist receive a cut of the profits when a previously sold work is mounted and resold at a higher price? Under the first-sale doctrine, the artist gets nothing if the work is resold at a higher price without remounting; if anything, the extra materials and labor involved in the mounting process justify giving the profit to the improver, who has added value, rather than to the artist, who has already received compensation for the authorized copy.\footnote{114}

More fundamentally, however, this trio of cases exposes a flaw in the Copyright Act’s treatment of privately prepared derivative works. As the Seventh Circuit pointed out, “if Lee is right about what ‘prepared’ means, then the derivative work is ‘prepared’ when the art is mounted; what happens later is not relevant, because the violation of the § 106(2) right has already occurred.”\footnote{115} Under this reading, even drawing a moustache on your own copy of a photograph, or writing notes in the margins of your own copy of a book, would be an infringement. As the Seventh Circuit observed:

We asked at oral argument what would happen if a purchaser jotted a note on one of the notecards, or used it as a coaster for a drink, or cut it in half, or if a collector applied his seal (as is common in Japan); Lee’s counsel replied that such changes prepare derivative works, but that as a practical matter artists would not file suit. A definition of derivative work that makes criminals out of art collectors and tourists is jarring despite Lee’s gracious offer not to commence civil litigation.\footnote{116}

\footnote{113. Lee v. A.R.T. Co., 125 F.3d 580, 581 (7th Cir. 1997).}
\footnote{114. One commentator suggests that this analysis will hold true only when the derivative use “is a customary or reasonably expected use” of the underlying work. \textit{See} Amy B. Cohen, \textit{When Does a Work Infringe the Derivative Works Right of a Copyright Owner?}, 17 CARDOZO ARTS \& ENT. L.J. 623, 658 (1999). When, on the other hand, “the derivative use was not customary or reasonably expected and . . . therefore there was no realistic opportunity for the copyright owner to receive compensation for that use,” Cohen would impose liability. \textit{Id.} This analysis does not square with the incentive theory of copyright, because if the derivative use was not customary or reasonably expected, it could not have played any role in the author’s decision to create and publish the work. \textit{See} Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 592 (1994) (“[T]he market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop.”).}
\footnote{115. 125 F.3d at 580–581.}
\footnote{116. \textit{Id.} at 582.
Moreover, this flaw cannot be rectified by invoking the concept of “fixation.” Mounting a print on a ceramic tile with an epoxy resin could be considered a “fixation” in the sense that the mount is “sufficiently permanent or stable to permit it to be perceived . . . for a period of more than transitory duration.”117 Likewise, painting a moustache on a photo or writing notes in the margin of a book is a permanent change. But in each of these cases, no reproduction has taken place; the modification is accomplished without any new fixation of the underlying work, or any portion of the underlying work.

Before offering an alternative interpretation of the Act that may resolve some of these problems, we must consider one more Ninth Circuit opinion involving the right to prepare derivative works.

3. Software That Modifies a Copyrighted Work

Micro Star v. FormGen, Inc.118 involved a computer game called Duke Nukem 3D (“D/N-3D”), described by Judge Kozinski as follows:

Players explore a futuristic city infested with evil aliens and other hazards. The goal is to zap them before they zap you, while searching for the hidden passage to the next level. The basic game comes with twenty-nine levels, each with a different combination of scenery, aliens, and other challenges.119

Judge Kozinski also described how the game operates in detail:

The game consists of three separate components: the game engine, the source art library and the MAP files . . . . In order to create the audiovisual display for a particular level, the game engine invokes the MAP file that corresponds to that level. Each MAP file contains a series of instructions that tell the game engine (and through it, the computer) what to put where. For instance, the MAP file might say scuba gear goes at the bottom of the screen. The game engine then goes to the source art library, finds the image of the scuba gear, and puts it in just the right place on the screen. The MAP file describes the level in painstaking detail, but it does not actually contain any of the copyrighted art itself;

117. 17 U.S.C. § 101 (2000) (definition of “fixed”). It doesn’t make much sense, however, to speak of a mounted print being able to be “reproduced” or “otherwise communicated.” It is the intangible image that communicates and that can be reproduced; mounting the image doesn’t reproduce the image or communicate anything new.
118. 154 F.3d 1107 (9th Cir. 1998).
119. Id. at 1109.
everything that appears on the screen actually comes from the art library.\textsuperscript{120}

The game comes with a "Build Editor" which allows users to build new levels by creating new MAP files.\textsuperscript{121} FormGen encouraged users to post new levels to the Internet,\textsuperscript{122} but specified that any new levels "must be offered . . . solely for free."\textsuperscript{123} Micro Star downloaded 300 user-created MAP files from the Internet, burned them onto a CD, and sold the resulting product under the name "Nuke It" ("N/I").\textsuperscript{124}

FormGen contended that "the audiovisual displays generated when D/N-3D is run in conjunction with the N/I CD MAP files are derivative works."\textsuperscript{125} In assessing this claim, Judge Kozinski accepted as a given that "a derivative work must exist in a 'concrete or permanent form,' and must substantially incorporate protected material from the preexisting work."\textsuperscript{126} Micro Star argued that its CD was a more advanced version of the Game Genie: it had to be run in conjunction with a D/N-3D game, and it drew upon the source art library to create modified audiovisual displays. The court, however, found \textit{Galoob} distinguishable:

[W]hereas the audiovisual displays created by Game Genie were never recorded in any permanent form, the audiovisual displays generated by D/N-3D from the N/I MAP files are in the MAP files themselves. In \textit{Galoob}, the audiovisual display was defined by the original game cartridge, not by the Game Genie; no one could possibly say that the data values inserted by the Game Genie described the audiovisual display. In the present case the audiovisual display that appears on the computer monitor when a N/I level is played is described -- in exact detail -- by a N/I MAP file.

This raises the interesting question whether an exact, down to the last detail, description of an audiovisual display . . . counts as a permanent or concrete form for purposes of \textit{Galoob}. We see no reason it shouldn't. What, after all, does sheet music do but describe in precise detail the way a copyrighted melody sounds? . . . Similarly, the N/I MAP files describe the audiovisual

\textsuperscript{120} \textit{Id.} at 1110.
\textsuperscript{121} \textit{Id.} at 1109.
\textsuperscript{122} \textit{Id.}
\textsuperscript{123} \textit{Id.} at 1113 (alteration in original).
\textsuperscript{124} \textit{Micro Star} v. \textit{FormGen, Inc.}, 154 F.3d 1107, 1109 (9th Cir. 1998).
\textsuperscript{125} \textit{Id.} at 1110.
\textsuperscript{126} \textit{Id.} (citations omitted).
display that is to be generated when the player chooses to play D/N-3D using the N/I levels.\textsuperscript{127}

One may question the assertion in the second sentence quoted above: while perhaps no one could say that "the data values inserted by the Game Genie described the audiovisual display," one could certainly say that those values described certain aspects of the audiovisual display. Likewise, in Micro Star certain aspects of the audiovisual display were predetermined and other aspects could be altered, even though the technology in Micro Star permitted a much greater degree of modification than did the technology in Galoob.

There is, however, a more significant distinction: the degree of permanence or fixation. In Galoob, the altered data values (the instructions for changing the audiovisual display) were entered by the user, so that the altered audiovisual displays disappeared at the end of the game.\textsuperscript{128} "Of course, they could be reconstructed, but only if the next player chose to reenter the same codes."\textsuperscript{129} In Micro Star, however, the altered audiovisual displays (or, more precisely, software instructions for creating the altered displays) were fixed on a CD-ROM in the form of MAP files.

Judge Kozinski illustrated this point with a "low-tech" example:

Imagine a product called the Pink Screener, which consists of a big piece of pink cellophane stretched over a frame. When put in front of a television, it makes everything on the screen look pinker. Someone who manages to record the programs with this pink cast (maybe by filming the screen) would have created an infringing derivative work. But the audiovisual display observed by a person watching television through the Pink Screener is not a derivative work because it does not incorporate the modified image in any permanent or concrete form.\textsuperscript{130}

\textsuperscript{127} Id. at 1111-12. The Micro Star opinion uses the word "display" in its ordinary lay sense, meaning any image displayed on the screen of a computer monitor. The Copyright Act, on the other hand, has a more restrictive definition of "display": "in the case of a motion picture or other audiovisual work, to show individual images nonsequentially." 17 U.S.C. § 101. Since the images of a video game are shown sequentially, rather than nonsequentially, in the language of the Act the modified audiovisual displays would be a "performance" rather than a "display." Id. (To "perform" an audiovisual work is "to show its images in any sequence.").


\textsuperscript{129} Micro Star, 154 F.3d at 1111 (referring to Galoob).

\textsuperscript{130} Id. at 1111 n.4.
Of course, this hypothetical just highlights the fact that the Ninth Circuit is requiring that a derivative work be fixed in a tangible medium, even if that is not what they are calling it.

Another distinction between the two cases may also be drawn. The Game Genie allowed the player to alter the display of any game that could be played on the Nintendo Entertainment System,\textsuperscript{131} whereas the MAP files reproduced and distributed by Micro Star could only be used with Duke Nukem 3D.\textsuperscript{132} The court in Micro Star found this point significant, indicating in dicta that “[i]f another game could use the MAP files to tell the story of a mousy fellow who travels through a beige maze, killing vicious saltshakers with paperclips, then the MAP files would not incorporate the protected expression of D/N-3D because they would not be telling a D/N-3D story.”\textsuperscript{133}

This passage, however, misconstrues FormGen’s basic argument that it is the modified audiovisual displays themselves (an unfixed private performance), not the MAP files per se (fixed instructions for generating the displays), that are derivative works.\textsuperscript{134} Thus, even if Micro Star’s MAP files could be used with other games, FormGen could still argue that Micro Star was contributorily liable for reproducing and distributing software that enabled users to generate and view the modified displays. Micro Star, in turn, might be able to argue that its MAP files were “capable of substantial non-infringing uses,”\textsuperscript{135} at least if they could be used with games whose copyright owners did not object.\textsuperscript{136} But such non-specific MAP files would be just as “fixed” as MAP files that could only be used with one game.

The Game Genie is yet one more step removed from Judge Kozinski’s hypothetical non-specific MAP files. The Game Genie is a tool for temporarily implementing instructions for modifying an audiovisual display, whereas the MAP files are the instructions themselves. If someone had distributed plug-in cartridges for the

\textsuperscript{131} \textit{Galooob}, 780 F. Supp. at 1288 (“The Game Genie can function in combination with any NES-compatible game cartridge.”).

\textsuperscript{132} \textit{Micro Star}, 154 F.3d at 1112 n.5.

\textsuperscript{133} \textit{Id.}

\textsuperscript{134} \textit{Id.} at 1110 (“According to FormGen, the audiovisual displays generated when D/N-3D is run in conjunction with the N/L CD MAP files are derivative works.”).

\textsuperscript{135} \textit{Sony Corp. of Am. v. Universal City Studios, Inc.}, 464 U.S. 417, 442 (1984).

\textsuperscript{136} \textit{Cf. Galooob}, 780 F. Supp. at 1288 (“It is not known whether the nontestifying Nintendo-licensees or the eight nonlicensed producers of NES-compatible games object or consent to the use of the Game Genie with their copyrighted games . . . .”).
Nintendo system that had altered data values already stored in them ("fixed"), the result in *Galoob* probably would have been different.

IV. AN ALTERNATIVE INTERPRETATION

As we have seen, there is reason to question the literal interpretation of the statute that makes all unfixed derivative works infringing, if for no other reason than it is absurd to suggest that merely *imagining* a derivative work is infringing. And yet few of us would question that *some* unfixed derivative works, such as a live public performance of an adaptation of a novel, should be infringing. How should this dilemma be resolved? As demonstrated above, the Ninth Circuit has attempted to resolve it by requiring that a derivative work incorporate a portion of the underlying work in some "concrete or permanent form," a requirement which appears to be nothing more than fixation by another name. 137 Such a transparent semantic dodge is unsatisfactory, and it contradicts the passage in the House Report which states that "the preparation of a derivative work . . . may be an infringement even though nothing is ever fixed in tangible form."138

To properly resolve the question, we must examine the purpose of eliminating the fixation requirement for derivative works. This requires a brief look at the history of the exclusive right to prepare derivative works.

Under the 1790 and 1831 Acts, the copyright owner was given the exclusive right to "print, reprint, publish, and vend" the work, and to prohibit the unauthorized importation of copies. 139 Courts construed these rights narrowly; an unauthorized German translation of "Uncle Tom’s Cabin," for example, was held not to be an infringement. 140 In 1856, Congress added a right of public

137. See *supra* notes 67–72 and accompanying text.
139. Copyright Act of 1790, ch. 15, §§ 1–2, 1 Stat. 124 (1790); Copyright Act of 1831, ch. 16, §§ 1, 6, 4 Stat. 436–37 (1831).
140. See Stowe v. Thomas, 23 F. Cas. 201 (C.C.E.D. Pa. 1853) (No. 13,514). By contrast, the scope of infringement in images was somewhat broader. In 1802, Congress prohibited the copying of prints "in the whole or in part, by varying, adding to, or diminishing from the main design." Act of Apr. 29, 1802, ch. 36, § 3, 2 Stat. 172. The 1831 Act both extended and limited the reach of this provision, prohibiting the copying of any print, engraving, map, chart or musical composition (but not any book) "either on the whole, or by varying, adding to, or diminishing the main design, with intent to evade the law." Copyright Act of 1831, ch. 16, § 7, 4 Stat. 438. This language was further refined in 1870 to prohibit copying "either in whole or in part, or by varying the main design with intent to evade the law." Act of July 8, 1870, ch. 230, § 100, 16 Stat. 214. In 1891, dramatic compositions and photographs were given the benefit of this provision. Act of Mar. 1, 1891, ch. 565, § 8, 26 Stat. 1109. This language was not carried forward in the 1909 Act.
performance in dramatic compositions.\textsuperscript{141} In the 1870 general revision, Congress provided for the first time that “authors may reserve the right to dramatize or translate their own works.”\textsuperscript{142} In 1897, the right of public performance was expanded to include musical works.\textsuperscript{143} Finally, in the 1909 Act, a broad derivative work right was created:

[The author] shall have the exclusive right:

\begin{itemize}
\item[(b)] To 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 art.\textsuperscript{144}
\end{itemize}

This history suggests that the principal purpose behind the right to prepare derivative works was to expand the scope of the reproduction and public performance rights to include adaptations and other new versions of copyrighted works. The “translation” and “conversion” rights provided in the 1909 Act, for example, appear to relate to the right to reproduce and distribute the copyrighted work; while the “dramatization” right and the “arrangement” right for musical works appear to relate to the public performance right. Indeed, a 1961 Report of the Register of Copyrights stated “[p]erhaps section 1(b) is unnecessary,” but it recommended retaining a separate right to make new versions “to avoid any doubt” and to ensure that the right covered “all classes of works and all forms of new versions.”\textsuperscript{145}

\begin{itemize}
\item[141.] Act of Aug. 18, 1856, ch. 169, 11 Stat. 139 (“The sole right also to act, perform, or represent the same, or cause it to be acted, performed, or represented, on any stage or public place during the whole period for which the copyright is obtained.”).
\item[142.] Act of July 8, 1870, ch. 230, § 86, 16 Stat. 212. In 1891, this was rephrased to state that authors “shall have the exclusive right to dramatize or translate any of their works.” Act of Mar. 1, 1891, ch. 565, § 1, 26 Stat. 1107.
\item[144.] Copyright Act of 1909, ch. 320, § 1(b), 35 Stat. 1075. For musical works, another section of the Act reiterated the right “to make any arrangement or setting of it or of the melody of it.” Id. § 1(e); Copyright Act of 1909, Pub. L. No. 60-349, 35 Stat. 1075, 1077–78 (1909).
\item[145.] COPYRIGHT LAW REVISION: REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 22 (July 1961). Similarly, the Register’s 1965 Report stated:

It could be argued that, since the concept of “reproduction” is broad enough to include adaptations and recast versions of all kinds, there is no need to specify a separate right “to prepare derivative works based upon the copyrighted work.”
\end{itemize}
It appears that the reason the right to prepare derivative works was drafted without any reference to fixation was to make sure that public performances of derivative works would be covered. The House Report to the 1976 Act gives three examples of unfixed derivative works: "the 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."\textsuperscript{146} All three examples are public performances of a derivative work. There is nothing to suggest that Congress intended to prohibit the private performance of a derivative work.

This suggests an alternative interpretation of the right to prepare derivative works that addresses all of the concerns expressed by Congress while avoiding some of the more obvious problems discussed above. My interpretation is simply this: the exclusive right to prepare derivative works is not independent of the other four exclusive rights, but is infringed only in conjunction with at least one of the other four exclusive rights. The right to prepare derivative works is infringed only when a modified version of a copyrighted work is reproduced, distributed to the public, or publicly performed or displayed; if the allegedly infringing activity is the private performance of a derivative work, without any fixation of that derivative work, the exclusive right to prepare derivative works is not violated.

This interpretation gives meaning to the apparent intent of Congress that fixation is not required to infringe the right to prepare derivative works, while avoiding the absurd result that the right to prepare derivative works may be infringed merely by imagining an altered version of a work. In order for that altered version to infringe, more than mere imagination is required: either it must be fixed in some tangible medium (violating the reproduction right, and creating a "copy" which can then be publicly distributed or displayed), or it must be publicly performed. In the absence of one of these additional activities, no infringement has occurred.\textsuperscript{147}


\textsuperscript{147} A similar interpretation is set forth in 2 Nimmer, supra note 48, § 8.09[A], at 8-138 ("[I]f the right to make derivative works . . . has been infringed, then there is necessarily also an infringement of either the reproduction or performance rights."); \textit{id.} at 8-139 ("If a derivative work is not fixed in copies or phonorecords, it will not constitute an infringement of the
There are some possible objections to this interpretation. First, the statute says that the copyright owner “has the exclusive right to do and to authorize any of the following,” which certainly suggests that the drafters intended the exclusive rights which follow to be independent of one another. This is seemingly confirmed by the House Report, which states:

The first three clauses of section 106 . . . extend to every kind of copyrighted work. The exclusive rights encompassed by these clauses, though closely related, are independent; they can generally be characterized as rights of copying, recording, adaptation, and publishing. A single act of infringement may violate all of these rights at once, as where a publisher reproduces, adapts, and sells copies of a person’s copyrighted work as part of a publishing venture. Infringement takes place when any one of the rights is violated: where, for example, a printer reproduces copies without selling them or a retailer sells copies without having anything to do with their reproduction.

This passage states that each of the exclusive rights is “independent” of the others and may be violated by itself. But the example given is that the reproduction and distribution rights may be violated separately; there is no example given in which the exclusive right to prepare derivative works is violated without also violating at least one of the other four rights. The references elsewhere in the legislative history to unfixed derivative works all involve public performances; this, combined with Congressional intent not to prohibit private performances and displays generally, should be sufficient to trump a generalization drawn from a different context.

As for the statutory language, while plain language interpretation is to be favored, it ought not to be used to contradict other portions of the statute (like those that prohibit only public performances or reproduction right in the pre-existing work, but it may nevertheless infringe the [public] performance right therein.”).

150. See supra note 146 and accompanying text.
151. See H.R. Rep. No. 94-1476, at 63, reprinted in 1976 U.S.C.C.A.N. 5677 (“Although any act by which the initial performance or display is transmitted, repeated, or made to recur would itself be a ‘performance’ or ‘display’ under the bill, it would not be actionable as an infringement unless it were done ‘publicly,’ as defined in section 101.”).
152. See generally 2A SINGER, supra note 52, § 46.01.
153. See 2A SINGER, supra note 52, § 46.05 at 170–71 (“[A] ‘clear and unambiguous’ statutory provision . . . is one having a meaning that is not contradicted by other language in the same act.”); Id. § 46.01 at 125–26 (“One who questions the application of the plain meaning rule
displays),\textsuperscript{154} or to lead to absurd results\textsuperscript{155} (like prohibiting merely imagining a derivative work).\textsuperscript{156} One way to reach the desired result would be to interpret the word “prepared” to mean “reproduced, distributed, publicly performed, or publicly displayed.” This interpretation requires something more formal than mere imagination, but it avoids direct reference to the statutorily-defined terms “created” or “fixed.”

Another objection is that the right to prepare derivative works is redundant if it is interpreted to be violated only in conjunction with one of the other four rights, and it is a general canon of statutory construction that redundancy is to be avoided.\textsuperscript{157} One answer to this objection is that Congress specifically intended redundancy in this particular instance: as noted above, the Register of Copyrights stated that a separate right might be “unnecessary,” but recommended its inclusion “to avoid any doubt.”\textsuperscript{158} More fundamentally, in the absence of a derivative work right the other four rights could have been construed to be limited to versions which were closely similar to, or nearly identical with, the original fixed version of the work. A dependent right to prepare derivative works therefore serves the important purpose of ensuring that the scope of the other four rights to a provision of an act must show . . . that some other section of the act expands or restricts its meaning.”).


\textsuperscript{155} See 2A SINGER, supra note 52, § 46.01 at 128; In re Trans-Alaska Pipeline Rate Cases, 436 U.S. 631, 643 (1978) (“This Court, in interpreting the words of a statute, has some scope for adopting a restricted rather than a literal or usual meaning of its words where acceptance of that meaning would lead to absurd results.”) (internal quotes omitted); Nixon v. Mo. Mun. League, No. 02-1238 (U.S. S.Ct. Mar. 24, 2004), slip. op. at 12, 2004 WL 573799, at *8 (“[T]his Court will not construe a statute in a manner that leads to absurd or futile results.”).

\textsuperscript{156} See supra notes 56–60 and accompanying text.

\textsuperscript{157} See, e.g., TRW, Inc. v. Andrews, 534 U.S. 19, 31 (2001) (“It is a cardinal principle of statutory construction that a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.”) (internal quotations omitted); Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23, 123 S.Ct. 2041, 2048 (2003) (“A statutory interpretation that renders another statute superfluous is of course to be avoided.”); 2A SINGER, supra note 52, § 46.06 at 181.

\textsuperscript{158} See supra note 145 and accompanying text; see also 2 NIMMER, supra note 48, § 8.09[A], at 8-138 to 8-138.1 (“The best indication of the superfluity of the adaptation right lies in the fact that those infrequent cases under the 1909 Act that invoked the comparable right to “make any other version” generally also invoked an alternative ground of infringing copying.”) (citing cases).
includes all versions which contain expression that is "substantially similar" to protected expression in the original work.\textsuperscript{159}

Another objection would be to say that such questions can be adequately dealt with through the fair-use doctrine.\textsuperscript{160} It is true that the fair use doctrine can be expected to insulate many, perhaps even most, personal uses from infringement.\textsuperscript{161} However, the fair use doctrine is already asked to carry a tremendous portion of the policy considerations present in U.S. copyright law.\textsuperscript{162} In addition, the fair use doctrine, like any multi-factor balancing test, is inherently unpredictable; the lack of clarity in its application leads to a "chilling effect" that may deter others from engaging in activities (such as mounting and framing works of art) that are socially desirable.\textsuperscript{163}

\textsuperscript{159} 2 NIMMER, supra note 48, § 8.09[A], at 8-138 ("[U]nless the [alleged derivative work] is substantially similar to its forbear, it remains nonactionable.").

\textsuperscript{160} See 17 U.S.C. § 107 (2000) ("[T]he fair use of a copyrighted work ... is not an infringement of copyright."). The statute lists several examples of purposes that may qualify as fair uses, and four factors that courts should consider in determining whether a particular use is fair.

\textsuperscript{161} See Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 447–55 (1984) (holding that home videotaping of broadcast television for time-shifting purposes is a fair use); Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc., 964 F.2d 965, 969–72 (9th Cir. 1992) (holding in the alternative that use of the Game Genie for private home enjoyment was a fair use). But see United States v. Elcom, Ltd., 203 F. Supp. 2d 1111, 1135 (N.D. Cal. 2002) ("[T]here is as yet no generally recognized right to make a copy of a protected work, regardless of its format, for personal noncommercial use.").

\textsuperscript{162} For example, the fair use doctrine has been invoked to determine the legality of home videotaping for time-shifting purposes, educational and corporate photocopying, news reporting, parody and satire, use of letters and film clips in biographies and documentaries, fan and collector's guides, digital sampling, decompilation and reverse engineering, comparative advertising, and internet search engines. See generally 2 NIMMER, supra note 48, § 13.05; 2 PAUL GOLDSTEIN, COPYRIGHT (2004 ed.), Chapter 10.

\textsuperscript{163} Cf. Rubenfeld, supra note 60, at 17 n.75 ("[T]he vagueness of the fair use doctrine must surely have the proverbial 'chilling effect' on some protected speech."); Kenneth D. Crews, Fair Use of Unpublished Works: Burdens of Proof and the Integrity of Copyright, 31 ARIZ. ST. L.J. 1, 10–11 (1999) ("The problem with fair use is that a single case—even a case from a lower court—can have chilling effects on matters of great public interest.... [M]any individuals are too fearful of infringements and litigation to identify and assert a claim of fair use."); Niels B. Schaumann, An Artist's Privilege, 15 CARDOZO ARTS & ENT. L.J. 249, 269 (1997) ("It is difficult to predict in advance whether a particular use will be pronounced fair if challenged by the author of the copied work. This uncertainty of outcome of fair use litigation produces a 'chilling' effect that may on occasion stifle the use altogether. Merely the threat of litigation can have a serious chilling effect on defendants of modest means. A would-be user who is financially unable to fight a fair use battle will avoid subjecting herself to the possibility of defending such a lawsuit by avoiding the use altogether. This chilling effect, by inhibiting uses that would increase public access to works of authorship, directly undermines copyright's goal.").
V. THE ALTERNATIVE INTERPRETATION APPLIED

To demonstrate the advantages of the proposed alternative interpretation, consider how it would operate in each of the four hypothetical situations outlined in Part I of this article.

A. Arranging a Musical Work

Suppose a person sits down at a piano and creates a new arrangement of a popular song. This would not by itself be an infringement of the copyright, because the person has not yet fixed the new arrangement in a tangible medium. Later, the person performs the new arrangement for some friends in the privacy of his home. This would also not be an infringement of the copyright, because it is not a public performance of the new arrangement. This result makes sense; the person clearly would not be infringing if he or she performed the work privately without modification; the fact there was a modification, by itself, should not be deemed to make the private performance infringing. It also makes sense from an evidentiary point of view: once the new arrangement is fixed in a tangible medium, the reproduction right is violated, and there is tangible evidence of the violation. Similarly, if a public performance takes place, evidence of the infringing performance will be easily obtained. We don’t have to worry about copyright owners infiltrating a private party in someone’s home or deposing the arranger’s family and friends to obtain evidence of copyright infringement.

B. Mounting and Framing a Copyrighted Work

Suppose a person cuts a photograph out of a book, mounts it upon a ceramic tile, and displays the mounted photo in her home. We still have the question of whether the mounting process has “recast, transformed, or adapted” the photo, within the meaning of the Copyright Act. Most commentators agree with the Seventh Circuit that it does not. But under the proposed interpretation, it doesn’t

164. See 17 U.S.C. § 106(4) (exclusive right “to perform the copyrighted work publicly”) (emphasis added); 17 U.S.C. § 101 (defining “publicly” as “at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered,” or by transmission). Just how many persons is a “substantial number” or a “normal circle” is open to interpretation. See Daniel Cantor, How Many Guests Must Attend a Wedding Reception Before ASCAP Shows Up? Or, What Are the Limits of the Definition of Perform “Publicly” Under 17 U.S.C. § 101?, 27 COLUM. J.L. & ARTS 79 (2003).

165. See supra notes 104–14 and accompanying text.

166. See, e.g., 2 NIMMER, supra note 48, § 3.03[B][1] at 3-16 to 3-17; 2 GOLDSTEIN, supra note 162, § 5.3 at 5:84 to 5:84-1.
matter: there has been no reproduction, because there has been no new fixation of the copyrighted work;\textsuperscript{167} and there has been no public distribution or public display of the mounted work. This interpretation of the Copyright Act makes sense, because it prevents what the Seventh Circuit found "jarring": an interpretation of the Act that makes criminals (or at least infringers) out of art collectors and tourists.\textsuperscript{168}

What if the person places a transparent piece of pink plastic over the photograph before displaying it? The work that is perceived by the viewer is now different; it has a pink tint to it. But even assuming that this modification was "original" enough to qualify as a derivative work, again it would not be infringing, because there has been no new fixation of the copyrighted work, and hence no reproduction;\textsuperscript{169} and because there has not been any public display or public distribution of the pink-tinted photo. The same would be true if the person painted the photo with pink watercolor instead of covering it with pink plastic, or if the person used several photos cut out of magazines or art books to make a collage.

A more difficult question is posed when the person wants to publicly display or sell the modified photo. If the photo is not modified, it may be publicly displayed and resold under the first-sale doctrine, because it is a copy "lawfully made under this title."\textsuperscript{170} How should we analyze the sale when the photo has been modified? There are three possibilities.

\textsuperscript{167} See 17 U.S.C. § 106(1) (exclusive right "to reproduce the work in copies or phonorecords") (emphasis added); \textit{Id.} § 101 (defining "copies" as "material objects . . . in which a work is first fixed"); H.R. Rep. No. 94-1476 (Right of reproduction is "the right to produce a material object in which the work is duplicated, transcribed, imitated, or simulated in a fixed form."). In this case, the alleged infringer has not produced a material object; he or she has merely modified an existing material object. In addition, the alleged infringer has not duplicated, transcribed, imitated or simulated the copyrighted work, an intangible image which has been left unaltered. \textit{See} 17 U.S.C. § 202 (distinguishing between the work and a tangible copy of the work).

\textsuperscript{168} See \textit{Lee v. A.R.T. Co.}, 125 F.3d 580, 582 (7th Cir. 1997).

\textsuperscript{169} See \textit{Micro Star v. FormGen, Inc.}, 154 F.3d 1107, 1111 n.4 (9th Cir. 1998) (the "Pink Screener").

\textsuperscript{170} See 17 U.S.C. § 109(a) ("[T]he owner of a particular copy or phonorecord lawfully made under this title . . . is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord."); \textit{Id.} § 109(c) ("[T]he owner of a particular copy lawfully made under this title . . . is entitled, without the authority of the copyright owner, to display that copy publicly . . . to viewers present at the place where the copy is located.").
First, we could impose the Ninth Circuit’s “concrete or permanent” form requirement, which would condemn the photo that is painted pink but would permit the photo which is simply displayed under pink plastic. This option seems to elevate form over substance, and it suffers from the problem of imposing a requirement (“concrete or permanent form”) that does not appear to be in the statute.

Second, we could say that although the original work could be publicly displayed and resold, the modified work cannot be publicly displayed or resold without the permission of the copyright owner, because the first-sale doctrine does not apply to the right to prepare derivative works. This would avoid inconsistent treatment since both the pink-washed and the pink-framed photos would be treated the same, but it would prevent a person who creates home arts-and-crafts out of lawfully purchased copies of copyrighted works from reselling them, which does not seem to be in the public interest of encouraging creativity.

Third, under the proposed alternative interpretation, we could say that since the right to prepare derivative works is not infringed except in conjunction with one of the other four rights, and since the first-sale doctrine permits the buyer to publicly display and resell his or her own copy of the photo, this conduct is simply not actionable. This result makes the most sense, because it permits buyers of lawfully-made copies to reap the fruits of their own creativity in modifying the purchased copy; and it permits the copyright owner to reap the reward for his or her contribution to the finished product because he or she gets paid when the lawfully-authorized copy is sold in the first place. Another way to reach the same result would be for Congress to amend the first-sale doctrine to expressly include modifications to a lawfully-purchased copy that do not result in any reproduction of the copyrighted work. While such an amendment would solve the specific problem present in Mirage and Lee, it would not solve the larger problem of unfixed derivative works generally.

The fair use doctrine would still be required to meet one variation on this hypothetical: the Internet resale. In order to sell the

171. See Micro Star, 154 F.3d at 1110.
172. See 17 U.S.C. § 109(a) (“Notwithstanding the provisions of section 106(3)’’); Id. § 109(c) (“Notwithstanding the provisions of section 106(5)’’).
173. See Lee, 125 F.3d at 581 (“Because the artist could capture the value of her art’s contribution to the finished product as part of the price for the original transaction, the economic rationale for protecting an adaptation as ‘derivative’ is absent . . . . An alteration that includes (or consumes) a complete copy of the original lacks economic significance.”).
work over the Internet, the craftsperson would have to display a photograph of it on the Internet. This would violate the public display right, because the first-sale doctrine only applies to displaying a particular copy to persons who are physically present at the place where the copy is located.\textsuperscript{174} It would also violate the reproduction right, because any electronic copy of the work (such as a digital photograph) would be a “reproduction.”\textsuperscript{175} Consequently, the proposed alternative interpretation would not shield the craftsperson in this instance. But the fair use doctrine can strike the appropriate balance in such a situation. A high-resolution photograph of the modified work, permanently displayed on a website, would operate as a substitute for the copyrighted work itself, or for lawfully-authorized derivative works, so a finding of infringement would be appropriate.\textsuperscript{176} But a thumbnail photograph of the modified work, temporarily displayed on an auction site, would not operate as a substitute, and should be permitted.\textsuperscript{177}

C. Modifying a Video Game

Suppose a company creates an electronic device that alters the display of a popular video game. A teenager plays the video game in his home while using the device. In this case there is no infringement, not because the altered screen display does not incorporate the original audiovisual work in some “concrete or permanent” form,\textsuperscript{178} but because there has been no reproduction, public distribution, public performance or public display of the altered video game. No distribution has occurred, because there has been no “sale or other transfer of ownership” nor any “rental, lease or lending” of the game.\textsuperscript{179} Playing the game at home is a performance rather

\textsuperscript{174} See 17 U.S.C. § 109(c).

\textsuperscript{175} See, e.g., Playboy Enters., Inc. v. Webbworld, Inc., 991 F. Supp. 543, 551 (N.D. Tex. 1997); Tiffany Design, Inc. v. Reno-Tahoe Specialty, Inc., 55 F. Supp. 2d 1113, 1121 (D. Nev. 1998) ("The prevailing view therefore seems to be that the digitization or input of any copyrighted material, whether it be computer code or visual imagery, may support a finding of infringement . . ."). Although both of these cases rely on the controversial doctrine of "RAM copies," see supra note 65, displaying a photograph on the Internet would generally involve a more permanent means of electronic storage, such as a hard disk.

\textsuperscript{176} See Kelly v. Arriba Soft, Inc., 280 F.3d 934, 947–48 (9th Cir. 2002), opinion withdrawn and superseded, 336 F.3d 811 (9th Cir. 2003). Although the original opinion in Kelly was withdrawn, and can therefore no longer be cited as precedent, its reasoning on this point appears to be sound.

\textsuperscript{177} Kelly, 336 F.3d at 821–22.

\textsuperscript{178} See supra notes 67–72 and accompanying text.

\textsuperscript{179} See 17 U.S.C. § 106(3).
than a display,180 but it is not a “public” performance,181 so the only remaining question is whether there has been a reproduction. While the computer program that operates the video game has been copied into RAM,182 and while that computer program has been modified by the device, this use would appear to fall within the exemption provided in section 117(a)(1) for RAM copies, which states:

Notwithstanding the provisions of section 106, it is not an infringement for the owner of a copy of a computer program to make or authorize the making of another copy or adaptation of that computer program provided:

(1) that such a new copy or adaptation is created as an essential step in the utilization of the computer program in conjunction with a machine and that it is used in no other manner . . . .183

There are two legal questions concerning the interpretation of this section. First, what does “an essential step” mean? Any computer program must be copied into RAM for the computer to work.184 With regard to adaptations, must the adaptation itself be the essential step, i.e., the computer program won’t work unless it is adapted?185 Or is it sufficient that the RAM copy is essential for the adapted computer program to work (which would permit adaptations like those permitted to be made in Galoob)?186 This issue was raised in Galoob

180. See id. § 101 (definition of “performance”).
181. Id. (definition of “publicly”).
182. See supra note 65.
184. See Sony Computer Entm’t, Inc. v. Connectix Corp., 203 F.3d 596, 600 n.1 (9th Cir. 2000).
185. This limitation is suggested by certain language in CONTU Report, which effectively constitutes the legislative history of Section 117. See Final Report of the National Commission on New Technological Uses of Copyrighted Works 13 (1978) (“CONTU Report”), available at http://digital-law-online.info/CONTU/PDF/Chapter3.pdf (“Because of a lack of complete standardization among programming languages and hardware in the computer industry, one who rightfully acquires a copy of a program frequently cannot use it without adapting it to that limited extent which will allow its use in the possessor’s computer. The copyright law . . . should no more prevent such use than it should prevent rightful possessors from loading programs into their computers. Thus, a right to make those changes necessary to enable the use for which it was both sold and purchased should be provided.”).
186. This more expansive reading also finds support in the CONTU Report. See id. at 13 (“The conversion of a program from one higher-level language to another to facilitate use would fall within this right, as would the right to add features to the program that were not present at the time of lawful acquisition.”) (emphasis added). See Foresight Resources Corp. v. Pfortmiller, 719 F. Supp. 1006, 1009–10 (D. Kan. 1989) (relying on this language); cf. Vault Corp. v. Quaid Software, Ltd., 847 F.2d 255, 261 (5th Cir. 1988) (“Section 117 . . . contains no language to suggest that the copy it permits must be employed for a use intended by the copyright owner.”).
at the preliminary injunction stage but was not resolved,\footnote{187} as the case was decided on other grounds. Second, this statute implicates the issue of whether the purchaser of a computer program is an “owner” of a copy of that program, or merely a “licensee,” as various end-user license agreements (“EULAs”), including shrink-wrap and click-on licenses, assert.\footnote{188} This issue is one to which many scholarly articles have been devoted,\footnote{189} and is well beyond the scope of this article.

\textit{Micro Star}, on the other hand, presents a difficult case. The new “levels” were modified versions of the original audiovisual work (or, more precisely, were different combinations of the visual elements that constituted the original audiovisual work).\footnote{190} Again, there was no public performance or display of those new levels. The question is whether the CD-ROM containing the new MAP files was itself a “copy” of the modified audiovisual works, i.e., a material object in which the modified works were fixed, as is required for a violation of the reproduction and distribution rights. The CD-ROM containing the new MAP files is certainly a material object which can be copied and distributed to the public; and the MAP files are permanently “fixed” in the CD-ROM.\footnote{191} The difficulty arises from the fact that the MAP files are not self-contained; they cannot generate a display without interacting with the game engine and the source art library.\footnote{192}

\footnote{187} See Nintendo of Am., Inc. v. Lewis Galoob Toys, Inc., 923 F.2d 862 (9th Cir. 1991)(unpublished decision), available at 1991 WL 5171, at **3 (“[W]e are persuaded that Nintendo raises a substantial question on the merits .... Galoob’s argument that 17 U.S.C. § 117 provides a defense to that claim is not so strong as to dispel that substantial question.”); see also Nintendo of Am., Inc. v. Lewis Galoob Toys, Inc., 16 F.3d 1032, 1034 (9th Cir. 1994) (describing the issues raised at the preliminary injunction hearing).


\footnote{190} See Micro Star v. FormGen, Inc., 154 F.3d 1107, 1110 (9th Cir. 1998) (describing operation of MAP files).

\footnote{191} \textit{Id.} at 1112 (“[T]he audiovisual displays assume a concrete or permanent form in the MAP files.”).

\footnote{192} \textit{Id.} at 1110 (“When the player selects one of the [new] levels, the game engine references the [allegedly infringing] MAP files, but still uses the [original] art library to generate the images that make up that level.”).
In essence, there are three works of authorship in this situation: the original game (which is fixed in a CD-ROM); the new MAP files (a computer program, which is a type of literary work, fixed in a different CD-ROM); and the modified game which results from the interaction of the two other works. Is the modified game "fixed in tangible medium of expression"? It is "sufficiently permanent or stable to permit it to be perceived, reproduced or otherwise communicated" to others, and it exists "for a period of more than transitory duration." The user perceives the same modifications each and every time he or she uses the new MAP file with the original game. If Micro Star was reproducing and distributing both CD-ROMs, we would unquestionably find that it was distributing "copies" of the modified game; the fact that the copies consisted of two CDs instead of one would be no more significant than publishing a book in two volumes. But because Micro Star was reproducing and distributing only the CD-ROM containing the new MAP files, we must determine whether that single CD-ROM by itself constitutes a "copy" of the modified game. We might consider the answer to this question to be a matter of degree: the new MAP files described the audiovisual display "down to the last detail." Judge Kozinski analogized the new MAP files to a paint-by-numbers kit; each MAP file described a game level in such detail that its final appearance was essentially fixed, even though the actual paint was not included.

The new MAP files in Micro Star can be analogized to taking an existing novel and using the words in it to form a new novel. While the second novel was unquestionably "derived" from the first, it probably would not be considered infringing, because the individual words in a novel cannot be protected by copyright; only the original selection and arrangement of those words are protected, and the second novel has departed markedly from the original selection and arrangement. With an audiovisual work, however, it is more likely that the individual component images are protected by copyright, see Xoom, Inc. v. Imageline, Inc., 323 F.3d 279, 284 (4th Cir. 2003) (individual "clip art" images are protected by registration of compilation of such images); so any recombination of those images might still be considered infringing, at least as long as the resulting combination was "substantially similar" to the original combination.

193. 17 U.S.C. § 101 (definition of "fixed").
194. Micro Star, 154 F.3d at 1111 ("[T]he audiovisual display that appears on the computer monitor when a [new] level is played is described—in exact detail—by [an allegedly infringing] MAP file.").
195. Id.
196. Id. at 1110. The practical effect is the same as recording an edited movie onto a videotape and distributing it to the public: the public cannot view the videotape without "the aid of a machine or device" (a television and a VCR), but the altered work is considered "fixed" on the videotape, even though the television supplies the red, green and blue pixels of which the picture is composed. In this case, the "machine or device" is not only the computer on which
Alternatively, we might consider that the statutory definition of fixation was "intended to avoid the artificial and largely unjustifiable distinctions . . . under which statutory copyrightability in certain cases has been made to depend upon the form or medium in which the work is fixed." In other words, Congress wanted to make copyright technology-neutral. Finally, consider the statement that "a copyrighted work would be infringed by reproducing it in whole or in any substantial part." Under this standard, reproducing only part of a derivative work is infringing, even if it is only the portion that is original to the derivative work author. All three of these considerations point to the same conclusion: the CD-ROM containing the new MAP file is a (partial) fixation of the modified audiovisual work, and is prima facie infringing.

From an economic point of view, one can argue that the outcome in both *Galoob* and *Micro Star* should be the same. In both cases, the end result is a private performance of a modified version of the original work; and in both cases, the add-on (the Game Genie in *Galoob*, the MAP files in *Micro Star*) must be used with the original work in order to function. By providing the ability to modify the original work, the add-on enhances the attractiveness of the original work and thereby makes it more valuable to consumers. But the add-on simultaneously makes authorized derivative works less attractive by competing with them. If I can play a modified version of Donkey Kong on my Game Genie, or a modified version of Duke

the game is played (which supplies the colored pixels), but a computer loaded with an art library of pre-existing combinations of pixels.

199. See Mark A. Lemley, The Economics of Improvement in Intellectual Property Law, 75 TEX. L. REV. 989, 1082 (1997) (advocating fair use protection for "independent works that merely interoperate with a copyrighted work"). Nimmer appears to take this position, albeit indirectly, by analyzing a counterfactual situation instead of the actual facts. See 2 NIMMER, supra note 48, § 8.09[A], at 8-142 n.12.21 ("To the extent that [Micro Star] . . . incorporated into its own product coding sufficient to run Nuke-It even without the purchase of Duke Nukem, the result of this case contrary to that reached in *Galoob* is amply warranted.").
200. See Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc., 780 F. Supp. 1283, 1295–96 (N.D. Cal. 1991) ("The only empirical evidence of market reaction to the Game Genie . . . indicates that the Game Genie will enhance, not detract from, Nintendo's sales."). aff'd, 964 F.2d 965 (9th Cir. 1992).
201. See Micro Star, 154 F.3d at 1113 ("[B]y selling [Nuke-It], Micro Star impinged on FormGen's ability to market new versions of the [Duke Nukem] story.") (internal quotes omitted).
Nukem with my new MAP files, I am probably less likely to buy Donkey Kong II or Duke Nukem II.  

In Galoob, however, one cannot say that the Game Genie was a "copy" of the modified audiovisual work, because none of the copyrightable expression of the modified work is fixed in the Game Genie. The Game Genie was simply a tool that enabled the user to make modifications when playing the game; and all such modifications were merely private performances of an unfixed derivative work. In Micro Star, an equivalent device would be an unauthorized "build editor" which permitted a user to make new game levels. So long as the user used the build editor only to temporarily modify his or her own game, no infringement would occur, as in Galoob. But as soon as the user fixed a new level by saving its MAP file, the fixed MAP file would constitute a "copy" (and hence a "reproduction") of the modified audiovisual work, and any sale of the new MAP files would constitute a public distribution of the modified audiovisual work.

202. On the other hand, in Galoob the District Court made a factual finding that few people would want to buy an authorized derivative that had such minor modifications, see 780 F. Supp. at 1295 ("There is neither evidence nor reason to believe that a consumer who owns the original game would invest a similar amount in a slight variation thereof."). In Micro Star, the copyright owner expressly allowed new MAP files to be distributed for free, see 154 F.3d at 1109, which would probably diminish the desire of some consumers to buy an authorized derivative work, although it would not diminish their ability to do so in terms of disposable income, as would competing commercial sales.

203. 780 F. Supp. at 1291 ("[A] consumer utilizing the Game Genie for noncommercial, private enjoyment ... neither generates a fixed transferable copy of the work, nor exhibits or performs the work [publicly] for commercial gain.").

204. Id. ("The Game Genie is a tool by which the consumer may temporarily modify the way in which to play a video game, legally obtained at market price. Any modification is for the consumer's own enjoyment in the privacy of the home.").

205. See 154 F.3d at 1109 (describing authorized "Build Editor" utility).

206. See supra notes 22–26 and accompanying text.

207. Public distribution of an unauthorized "build editor" might be challenged on the ground that it contributes to the infringement of the reproduction and derivative work rights by individuals; but because the "build editor" principally enables private performances, which are likely to be fair uses, it is likely that a "build editor" would pass muster under the Supreme Court's "capable of substantial non-infringing uses" standard. See Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 442 (1984). If, however, the video game console is subject to a "technological protection measure that effectively controls access to a [copyrighted] work" (such as the computer program that controls the console), then an unauthorized "build editor" might violate the anti-trafficking provisions of the Digital Millennium Copyright Act. See 17 U.S.C. § 1201(a)(2) (2000); see also Sony Computer Entm't Am., Inc. v. GameMasters, Inc., 87 F. Supp. 2d 976, 989 (N.D. Cal. 1999) (preliminarily enjoining distribution of a Game Enhancer for Sony PlayStation games).


D. Home Viewing of a Motion Picture

Suppose that a person watching a videotape or DVD at home fast-forwards through certain parts of a movie, or presses the mute button during playback. Such a viewer perceives a different audiovisual experience than the viewer who views the movie all the way through without pushing any buttons. Is this the preparation of an infringing derivative work? If fixation is not required, it is; but under the proposed interpretation it is not, because there has not been any reproduction of the movie, nor has there been a public distribution, public performance or public display. Again, this construction makes sense, because it avoids making an infringer out of everyone who uses their remote control while viewing a motion picture at home.208

Suppose instead that the same person uses the remote control to give a live performance of the work in the same manner, but does so in a public exhibition. Under the Ninth Circuit’s requirement that the modified work incorporate the original work in some “concrete or permanent form,”209 this could not be an infringement, because there is no permanence; the live performance of the modified work is evanescent and disappears as soon as it is finished. Yet there is no question that such a public performance should be an infringement of the copyright,210 just as it would be if the person publicly performed a musical stage play based on a copyrighted motion picture.211

Now consider the facts in Huntsman v. Soderbergh, an action currently pending in federal court in Colorado.212 Huntsman is a local distributor of movies edited by Clean Flicks, a Utah company that reproduces and distributes edited versions of copyrighted Hollywood

208. See Galoob, 780 F. Supp. at 1291 (Neither fast-forward nor slow-motion “permanently modifies or alters the original work, [nor] produces a separate work which can then be transferred in any way.”).


210. Cf. Galoob, 780 F. Supp. at 1291 (distinguishing Midway Mfg. Co. v. Artic Int’l, Inc., 704 F.2d 1009 (7th Cir. 1983), on the ground that in Midway, defendant “was making money from the public performance of the altered game”).

211. See Metro-Goldwyn-Mayer, Inc. v. Showcase Atlanta Co-Op Prods., Inc., 479 F. Supp. 351, 355–56 (N.D. Ga. 1979) (musical play “Scarlet Fever” was a prima facie violation of the right to prepare derivative works based on “Gone With The Wind”). This, of course, does not answer the further question whether there is a fair use defense for such a performance. Compare id. at 357–61 (“Scarlet Fever” was neither a parody nor a satire, and was not a fair use) with SunTrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1268–76 (11th Cir. 2001) (novel “The Wind Done Gone” was a parody and critique of “Gone With the Wind” and was a fair use).

212. Civil Action No. 02-M—1662 (D. Colo. filed Aug. 29, 2002).
movies to the public. The gimmick is that there is a one-to-one exchange: Clean Flicks alleges that it only rents or sells as many copies of the altered movie as the number of copies it has lawfully purchased.

Huntsman originally filed suit against 16 prominent film directors for a declaratory judgment that his business did not infringe any copyrights or trademarks. The Directors Guild of America was permitted to intervene as a defendant, and it filed a counterclaim against Huntsman, Clean Flicks, and several other companies engaging in similar operations, alleging a violation of the Lanham Act for distributing edited versions of movies with their directors' names on them, allegedly a false attribution of origin. The directors, of course, do not own the copyrights in their films; the

214. See Second Amended Complaint at 4, Huntsman v. Soderbergh, Civil Action No. 02-M—1662 (D. Colo. filed Oct. 28, 2002), available at http://news.findlaw.com/hdocs/docs/copyright/cfltxtud102802cmp.pdf (last visited Mar. 24, 2004). Clean Flicks alleges that it either: (1) distributes an authorized copy together with the edited copy; (2) preserves the authorized copy but renders it inoperable and replaces it with an edited copy; or (3) makes a single edited copy available to a consortium of members who have purchased an authorized copy. Id.
216. In addition to the original plaintiffs (Huntsman and Clean Flicks of Colorado, L.L.C.), the counterclaim defendants include Clean Flicks; MyCleanFlicks; Trilogy Studios, Inc., Family Shield Technologies, Inc.; ClearPlay, Inc.; Clean Cut Cinemas; Family Safe Media; EditMyMovies; Family Flix USA, L.L.C.; and Play It Clean Video, Inc. Second Amended Complaint, supra note 214, at I. As will be explained below, Trilogy, Family Shield and Clear Play operate in a manner that is different from Clean Flicks and the other defendants. See infra notes 224, 233–35 and accompanying text.
217. See 15 U.S.C. § 1125(a)(1)(A) (2000). The Lanham Act claim is based on Gilliam v. Am. Broadcasting Cos., 538 F.2d 14 (2d Cir. 1976), in which the Second Circuit held that the writers and directors of the British comedy series “Monty Python’s Flying Circus” had a Lanham Act claim against ABC for broadcasting heavily-edited versions of the shows on American television. Gilliam, 538 F.2d at 23–25. The continued viability of this cause of action is questionable, however, in light of the subsequent decision of the U.S. Supreme Court in Dastar Corp. v. Twentieth Century Fox Film Corp., 539 U.S. 23 (2003), which held that a failure to attribute authorship of a copyrighted work was not a “false designation of origin” under the Lanham Act. The Supreme Court did preserve the possibility of a cause of action for false advertising for materially misleading the public, but such a claim would be limited to requiring correct information in “commercial advertising or promotion,” rather than a prohibition on selling the edited version. See 15 U.S.C. § 1125(a)(1)(B); Jane C. Ginsburg, The Right to Claim Authorship in U.S. Copyright and Trademark Law, 41 Hous. L. Rev. (forthcoming 2004).

studios do.218 Huntsman therefore filed an amended complaint adding claims for declaratory relief against the major motion picture studios,219 and the studios filed counterclaims alleging copyright infringement against Clean Flicks and the other counterdefendants.220

Clean Flicks’ business model clearly violates the copyright laws. Clean Flicks is reproducing and distributing derivative works: modified versions of copyrighted motion pictures. The fact that Clean Flicks alleges a one-to-one exchange does not exonerate it; the copyright owner has the exclusive right to make new fixations of the copyrighted work221 (or any modified versions of the work),222 and Clean Flicks is making new fixations without authorization. One cannot publish thousands of copies of a bowdlerized version of a novel just because one has purchased the same number of copies of the original from an authorized distributor. If that were the case, the copyright owner could never enforce his or her copyright at the reproduction stage; he or she would have to wait until the allegedly infringing copies were actually distributed in order to ensure that no one-to-one exchange had occurred.223

218. See 17 U.S.C. § 201(b) (2000) (“In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title.”); id. § 101 (defining “work made for hire” to include “a work specially ordered or commissioned for use, . . . as a part of a motion picture or other audiovisual work, . . . if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire”); F. Jay Dougherty, Not a Spike Lee Joint? Issues in the Authorship of Motion Pictures Under U.S. Copyright Law, 49 UCLA L. REV. 225, 317–18 (2001).

219. The eight studios named in the Second Amended Complaint are: Metro Goldwyn Mayer Studios, Inc.; Time Warner Entertainment Co. (Warner Bros.); Sony Pictures Entertainment; Walt Disney Enters., Inc.; Dreamwerks L.L.C.; Universal City Studios, Inc.; Twentieth Century Fox Film Corp; and Paramount Pictures Corp. Second Amended Complaint, supra note 214, at 2.


221. See 17 U.S.C. § 106(1) (exclusive right “to reproduce the copyrighted work in copies or phonorecords”); id. § 101 (defining “copies” and “phonorecords” as material objects in which the work is fixed).

222. See id. § 106(2) (exclusive right “to prepare derivative works based on the copyrighted work”). Under the proposed alternative interpretation, the exclusive right to prepare derivative works is violated in conjunction with the exclusive rights of reproduction and distribution. See notes 146–47 and accompanying text.

223. By contrast, as a result of the first-sale doctrine, it may not be an infringement to physically alter a purchased copy of a copyrighted work and to sell the altered copy. See supra notes 165–73 and accompanying text. The principal reason for this distinction is that, unlike the purported one-to-one exchange, the first-sale doctrine ensures that the copyright owner has in fact sold (or given away) an authorized copy of the work. In addition, the first-sale doctrine is inherently self-limiting: an artist who has to modify individual copies of a copyrighted work is
But not all of the defendants are infringing in the blatant manner of Clean Flicks. For example, a company called Clear Play does not reproduce the copyrighted work in any form. Instead, it sells software that, when used in conjunction with an authorized copy of the motion picture, automatically instructs the DVD player to skip over certain parts of the movie or to mute the volume at certain moments during playback. What the viewer sees is an edited version of the motion picture. If fixation is not required in any manner, the use of this software would be a violation of the right to prepare derivative works; but such a construction would also make an infringer out of the person who simply uses the fast-forward button and the mute button to accomplish the same thing.

If we use the proposed alternative interpretation, there has been no public performance or public display of the modified audiovisual work, so a viewer who uses the Clear Play software is not liable for copyright infringement. Whether Clear Play itself is directly liable depends on whether the CD-ROM containing the software mask is a "copy" of the modified audiovisual work, as is required for both the reproduction right and the public distribution right. Because the Clear Play CD-ROM contains only instructions for modifying a copyrighted work (in the form of time codes and software instructions) but does not itself contain any sounds or images, it can be argued that it is not a "copy" in which the altered audiovisual work is fixed. This superficially attractive position, however, misunderstands the distinction between the intangible work and a tangible copy of the work.

unlikely to sell enough copies to substantially interfere with the copyright owner's ability to market competing derivative works.

Drawing a distinction between the first-sale doctrine and a one-to-one exchange avoids injecting into every copyright case a question of fact concerning the alleged infringer's subjective intention. An alleged infringer caught with multiple copies of an edited work could always claim that he or she intended only to exchange them for authorized copies.

224. ClearPlay's technology currently works only with DVDs played on personal computers, but there are plans to develop a version to be incorporated into stand-alone DVD players. See The Player Control Parties' Corrected Opening Brief in Support of Their Motion for Summary Judgment, Huntsman v. Soderbergh, Civil Action No. 02-M—1662 (D. Colo. filed June 6, 2003) at 10–11, available at http://www.eff.org/Cases/Huntsman_v_Soderbergh/20030617_support_sumj.pdf (last visited Mar. 24, 2004). By contrast, Counter-Defendant Family Shield provides a combination software and hardware device that connects to and automatically controls a standard VCR or DVD player. Id. at 6–7.

As in Micro Star, there are three works involved here: the original movie (which is fixed on a DVD); the time codes and software instructions for that movie (which are fixed on the CD-ROM); and the edited version of the movie which is perceived by the viewer when he or she plays the original movie with the software mask. As in Micro Star, the edited movie (an intangible derivative work) is fixed in a combination of two tangible objects: the DVD distributed by the studio, and the CD-ROM distributed by Clear Play. As in Micro Star, therefore, the proper conclusion is that the CD-ROM distributed by Clear Play is a partial fixation of the intangible derivative work, and that reproducing or distributing such a CD-ROM is a prima facie violation of the right to prepare derivative works.

Is there a meaningful distinction between Micro Star and Clear Play? The only difference is that in Micro Star, the software instructions resulted in a new arrangement of the component images comprising the underlying work, whereas in Clear Play the software instructions result only in a new selection of images and sounds. One might consider a detailed description of an audiovisual work to be a "fixation" of that work, even if the source art library was not included; whereas a description of portions of a work to be skipped might merely be considered to be a different way to experience an existing audiovisual work. The statute, however, makes it clear that mere edits to an original work can be a sufficient modification to qualify as a derivative work. It states that "[a] work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work." While this sentence alone might be construed to require substitutions or additions, instead of cuts, the Act also specifically states that an "abridgement [or] condensation" may be a derivative work.

With respect to fixation, the situation in Clear Play is much closer to Micro Star than to Galoob. In Galoob, the altered audiovisual performance was not fixed; it existed only as long as the

226. See supra notes 190–94 and accompanying text.
227. See supra notes 193–98 and accompanying text.
228. To clarify, I believe this result is the one that is most consistent with the statute as currently written; I do not necessarily believe that it is wise copyright policy.
230. Id.; cf. Paul Goldstein, Derivative Rights and Derivative Works in Copyright, 30 J. COPYRIGHT SOC'Y U.S. 209, 217 n.29 (1983) ("Although the infringer has added no expression of his own, he has contributed the arguably expressive effort of editing.").
altered game was being played. In Micro Star, the MAP file describing the altered audiovisual work was fixed in a CD-ROM. In the case of Clear Play, the edited audiovisual work is fixed in part in the original DVD and in part in the CD-ROM. If one plays the same movie with the same software mask, one will always see and hear the same altered performance.

This state of affairs is temporary, however, as Clear Play seeks to develop software that would allow users to customize the software mask to their individual taste. Indeed, two of Clear Play’s competitors have already achieved differing degrees of customization. Counter-Defendant Family Shield provides “Movie Shield” hardware and software which groups edits into eight categories and allows the user to choose which categories are to be masked during any particular viewing, while Counter-Defendant Trilogy Systems, Inc., provides “Movie Mask” software which allows users to designate specific frames, scenes or sounds which they wish to skip or mute during playback. A fully customizable system like Movie Mask would appear to be indistinguishable from the Game Genie in Galoob and should be held not to violate the right to prepare derivative works.

It can be argued that the software masks distributed by Clear Play do nothing more than to automate a process that could be accomplished by an individual user using the fast-forward and mute buttons on his or her remote. This argument fails because automating specific edits results in a fixation of those edits. Under the proposed interpretation, it is not the private performance of the

231. See supra note 127 and accompanying text.
232. See supra notes 190–94 and accompanying text.
234. Id. at 12. Trilogy also offers a variety of pre-programmed editing options with its Movie Mask Software. Id.
235. This result is consistent with the copyright misuse doctrine, which seeks to prevent copyright holders from using their copyrights to gain commercial control over technology that is not itself subject to copyright protection. See, e.g., Alcatel USA, Inc. v. DGI Technologies, Inc., 166 F.3d 772, 792–95 (5th Cir. 1999) (holding that the owner of copyright in software for telephone switching systems improperly attempted to gain commercial control over hardware market by requiring that software only be used with microprocessor cards manufactured by copyright owner).
edited movie that infringes the right to prepare derivative works, but only the reproduction and distribution of the software mask, which contains a fixed set of edits.

A series of examples will help illustrate the difference. If one published a book that described the contents of a DVD at certain time codes or frame numbers, that would most likely be considered purely factual information that would enable viewers to exercise their individual discretion during playback. If one published a book that recommended or encouraged using the fast-forward and mute buttons at certain times or during certain frames, the instructions for modifying the work could be described as "fixed," but it is unlikely that a court would consider the modified audiovisual work itself to be fixed in book form, since no new fixation of sounds or images has occurred. Clear Play merely goes one step beyond such a book by automating the fast-forward-and-mute process. But as soon as that line is crossed, we have moved from a situation in which the individual user is exercising his or her discretion as to how to temporarily modify a work in the privacy of his or her own home (a private performance of an unfixed derivative work) to a situation in which the only discretion the individual user has is whether to use a particular software mask (a fixed set of edits) or not. It is precisely at this point that we can expect a substantial number of users would pay for the convenience of having someone else make edits for them, and therefore it is at this point that a separate market for an edited version of the work can be said to exist.

It is also relatively easy to draw a bright line between tools that enable users to prepare their own derivative works, such as the Game Genie, the Build Editor and the Movie Mask software, and the output of those tools, such as the MAP files in Micro Star and the individual software masks published by Clear Play. If a tool results only in an unfixed private performance of a derivative work (like the Game Genie), there is no infringement by the user, and therefore there can be no liability for contributory infringement. Even if the tool

237. See Galoob, 780 F. Supp. at 1291 ("Both parties agree that it is acceptable, under the copyright laws, for a noncopyright holder to publish a book of instructions on how to modify the rules and/or method of play of a copyrighted game.").

238. See 2 Goldstein, supra note 162, § 5.3.1 at 5:84-1 ("[T]he reproduction right leaves off and derivative rights begin at that point at which the contribution of independent expression to an existing work effectively creates a new work for a different market.").

239. See Galoob, 964 F.2d at 970 ("Contributory infringement is a form of third-party liability... [A] party cannot [be held liable for] authoriz[ing] another party to infringe a copyright unless the authorized conduct would itself be unlawful.").
permits the user to fix a derivative work, most tools are "capable of substantial non-infringing uses," because they can be used to modify public domain works, the user's own works, or the copyrighted works of others who do not object to private use. (In addition, the private use of such tools might qualify as a fair use.) Only fixed works that are individually tailored to modify specific copyrighted works, such as the MAP files or the software masks, will constitute a prima facie infringement of the right to prepare derivative works.

This conclusion does not necessarily mean that Clear Play and the other counter-defendants should ultimately be held liable. Under the fair use doctrine, the court may consider the effect of the use on the potential market for both the original work and derivative versions of the original. The net effect on the market of the new game levels in *Micro Star*, on the one hand, and the fixed edits in Clear Play, on the other, are very different. In *Micro Star* we can expect that most purchasers who bought the original game would be willing to purchase new game levels as well, so that the distribution of new MAP files is likely to have a negative effect on the market for authorized derivative works. In the case of Clear Play, there is a market for the "clean" version of a motion picture, but there is little overlap between that market and the market for the original, because it is unlikely that most viewers will purchase two copies of the

241. Id. at 443 ("Even if it were deemed that home-use recording of copyrighted material constituted infringement, the Betamax [videotape recorder] could still legally be used to record noncopyrighted material or material whose owners consented to the copying.").
242. Id. at 447–55 (holding that home use of a videotape recorder for private, noncommercial time-shifting is a fair use); see also Player Control Parties' Corrected Opening Brief, supra note 224, at 25 ("[The Studios] have conceded that, at a minimum, the consumers' use of the Player Control Parties' technologies to view DVDs in their own homes is a probable fair use of the Studios' works.").
243. See *Micro Star* v. FormGen, Inc., 154 F.3d 1107, 1112 n.5 (9th Cir. 1998) (finding that new MAP files would not be infringing if they could be used with other video games).
245. See *Micro Star*, 154 F.3d at 1113 ("[B]y selling [Nuke-It], Micro Star impinged on FormGen's ability to market new versions of the [Duke Nukem] story.") (internal quotes omitted). In *Galoob*, by contrast, the court expressly made a finding that the changes were so minor that the Game Genie was unlikely to interfere with the market for new versions of Nintendo games. Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc., 780 F. Supp. 1283, 1295 (N.D. Cal. 1991), aff'd, 964 F.2d 965 (9th Cir. 1992).
246. The very existence of a large number of companies providing edited versions of motion pictures and software masks demonstrates that there is a potential market for such products.
movie.247 Most viewers will purchase either the original version or the "clean" version only, so as long as the software mask technology requires the consumer who desires the latter to purchase the former, there is little net loss to the copyright owner.248 True, some parents might want to buy both versions,249 so they could watch the original version and they could let their kids watch the "clean" version; but it is unlikely that they would be willing to pay double the full price to get both versions. A copyright owner might be able to sell a "bundled" package that includes both versions, but one would expect that the price of a bundled version would be only a little more than the price of a single version.250 Consequently, the economic harm to the copyright owner of permitting others to make and sell software masks may be relatively small;251 whereas the public benefit of allowing competition in software masks is that the public will get to choose between many different edited versions of the same motion picture.

Some will object to the contention that making and selling software masks is a fair use on the ground that the exclusive right to prepare derivative works helps protect the "moral right" of the director (or other contributors)252 to have the work viewed in the form

247. Cf. Goldstein, supra note 230, at 217 n.24 ("[A]lthough the market for abridgments and condensations substantially overlaps the market for complete novels [or movies], the overlap is by no means perfect.").
248. See Lydia Pallas Loren, The Changing Nature of Derivative Works in the Face of New Technologies, 4 J. SMALL & EMERGING BUS. L. 57, 86-87 (2000). Loren advocates a test that expressly considers "whether the copyright owner in the underlying work is being compensated for the use of material . . . that is being referenced by the integrated work." Id. at 86. While this approach makes good policy sense, the Copyright Act as presently written appears to take such market considerations into account only in the context of the fair use doctrine.
249. A counterexample is the ability of the studios to sell both the theatrical-release version of a motion picture and "special edition," a different version of the same movie with additional footage. However, it seems likely that the demand for new footage is more like the demand for a sequel, whereas the demand for edited versions is more in the nature of a substitute. Ultimately, this is an empirical question which can be addressed by consumer surveys at a trial on the issue of fair use. See Campbell, 569 U.S. at 593-94 (remanding for evidence of the effect of an alleged parody on the potential market for non-parody derivatives).
250. This is analogous to one of the "additional features" included on the DVD version of a motion picture, which generally are included for only a little more than the ordinary purchase price of a DVD.
251. Indeed, if the studios are unwilling to produce or license edited versions or software masks at all, then the economic harm to the copyright owner of permitting others to make and sell software masks may be zero. See Campbell, 510 U.S. at 592 ("The market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop.").
252. Exactly who should be considered the "author" of a motion picture, a highly collaborative art form, is a matter of some difficulty. See Craig A. Wagner, Motion Picture Colorization, Authenticity, and the Elusive Moral Right, 64 N.Y.U. L. REV. 628, 714-15 (1989).
There are several responses to this concern. First, Congress has considered and has expressly rejected any recognition of moral rights in motion pictures. If we as a society wish to recognize moral rights, we should do so expressly, in a statute enacted by Congress, rather than indirectly through overbroad statutory interpretation.

Second, it is the major motion picture studios themselves that benefit most greatly from the absence of moral rights for motion pictures. Under standard industry arrangements, the director or other participants do not have final say over how a motion picture will be edited after its initial release. The studios own the copyrights; and studios traditionally have few qualms about cutting a motion picture.

For an extensive analysis, see Dougherty, supra note 218, at 267–316 (analyzing claims of producers, directors, screenwriters, cinematographers, editors, performers, production designers and composers); see also Stuart K. Kaufman, Motion Pictures, Moral Rights, and the Incentive Theory of Copyright: The Independent Film Producer as “Author,” 17 CARDOZO ARTS & ENT. L.J. 749 (1999) (contending that the producer of an independent film should be considered an “author”).


See 17 U.S.C. § 106A (2000) (providing limited rights of attribution and integrity in “works of visual art”); 17 U.S.C. § 101 (excluding any “motion picture or other audiovisual work” and “any work made for hire” from the definition of a “work of visual art”). For an account of previous failed attempts to enact federal moral rights legislation for motion pictures, see Wagner, supra note 252, at 706–11.

For a proposal, see Wagner, supra note 252, at 712–24; see generally Roberta Rosenthal Kwall, Copyright and the Moral Right: Is an American Marriage Possible?, 38 VAND. L. REV. 1 (1985). Recent efforts have focused on the more limited goal of enacting a federal right of attribution. See Ginsburg, supra note 217; Roberta Rosenthal Kwall, The Attribution Right in the United States: Caught in the Crossfire Between Copyright and Section 43(a), 77 Wash. L. Rev. 985 (2002).

The current collective bargaining agreement between the studios and the directors permits the Employer (the production company) to designate “[t]he individual having final cutting authority over the motion picture.” Directors’ Guild of America, Inc., Basic Agreement of 2002, Article 7-206 [hereinafter DGA Basic Agreement], available at http://www.dga.org/contracts/BA-pdfs/BA-2002-article-7.pdf (last visited Apr. 26, 2004). However, the Agreement does require that the Employer offer the director “the first opportunity to make such cuts as are required” for network television showings. DGA Basic Agreement, Article 7-509(b). In practice, only a few directors have the economic clout to get their films shown on television without cuts. Steven Spielberg, for example, was able to insist that both SCHINDLER’S LIST (1993) and SAVING PRIVATE RYAN (1998) be shown on TV without cuts. See Marvin J. Levy, Letter to the Editor: No Scenes Were Cut From “Schindler’s List,” WALL ST. J., Aug. 4, 1997, at A19 (available at 1997 WL-WSJ 2430208); Richard Huff, No Cuts for “Ryan” on ABC, N.Y. DAILY NEWS, Nov. 9, 2001, at 141 (available at 2001 WL 27987060).
for content-based reasons (to obtain a more favorable MPAA rating, or to edit out material for airline showings or for broadcast television) or for economic ones (to fit the movie onto a TV screen or within a two-hour TV time slot). It fits the definition of "chutzpah" for the same studios to argue that they (as copyright owners) should be entrusted with protecting the moral rights of the director.

Third, any concern we might have about the reputation of the director being tarnished by a poorly-edited movie can be handled with an appropriate labeling requirement. So long as the person using Clear Play or similar technology is aware that the software mask (whether customizable or not) has not been produced by the director or the studio, it seems unlikely that either would suffer any reputational harm.

Fourth, we must remember that copyright is supposed to be for the benefit of the public, and that the benefit to the artist is supposed to be of secondary concern. If a segment of the public wishes to see movies with less sex, violence and foul language, it ought to be able to do so without having to submit to the "all or nothing" bargain offered by the studios. Since the editing is being done by private

257. See Kauffman, supra note 252, at 751; see generally Janine V. McNally, Congressional Limits on Technological Alterations to Film: The Public Interest and the Artists' Moral Right, 5 HIGH TECH. L.J. 129, 132–35 (1990). The DGA Basic Agreement attempts to limit these practices, providing that "Employer will endeavor to license films for network telecasting with no abridgment other than for [Network] Broadcast Standards and Practices reasons," DGA Basic Agreement, Article 7–509(b), and limiting the cuts that can be made for airline showings. DGA Basic Agreement, Article 7–509(f). However, changing the format of movies ("pan and scan") and editing for content is still commonplace.

258. See Kwall, Copyright and the Moral Right, supra note 255, at 37 ("On the whole, copyright law cannot function as an adequate moral right substitute. The copyright law's overriding concern for the copyright owner rather than the creator is a significant disadvantage for creators whose moral right interests conflict with the pecuniary interests of the copyright owners of their works."); Lemley, supra note 199, at 1033–34.

259. This was the approach originally taken in the United States with respect to the colorization of black-and-white motion pictures. In 1988, Congress required that anyone distributing a "materially altered version" of a film on the National Film Registry had to meet certain labeling requirements. See National Film Preservation Act of 1998, § 4, P.L. 100–446, 102 Stat. 1782 (formerly codified at 2 U.S.C. § 178c; repealed 1992). Similarly, the DGA Basic Agreement provides that "Employer may not identify any version of a theatrical motion picture . . . as the 'Director's Cut' unless it has been so identified by the Director." DGA Basic Agreement, Article 7–518. By contrast, the use of the familiar pan-and-scan format disclaimer ("This film has been modified from its original version. It has been formatted to fit your screen.") appears to be voluntary.


261. See Loren, supra note 248, at 89 ("In the United States, copyright law is not intended to permit a copyright owner to control the manner in which her work is viewed.").
parties and not by the government, it cannot be said to constitute "censorship" of free expression. To the contrary, permitting Clear Play and similar technologies would allow multiple users to freely express what types of things they do or do not wish to see and hear.

VI. CONCLUSION

The Ninth Circuit's opinion in Galoob is inherently self-contradictory, as it states on the one hand that a derivative work does not need to be "fixed," but it holds on the other hand that a derivative work does need to be embodied in some "concrete or permanent form." This contradiction stems from the fact that although the statutory language does not appear to require fixation, reading the statutory language literally would render illegal merely imagining a modified version of a copyrighted work. This contradiction can be eliminated by recognizing that what Congress intended was to prohibit the public performance of an unfixed derivative work, as well as the reproduction, public distribution, public performance or public display of a fixed derivative work. Congress' intent can be fully implemented by holding that the exclusive right to prepare derivative works is dependent upon, rather than independent of, the other four exclusive rights. The advantage of this interpretation is that it leaves all private performances of a derivative work, whether fixed or unfixed, outside the realm of copyright infringement.

262. See supra notes 67–72 and accompanying text.