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FOREWORD

This publication contains the text of research papers prepared by students of the Master of Laws in Intellectual Property. The 2003 program was organized by the University of Turin and the World Intellectual Property Organization (WIPO) Worldwide Academy and with the assistance of the Government of Italy and the International Training Center of the International Labour Organization (ILO).

There were 32 students enrolled in the program, from Argentina, Australia, Colombia, Costa Rica, Croatia, Egypt, Ghana, Honduras, Hungary, Iran (Islamic Republic of), Italy, Jordan, Libyan Arab Jamahiriya, Myanmar, Nepal, Philippines, Rwanda, Sir Lanka, Sudan, United Arab Emirates and the United Republic of Tanzania.

The program was designed for professionals and academics who already have a grounding in intellectual property and wish to acquire the skills required to play a leading role in its practice and teaching. The objectives were achieved through the provision of an advanced, systematic and intensive training program which included lectures, seminars, case studies, distance learning, individual research and study visits to international organizations in the field.

This publication is intended to serve as a useful source of information to readers interested in the field of intellectual property. We also believe it is a fair presentation of the level of achievement attained by a very promising group of young scholars.

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THE EXCLUSIVE RIGHT OF ADAPTATION IN COPYRIGHTED WORKS: SOME ECONOMIC AND MORAL ASPECTS UNDER U.S. COPYRIGHT LAW

by

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INTRODUCTION

It is undisputed that countries with innovative local industries have laws to foster innovation by regulating the copying of inventions, identifying symbols and creative expressions. These laws encompass four separate types of intangible property of which copyright is also the one categorized as intellectual property.

The following are the accepted principles in intellectual property field with respect to copyright. A copyright is an exclusive right to reproduce an original work of authorship fixed in any tangible medium of expression; to prepare derivative works based upon the original work; and to perform or display the work in the case of musical, dramatic and sculptural works. Copyright protection subsists in all works of authorship from the moment of creation. Because an owner of copyright has exclusive right in the work he created, such an owner may allow others to use that work for a fee under certain licensing arrangements. The copyright owner can, as a right, also prevent the unauthorized use or sale of the property. The exclusive rights granted to the copyright owner however do not include the right to prevent others from making fair use of the owner's work. Such fair use may include use of the work for purposes of criticism, comment, news reporting, teaching or education, scholarship or research. The nature of the work, the extent of the work copied, and the impact of copying on the work's commercial value are all considered in determining whether an unauthorized use is a "fair use".

Although the foregoing indicates the accepted principles related to copyright, the specific scope of protection of copyright and the requirements of such protection may vary from country to country. Because of this concept, there is difference between the Western European countries and the common-law countries like the United States in connection with the recognition of interests of authors and artists, as mentioned below.

The law in most Western European countries has long recognized interests of authors and artists in their work that are separate from copyright and that can be retained by an author or artist even after he has transferred his copyright to another person(s). Such recognized interests are commonly referred to collectively as authors' and artists' "moral rights". Contrary to this, the common-law countries like the United States have no such recognition and explicit provision for such continuing right of artists in their work. But, they have legal regimes that effectively render unenforceable any effort by an individual artist to craft and retain such rights in his own creations after he has transferred the other elements of ownership. Hence, patterns of rights that are mandatory under the civil-law regimes of Europe are not the same as those of the common-law countries like the United States.

Being aware that the United States, unlike Western European countries, has its own different way of recognition related to the concept of moral rights, attempts have been made in this paper to highlight the concept of derivative work, concept

of adaptation, adaptation from economic and moral aspects and concept of fair use. The above concepts are arranged in four chapters.

It is urged by the commentators that to improve the status of authors and artists, law reform should be made in the United States to provide greater protection for authors' and artists' moral rights.

Accordingly, the United States as partly responses to those pressures enacted various laws extending these rights. In 1990, the Congress enacted the Visual Artists Rights Act containing provisions for the rights of integrity and attribution. However, the moral rights of authors are not treated in the United States as aspects of copyright. But, authors are given the same protection of personal rights under general principles of the common law such as those relating to implied contracts, unfair competition, misrepresentation, and defamation. Under the United States copyright law, there are five fundamental rights, namely the exclusive rights of reproduction, adaptation, publication, performance, and display that are sometimes referred to as the copyright owner's "economic rights", and United States copyright law traditionally recognized only economic rights. These concepts are embodied in Chapter I as preliminary discussions.

Related discussions are also made in Chapter II in relation to the definition of derivative work under the United States legislation, originality requirement and similarity concepts. Derivative works, based on prior works, are protected under the United States legislation. Also, the legal issue as to the originality requirement is important to be noted and in this connection, different case laws decided under the Ninth Circuit and Second Circuit, and the similarity issue are also discussed in Chapter II.

When discussions are made as to the exclusive rights of copyright and derivative works, the concepts of adaptation cannot be omitted either. Hence, the concepts of adaptation are also embodied in Chapter III. According to the United States Copyright Act of 1976, a right to prepare derivative works based upon the copyrighted work is called the adaptation right, and a copyright owner possesses the exclusive adaptation right. For violation of the adaptation right, the infringing work must at least, transform, recast, or adapt a portion of the copyrighted work in some form. But, the adaptation right may not extend to mere ideas taken from the source work and as such, general ideas are not the subject of copyright. These are discussed in Chapter III.

As a final related topic, Chapter IV finally deals with adaptation from economic aspect and moral aspect in which it is discussed in relation to economic aspect that the prohibition of copying expressive works enables the copyright owners to charge monopoly prices, and moreover prevents such harmful copying. It is also discussed with regard to moral aspect that the United States recognition of moral rights focus chiefly on two fundamental aspects, the right of paternity and

integrity. The related adaptation process, effect of film adaptation and the doctrine of fair use are also discussed in Chapter IV.

One important discussion in this paper is that the United States became a member of the Berne Convention, which requires that signatory countries provide protection for moral rights, including the rights of paternity and integrity. It took quite a long time for the United States to sign the Berne Convention because of the moral rights clause. Finally, in 1989, the United States changed its position and signed the Berne Convention, claiming that U.S law had evolved to the point where it could be construed to provide the minimal protection for artists' moral rights required by the Convention.

On the whole, from the aspect of the laws of the Western European countries, an argument might be that the moral rights doctrine serves to control reputational externalities to the potential benefit, not just of the individual artist, but of other owners of the artist's work and of the public at large. However, as stated above, intellectual property is protected on a national basis and such protection may vary from country to country. The United States, under its Copyright Act of 1976, has its own way of recognition of moral rights and this cannot be regarded as not being just and good law. A remark was therefore made in the Article "Authors' and Artists' Moral Rights: A Comparative Legal And Economic Analysis" by Henry Hansmann and Marina Santilli, the University of Chicago, The Journal of Legal Studies, that "in common-law countries such as the United States, the law of copyright alone, even without the addition of special moral rights doctrine, gives authors and artists sufficient flexibility to protect themselves from many of the harms to which moral rights are addressed".

As a result of the foregoing views, this paper has been prepared, and I have to express my deep gratitude to Professor Marco Ricolfi and Mr. Jonathan Staffler who have given me kind and necessary advice for preparing so.

I. THE EXCLUSIVE RIGHTS OF COPYRIGHT

The owner of copyright has the exclusive right to control how a work may be: copied, adapted, distributed, performed and displayed. According to section 106 of the United States Copyright Act of 1976, the owner of a copyright has the exclusive rights

(1) to reproduce the copyrighted work;
(2) to prepare derivative works based upon the copyrighted work;
(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease or lending;
(4) to perform the copyrighted work publicly;
(5) to display the copyrighted work publicly.

These exclusive rights, which comprise the so-called "bundle of rights" that is a copyright, are cumulative and may overlap in some cases. The exclusive rights accorded to a copyright owner under section 106 are "to do and to authorize" any of the activities specified in the five clauses above. Use of the phrase "to authorize" is intended to avoid any questions as to the liability of contributory infringers.[1]

The five exclusive rights set forth in section 106 are sometimes referred to as the copyright owner's "economic rights", since they are geared toward protecting the owner's opportunities to exploit the work economically. The United States copyright law traditionally recognized only economic rights. The Berne Convention Article 6*bis*, however, requires its members to provide the "moral rights" of attribution and integrity to authors, as well. Moral rights protect the author's personal interests in reputation and self-expression. In 1990, Congress enacted the Visual Artists Rights Act, which amended the Copyright Act of 1976 to extend these moral rights to authors of a very limited class of works.[2]

II. THE EXCLUSIVE RIGHT TO PREPARE DERIVATIVE WORKS BASED UPON THE COPYRIGHTED WORK

2.1. Defining Derivative Work

Derivative works, based on prior works, are also protected. The United States legislation has a definition of "derivative work":

"A work based upon one or more pre-existing works such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation or any other form in which a work may be recast, transformed, or adapted. 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."[3]

Thus, any work that incorporates a portion of a copyrighted work in some form presumably falls within the statutory definition of a "derivative work."[4]

2.2. The Originality Requirement

In *Burrow-Giles Lithographic Co. v. Sarony*,[5] the Court considered the issue of originality as it relates to "authors." Consistent with the Court's finding of an

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1 BARRET, Margreth, *Intellectual Property Cases and Materials*, American Casebook Series, West Publishing Co., 1995, at 462.

2 *Id.* at 462.

3 17 U.S.C. § 101.

4 VOEGTLI, Naomi Abe, *Rethinking Derivative Rights*, Brooklyn Law Review, 1997, at 3.

5 *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884).

originality requirement in the meaning of "writings" in the trademark cases, the Court ultimately distilled the same originality requirement from the Constitution's use of the word "authors."[6] In Burrow-Giles, Justice Miller defined "author," in a constitutional sense, to mean "he to whom anything owes its origin; originator; maker." As in the Trademark cases, the Court emphasized the creative component of originality.[7] Justice Miller described copyright as being limited to "original intellectual conceptions of the author"[8] and stressed the importance of requiring an author who accuses another of infringement to prove " the existence of those facts of originality, of intellectual production, of thought, and conception."[9] Justice Miller found originality in "the subject so as to present graceful outlines, arranging and disposing the light and shade, suggesting and evoking the desired expression, and from such disposition, arrangement, or representation, made entirely by plaintiff."[10]

"The originality requirement articulated in the Trademark cases and Burrow-Giles remains the touchstone of copyright protection today."[11] While courts continue to shape the concept of originality, it is clear that originality is distinct from the concepts of novelty and creativity.[12]

Courts disagree on whether a work must be independently copyrightable to be considered a "derivative work."[13] The Ninth Circuit held that a party bringing a copyright action for an alleged infringement of its exclusive rights to create derivative works need not show originality in an alleged derivative work.[14] The second Circuit, however, states that an alleged derivative work must contain sufficient creativity and originality to be deemed to infringe derivative rights.[15] In other words, a work that itself is not independently copyrightable can constitute a derivative work for a purpose of a copyright infringement action in the Ninth Circuit but not in the Second Circuit.

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6 *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 346.

7 *Id.*

8 *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 58 (1884).

9 *Id.* at 59-60.

10 *Id.* at 60.

11 *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 346.

12 BOYD, Steven S., *Deriving Originality in Derivative Works*: *Considering the Quantum of Originality Needed to Attain Copyright Protection in a Derivative Work*, Santa Clara Law Review, at 4.

13 *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 345.

14 *Galoob Toys, Inc, v, Nintendo of America, Inc.*, 964 F.2nd 965, 967-68 (9th Cir. 1992). When a party is seeking a copyright for a derivative work, even the Ninth Circuit requires a showing of originality. Id. Commentators have criticized the Ninth Circuit's dual definition. For example, Melvin Nimmer questioned a district court decision in *Mirage Edition, Inc. v. Albuquerque A.R.T. co.*, 856 F. 2d 1341 (9th Cir. 1988), in which the court held that removing reproduction of art works from a "compilation of selected copyrighted individual art works," and thereafter mounting those reproduction onto ceramic tile, resulted in the creation of derivative work, MELVILLE B. NIMMER & DAVID NIMMER, 1 Nimmer on Copyright, §3.03 (1996).

15 *Woods v. Bourne Co.*, 60 F.3d 978,993 (2d Cir. 1995). See also *Lee v. Deck the Walls Inc.*, 925 F. Supp. 576 (N.D. Ill. 1996) (adopting the Second Circuit definition of a derivative work).

As a result, an appropriator who is in a business of selling a slightly altered version of a copyrighted work that she purchased would face an uncertain future in a copyright infringement suit. Under the Ninth Circuit Definition of a derivative work, even a trivial alteration would result in a derivative work, and thus the appropriator would be deemed to infringe derivative right.[16] In contrast, under the Second Circuit definition, the appropriator would escape copyright infringement liability under the first sale doctrine,[17] as long as her alteration does not amount to a variation that is enough to satisfy the originality standard.[18]

It is important to keep in mind that even under the standard of the Second Circuit, a web publisher who posts a framed version of a copyrighted work would not escape copyright infringement liability even if her alteration is not enough to satisfy the originality requirement. This is because a digital copy can be reproduced infinitely by anyone who accesses her web site. To escape copyright liability, she must have legal right to each copy distributed over the web.[19]

2.3. The Amount of Copying and Concept of Similarity

Even when an appropriator takes very small amount of expression from a copyrighted work, her work may be considered infringing. For example, in *Roth Greeting Cards v. United Card Company*,[20] a defendant's greeting card, which copied neither the copyrighted text nor copyrighted art work of a plaintiff's card, was found liable for copyright infringement due to the similarity in "total concept and feel" of two cards. In other words, the court found similarity in a "mood" and an overall arrangement of text and art work.[21]

Courts have given little guidance as to the quantum of similarity in the "total concept and feel" necessary to become liable for copyright infringement. Professor

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16 See, e.g., *Marage Editions, Inc. v. Albuquerque A.R.T. Co.,* 856 F.2d 1341 (9th Cir. 1988) (finding that defendant who sold ceramic tiles with a copyrighted art print amounted on it infringed plaintiff's copyright in the art print); *Munoz v. Alburquerque A.rt Co.,* 829 F. Supp. 309 (D. Alaska 1993) (defendant, who purchased artist's notecards, mounted the notecards onto ceramic tiles, and distributed the resulting ceramic tiles, was found liable for copyright infringement); *Greenwich Workshop, Inc. v. Timber Creations, Inc.*, 932 F. Supp. 1210 (C.D. Cal.1996) (granting summary judgement in favour of plaintiff by finding that defendant who matted and framed bookplates infringed plaintiff's copyrights in both the artwork and the book).

17 The first sale doctrine, codified at 17 U.S.C. §109 (1994), gives a purchaser of a copyrighted work a right to sell the work. In other words, the doctrine "provides, in essence, that once the copyright owner has transferred ownership of a particular copy of the work, the person to whom the copy has been transferred is entitled to dispose of it by sale, rental, or any other means." *Parfums Givenchy v. C & C Beauty Sales*, 832 F. Supp. 1378, 1385 (C.D.Cal.1993) (citing H.R. Rep. No. 94-1476,79 (1976)).

18 *Lee v. Deck the Walls Inc.*, 925 F. Supp. 578-82 (N.D. Ill. 1996) (holding that mere mounting of a copyrighted art print on a ceramic tile did not result in a new and different original work, and thus was not a derivative work).

19 *Id.* at 582 ("For each tile generated by defendant, defendant must purchase a notecard originally sold by copyright owner.").

20 429 F.2d 1106 (9th Cir. 1970).

21 *Id.* at 1110.

Melvin Nimmer states that the question in each case is whether the similarity relates to a matter that constitutes a substantial portion of a plaintiff's work.[22] In answering this question, Professor Nimmer recommends using the following as the guiding principle: "If so much is taken, that the value of the original is sensibly diminished, or the labours of the original author are substantially to an injurious extent appropriated by another, that is sufficient, in point of law, to constitute a piracy pro tanto."[23] As applied to appropriative art, as long as a resulting work does not compete in the same market as the original, an artist should be able to escape copyright infringement charge under this principle.[24]

In *Arnstein v. Porter*[25], the issue of "similarity" arises two-step test for infringement. First, evidence of similarities between the parties' works, coupled with evidence of access, will support a finding that the defendant copied from the plaintiff. The level of similarity that the plaintiff must demonstrate may vary, depending upon the strength of the evidence of access. Once copying has been demonstrated, the "improper appropriation" step entails deciding whether the defendant has taken too much of the plaintiff's copyrightable expression. Ultimately, the issue is whether the audience for whom the works were intended "would perceive substantial similarities between the defendant's work and the plaintiff's protected expression."[26]

Copyright infringement can only be found upon substantial similarity of copied expression. Defendants are perfectly free to copy elements of a plaintiff's work that belong to the public domain. The audience test seems geared to gauge the intended audience's general impression of the parties' respective works.[27]

III. RIGHT OF ADAPTATION

3.1. Definition of Adaptation

In the United States, the adaptation right is called a right to "prepare derivative works": §106(2) of the Copyright Act 1976 (U.S).

A copyright owner possesses the exclusive adaptation right, that is, the right to create "derivative works" from the original copyrighted work.[28]

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22 NIMMER, supra note 14, §13.03A[2].
23 NIMMER, supra note 14, §3.03A[2] (citing Folsom v. Marsh, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901) (Story, J.).
24 VOEGTLI, Naomi Abe, *Rethinking Derivative Rights*, Brooklyn Law Review, 1997, at 5.
25 United States of Appeals for the Second Circuit, 1964, 154 F.2nd 464, 68 U.S.P.Q. 288.
26 BARRETT, Margreth, *Intellectual Property Cases and Materials*, American Casebook Series, West Publishing Co. 1995,at 469.
27 *Id. at* 472.
28 17 U.S.C. §106(2).

In *Lee v. Deck the Walls Inc.*,[29] the District Court held that a defendant did not infringe the adaptation right by mounting notecards of copyrighted illustrations on ceramic tiles for resale without authorization by the illustration's copyright holder. The court reasoned that the defendant's act of mounting the notecards in precisely the same form in which he had purchased them did not recast, transform or adapt the notecards.[30] The court, therefore, dismissed illustrations.[31]

In contrast, in *Greenwich Workshop Inc. v. Timber Creations Inc.*,[32] the District Court ruled that a defendant created infringing derivative works by cutting prints out of an art book, mounting the prints on canvas and then framing them. The court reasoned that these acts recast and transformed the copyrighted prints by physically removing them from a book and adapting them to hang on walls.[33]

3.2. Limitations to the Adaptation Rights

The adaptation right is infringed when a third party makes an unauthorized derivative work in which a pre-existing work is recast, reformed, or adapted. The exclusive right to prepare derivative works enables the copyright owner to exploit markets other than the one in which the work was first published. Today, these derivative markets can often be more valuable than the market of first publication. Motion picture rights to a successful novel or merchandising rights for characters in a motion picture, are examples of these highly lucrative derivative markets.[34] By transforming another's work, the derivative work author may add his own substantial authorship to the underlying work. As a result, some derivative works greatly outstrip the value of the underlying work, but without recognition of the adaptation right, the copyright owner would have recourse only against verbatim forms of copying in the same medium.[35]

To violate the adaptation right, the infringing work must at least transform, recast, or adapt a portion of the copyrighted work in some form. Most often the adaptation right is infringed by acts of reproduction, that is, by acts of fixation in some sort of stable medium. But defendant's derivative work need not be fixed for purposes of infringement. Thus, a performance could violate the adaptation right.[36]

The courts have had difficulty in resolving cases dealing with computer enhancements. More and more computer programs are being written to

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29 925 F. Supp. 576 (N.D. Ill. 1996).

30 *Lee v. Deck the Walls Inc.*, 925 F. Supp. 581 (N.D. Ill. 1996).

31 MAHONY, Ieuan G., *United States*, in *Copyright Infringement* by Dennis Campbell (General Editor), Comparative Law Yearbook of International Business, Special Issue, 1997, at 405.

32 932 F. Supp. 1210 (C.D. Ca. 1996).

33 *Id.* at 1214-1215.

34 PAUL GOLDSTEIN, *Derivative Rights and Derivative Works in Copyright*, 30 J. Copyright Soc'y 209 (1983).

35 LEAFFER, Marshall A., *Understanding Copyright Law*, 1999, at 291.

36 *Lewis Galoob Toys, Inc. v. Nintendo of Am. Inc.*, 964 F. 2d 965, 968 (9th Cir. 1992) (Noting that "a drivative work must be fixed to be protected under the Act... but not to infringe.").

"interoperate" with, and thus enhance, existing software and hardware systems. Although they may not reproduce the codes of those systems, these new programs do necessarily refer to the existing works and depend on them for the "interoperative" work's own functionality.[37]

These enhancing works do not replace the need for the original, unlike the examples of derivative works listed in the statute, e.g. a translation or art reproduction.[38] Because they cannot they stand on their own, they do not harm the original author. Despite these cogent arguments, some courts have found enhancing, non-replacing works to be infringing derivative works.[39]

Concern for authorial control and reputation has led some courts to extend unduly the statutory definition of the derivative right. For example, in *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.,*[40] the defendant cut out photographs of works of art from a commemorative book and transferred them to individual ceramic tiles. The court found this to be an infringement of the derivative right, mainly because the defendant's work supplanted the demand for the underlying work. From these facts, it is difficult to understand how the derivative right was infringed for two reasons. First, § 106(2) of the Copyright Act provides that a work subject to the derivative right "be recast, transformed, or adapted." Secondly, for the derivative right to be infringed, the defendant must have created a derivative work, but to create a derivative work, the defendant must have added copyrightable expression to the underlying work.[41]

In *Lee v. A.R.T. Company*,[42] defendant bought post cards containing original art and sent them to the mounting service used in Mirage, which trimmed the cards and glued them onto ceramic tiles. The court held that the defendant did not recast, adapt or transform the work under the statutory definition of the derivative work because no intellectual effort or creativity was necessary to transfer the notecard to the tile.

The adaptation right overlaps the reproduction and performance rights, and, with few exceptions, infringement of the adaptation right infringes either the reproduction right, performance right, or both. Thus, if a person writes a play based on a novel without permission from the copyright owner, and if the play substantially embodies the copyrighted work, the copyright owner could bring an

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37 LEAFFER, Marshall A., *Understanding Copyright Law,* 1999, at 292.

38 NADAN, Christain H., *A Proposal to Recognize Component Works: How a Teddy Bears on the Competing Ends of Copyright Law*, 78 Cal. L. Rev. 1633 (1990).

39 *Words of Wonder v. Vector Intercontinental, Inc.*, 653 F. Supp. 135 (N.D. Ohio 1986); *Worlds of Wonder v. Vertel Learning Sys.*, 658 F. Supp. 351 (N.D. Tex 1986) (finding that defendant manufacturer's cassette inserted into toy bear created audiovisual work substantially similar to plaintiff's work; modification of toy in this manner created derivative work).

40 856 F.2d 1341 (9th cir. 1988).

41 LEAFFER, Marshall A., *Understanding Copyright Law,* 1999, at 293.

42 125 F.3d 580 (7th Cir. 1997).

43 LEAFFER, Marshall A., *Understanding Copyright Law*, 1999, at 294.

action for infringement of both the adaptation and reproduction rights. If the play were then performed, the performance right in the novel would also be infringed.[43]

Although the adaptation right overlaps the reproduction right, it is not merely superfluous, but can constitute a valuable and separate exclusive right for the copyright owner. In one significant instance, it is possible to infringe the adaptation right without infringing simultaneously the reproduction or performance rights. This could occur when the copyright owner has licensed another to reproduce or perform the work, but has not specifically licensed the right to make a derivative work. If the contract were silent on the right to abridge, i.e. adapt, a court might find an infringement of the adaptation right even though the licensee has infringed neither the performance nor the reproduction rights.[44] Thus, a prospective user of a copyrighted work should negotiate, in the appropriate situation, a license to adapt, as well as the rights to reproduce and perform, the work.[45]

3.3. Ideas Taken from the Source Work

The adaptation right may not extend to mere ideas taken from the source work. In *Borden v. General Motors Corp.*, [46] the plaintiff claimed that his right to make a dramatic reproduction of his book How to Win a Sales Argument was infringed by the defendant's training film Smooth Sale-ing, which put into practice the six principles of persuasion set out in the plaintiff's book. Judge Galston said "the six admonitions of the author in respect to persuasion fall within the same limitation. They express at most general thoughts—not one of them new or original. They express certain observations of the practical psychologist. As general principles or ideas or thoughts, in themselves they are not the subject of valid copyright. The most that can be claimed to sustain a copyright would be the words and their order."[47]

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44 *Gilliam v. American Broad. Co., Inc.*, 538 F.2d 14 (2d Cir. 1976), where ABC obtained a license to broadcast Monty Python programs in their entirety except for minor editing to insert commercials. ABC substantially abridged the programs, cutting twenty-four of ninety minutes from them. The court held that the unauthorized editing of the underlying work constituted an infringement of the copyright.

45 There are common sense limits, and courts have recognized that licenses are entitled to some degree of latitude in arranging the licensed work for presentation to the public, consistent with the licensee's style or standards. See *Stratchborneo v. Arc Music Corp.*, 357 F. Supp. 1393 (S.D.N.Y. 1973), and *Gilliam v. American Broad. Co., Inc.*, 538 F.2d 14 (2d Cir. 1976).

46 28 F. Supp. 330 (U.S. District Court, New York, 1939).

47 VAVER, David, *Principle of Copyright: Cases and Materials,* (WIPO) Geneva, July 2002, at 93.

IV. ADAPTATION FROM ECONOMIC AND MORAL ASPECTS

Under copyright there are two kinds of rights: economic rights and moral rights. Economic rights which give financial benefits and moral rights which preserve the personal link between the author and the work.

4.1. Economic Aspect

Copyright law, by prohibiting copying of expressive works, not only prevents this harmful copying, but also enables owners to charge monopoly prices. As a result, it encourages the production of expressive works. For copyright law to be economically efficient, it must balance the benefits from creating additional works against losses from limiting access to the work and the costs of administering it.[48]

Some commentators argue that derivative rights allow the copyright system to further economic efficiency.[49] Three arguments are typically given in support of derivative rights. First, by granting profits from derivative markets to a copyright owner, derivative rights increase the incentive to engage in creative activities. Secondly, derivative rights encourage earlier publication of an original work by making it unnecessary to withhold the publication in order to gain a lead time in derivative markets. Thirdly, derivative rights reduce transactional costs by concentrating the control over derivative works on the copyright owner.[50]

4.2. Moral Aspect

American recognition of moral rights focuses chiefly on their two fundamental aspects, the rights of paternity and integrity.[51]

4.2.1. Protection of Paternity and Integrity

The artist's right to paternity is comprised of three elements: her right to prohibit the affixation of her name to another's work; the right to demand affixation of her name to her work; and the right to prohibit the affixation of another's name to her work.[52] The paternity right would protect a site-specific artist like Serra from the affixation of another artist's name to "Tilted Arc" and would also assure his ability to affix his chosen name to the work.[53]

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48 VOEGTLI, Naomi Abe, *Rethinking Derivative Rights*, Brooklyn Law Review, 1997, at 11.

49 LANDES, William M. & POSNER, Richard A., *An Economic Analysis of Copyright Law*, 18 J. Legal Stud. 325, 353-57 (1989).

50 VOEGTLI, Naomi Abe, *Rethinking Derivative Rights*, Brooklyn Law Review, 1997, at 12.

51 NIMMER, *Implications of the Prospective Revisions of the Berne Convention and the United States Copyright Law*, 19 STAN.L. REV.499, 520-23 (1967).

52 LADAS, *The International Protection of Artistic and Literary Property* § 280 (1938) at 585.

53 BROOKS, Eric M., *"Tilted" Justice: Site- Specific Art and Moral Rights After U.S. Adherence to the Berne Convention*, California Law Review, December, 1989, at 4.

The second fundamental moral right is the artist's right to integrity of the artwork. As the paternity right does, the right of integrity protects the personality of the artist. Since a work of art expresses or embodies the artist's personality, any distortion, mutilation, or misrepresentation of the work injures that expression, and impairs her interest in identity, personality, and honor.[54] In addition, any act modifying the work injures the artist's personality and dignity.[55]

One question of particular relevance to the site-specific artist is whether placing a work in an offensive context violates the right of integrity.[56] The Soviet composer Shostakovich and his fellow plaintiffs raised the issue of offensive context when they objected to the incorporation of their music in an American motion picture that had an "anti-communist" theme. The plaintiffs sued in the United States and France, arguing that the placement of their compositions in such an offensive context constituted an infringement of their interest in the integrity of their art. The case illustrates the difference between French and American protection of artists' rights: The American court explicitly denied the moral rights claim,[57] while on identical facts, a French court hearing the case found a violation.[58]

On March 1, 1989, the United States became a member of the Berne Convention which recognizes the moral rights of paternity and integrity. Prior to the US adherence to Berne, no United States court had recognized moral rights. Rather, American courts have explicitly rejected the doctrine. Courts seeking to protect an artist's personality interests have had to rely upon other legal theories.[59]

The 1976 Copyright Act does not explicitly safeguard the personal rights of artists. Rather, the Act protects the pecuniary rights of the copyright owner. This protection of economic interests often dovetails into the safeguarding of moral rights. When an artist is also the copyright owner, she can invoke the copyright laws to protect, to some degree, her rights of paternity and integrity. [60] The current section 202 thereunder provides that copyright is "distinct from ownership of any material object in which the work is embodied." Together with section 204(a), which provides that copyright ownership interests may only be transferred by a

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54 MERRYMAN, The Refrigerator of Bernard Buffet, 27 HASTINGS L.J. at 254-55.

55 DAMICH, *The New York Artists' Authorship Rights Act: A Comparative Critique*, 84 COLUM.L. REV.1733, 1742 (1984).

56 1 J.MERRYMAN & A. ELSEN, *Law, Ethics and the Visual Arts*, at 348-51 (2d ed. 1987).

57 *Shostakovich v. Twentieth Century Fox Film Corp.*, 196 Misc. 67, 70, 80 N.Y.S.2d 575, 578 (Sup. Ct.1948), aff'd, 275 A.D. 692, 87 N.Y.S.2D 430 (App. Div. 1949) (nothing that the very existence of a moral right was unclear, and that even if there were such a right, the court would not apply it to the facts before it).

58 Jan. 13, 1953, Cour d'appel, Paris, 1954 D, Jur. 16, 80.

59 BROOKS, Eric M., *"Tilted" Justice: Site- Specific Art and Moral Rights After U.S. Adherence to the Berne Convention*, California Law Review, December, 1989, at 5.

60 KWALL,*Copyright and the Moral Right*: Is An American Marriage Possible? 38 VAND. L. REV. 1, 5 (1985).

signed written instrument or by operation of law, section 202 enables artists to retain copyright in a sold artwork much more easily.[61]

4.2.2. Copyright in Doctrinal Alternatives to the Right of Integrity

By imposing appropriate restrictions on her transfers of copyright, the author of a literary work can not only establish a property right in all copies made of her work but also exercise substantial control over the quality of those copies. That is to say, modern copyright law permits an author to subdivide her copyright, retaining some aspects of it and transferring others.[62] Only the particular rights transferred can be exercised by the transferee or, more important for the subject at hand, retransferred by the transferee to a third party. In particular, an author can decline to transfer the right to alter the work or to adapt it (for example, for a movie), insisting that it be reproduced only in its original form, and this restriction on the rights transferred will bind any subsequent third party transferees of the copyright as well.[63] Copyright therefore permits the author of a literary work to protect herself in very substantial degree against any harm she might suffer from alteration of her work.

Copyright is more useful to authors of literary works than it is to visual artists as a means of controlling the way in which their work is presented to the public. The situation is somewhat more ambiguous when it comes to alterations of the original work of art itself. Serious alterations could be construed to involve the creation of an "adaptation" or a "derivative work of art" as those terms are used in copyright law. Since the right to create adaptations or derivative works is among the interests protected by copyright, a visual artist who reserves all of his copyright in his work can prevent alteration of the work that constitute an adaptation or derivative work, and this right is enforceable against all subsequent purchasers of the artist's original work of art.[64]

Prior to the 1976 revision of the US Copyright Act, it was presumed, under the "Pushman Doctrine," that a visual artist transferred common-law copyright to her work when she transferred the physical object itself, unless she specifically reserved her copyright in the contract of sale.[65] Since few artists, apparently,

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61 BROOKS, Eric M., *"Tilted" Justice: Site- Specific Art and Moral Rights After U.S. Adherence to the Berne Convention*, California Law Review, December, 1989, at 7.

62 17 U.S.C. § 201(d)(2).

63 *National Bank of Commerce v. Shaklee Corp.*, 503 F. Supp. 533 (W.D. Tex. 1980) (finding copyright infringement when defendant inserted unauthorized advertising material into published work); *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (9th Cir. 1985) (finding copyright infringement by defendant who staged musical revue in manner not allowed under license), *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir.1988) (finding copyright infringement when defendant with right to record musical composition for film and display film on television also sold and rented videocassettes).

64 HANSMANN, Henry and SANTILLI, Marina, *Authors' and Artists' Moral Rights: A Comparative Legal and Economic Analysis,* The Journal of Legal Studies, January 1997, at 11-12.

65 *Pushman v. New York Graphic Soc'y*, 287 N.Y. 302 (1942).

specifically reserved their copyright, this meant that they could not protect the integrity of their works through exercise of the right to prevent creation of adaptations or derivative works. Perhaps for this reason, the US case law defining the scope of this form of protection for visual artists, as opposed to authors of literary works, is poorly developed.[66] This is presumably an important reason why the US Visual Artists Rights Act legislation of 1990 establishing a right of integrity extends that right only to visual artists and not to authors of literary works, and even for the visual arts does not generally extend to reproductions.[67]

Following the reversal of the Pushman Doctrine in 1976, continuing judicial refinement of what constitutes an adaptation or derivative work in the context of the visual arts might eventually have given rise to doctrine clearly giving visual artists a substantial degree of control over prejudicial alteration of their work-control quite similar to that which is provided by the right of integrity in the civil-law countries.[68]

4.3. The Adaptation Process: Turning a Novel into Film

This section describes the adaptation process—the salient features of the transformation of a novel into a feature-length film intended for a mass audience. Though this process differs in the details from one project to the next, fortunately, there are enough characteristics present in virtually every instance to generalize.[69]

The reasons for such detailed summary of the adaptation process are first, novels and commercial feature-length films made from novels differ from one another in a number of very predictable, indeed often inevitable ways. So by determining precisely which elements of the underlying novel survive the adaptation process, and then filtering those elements through the legal standard, distilled from the result in the film-adaptation cases, a general conclusion can be reached regarding the extent and likelihood of protection for novels against unauthorized adaptation to film. Secondly, by closely examining the adaptation process, one can generalize about the value of novels to film-makers, based on the elements of the novel that survive the adaptation.[70]

4.4. The Effect of Movies on the Market from Novels Upon Which They Are Based

Specifically, what is the effect on the market for the novel when a movie is based on the novel? "Fair use," an equitable defense to a charge of infringement, is

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66 MILLINGER, Donald M., *Copyright and the Fine Artist*, 48 Geo. Wash. L. Rev. 354, 358 (1979-80).

67 HANSMANN, Henry and SANTILLI, Marina, *Authors' and Artists' Moral Rights: A Comparative Legal and Economic Analysis,* The Journal of Legal Studies, January 1997, at 12.

68 *Id.*

69 Y'BARBO, Douglas, *Aesthetic Ambition Versus Commercial Appeal: Adapting Novels to Film and the Copyright Law,* St. Thomas Law Review, 1998, at 5.

70 *Id.* at 5.

conditioned in part on the effect of the accused work on the market value of the original work.[71]

4.4.1.The Effect of Film-Adaptation on the Market for the Underlying Novel

Without novels, there would still be movies; they just would not be as good. There are a few recent movies based on novels. In fact, the frequency with which movies are based on novels appears to be increasing dramatically.

Example, three novels by Jane Austen have inspired movies, *Sense and Sensibility*;[72] *Persuasion*;[73] and *Emma.*[74] These movies have not only revived, but have generated new interest in her work. An average bookstore that sold three to four copies of Sense and Sensibility per month reported selling fifty to sixty copies per month after the movie's release. As one might expect, these movies have boosted sales of her other novels as well.[75] After release of the movie, Penguin Books, a major publishing house, reported that its sales of all Austen titles increased three or four-fold.[76]

Even more convincing examples can be found in which, release of the movie not only increases sales of the book, but actually recreated a market for a book whose market has long since perished. *Leaving Las Vegas, Apollo 13,* and *Terms of Endearment* are representative of this phenomenon. Each of these books sold poorly to moderately well when first published; yet almost immediately after the movie was released, the novels soared to number one on the Bestseller List.[77]

Although a poor film adaptation may increase the sales of the novel, damage may be done to the author's reputation. The bad movie may result in net harm over the long run irrespective of the ephemeral effect of increased sales of one novel. One movie critic explains that the film version of Tom Robbins' *Even Cowgirls Get the Blues*[78]was so bad that he might well have otherwise ascended into the

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71 *d.* at 38.

72 AUSTEN, Jane, *Sense and Sensibility* (Chatto & Windus 1984); see also Sense and Sensibility (Mirage/Columbia 1995).

73 AUSTEN, Jane, *Persuasion* (Chatto & Windus 1988); see also Susan Lee, A Tale of Two Movies, FORBES, Nov. 4, 1996, at 391.

74 AUSTEN, Jane, Emma (Oxford Univ. Press 1988); see also CLUELESS (Paramount 1995); EMMA (Matchmaker 1996).

75 BARTON, David, *Still Making Sense: Recent Movies Turning America into the Austen Tea Party,* SAN DIEGO UNION-TRIB., Jan. 15, 1996, at D-1.

76 AVERY, Bryant, *Movies Sell Classic Books*: Bookstores See Surge in Sales for Austen, Bronte, Scott, EDMONTON J., April, 30, 1996, at F2, available in 1996 WL 5126874.

77 GUINN, Jeff; Moviewriters: *Nothing Boosts a Neglected Book Like the Film Version*, FORT WORTH STAR-TELEGRAM, Feb. 24, 1996, at 1.

78 ROBBINS, Tom, *EVEN COWGIRLS GET THE BLUES* (1976); see also *EVEN COWGIRLS GET THE BLUES* (New Line 1994); Ben Thompson, Film Review: *Even Cowgirls Get the Blues*, SIGHT & SOUND, Jan. 1995, at 45-46.

79 ARNOLD, William, *Author! Author!: Hollywood's Taste for Hit Books Gives Novelists New Respect,* SEATTLE POST-INTELLIGENCER, Sept. 16, 1996, at C1.

"author-as-movies star" league.[79] Perhaps so, but if this is the reputational damage of which so many speak, then they must learn that what is tarnished in these instances is not the author's reputation as a novelist, but the author's reputation for writing novels which "translate" into good movies.[80]

In Hollywood some novelists have a reputation for "not adapting well," which means that their novels, though commercially successful, do not translate into commercially successful film.[81] In this category, Stephen King comes to mind, and his books continue to sell.[82] Hence, the reputation earned by such authors, aside from being deserved, is not likely to affect their book sales.[83]

In 1989, sixty-three fiction books had sales over 100,000 copies, and only four books sold over one million copies.[84] If the average book price is US$15, then only sixty-three fiction books had total revenues of over US$1.5 million. In contrast, the movie Forest Gump made US$329.7 million in North America alone.[85] Anecdotal data suggests that dollar amounts paid to novelists who sell their adaptation rights are highly polarized. Most get very little. A few get a lot. These numbers must be assessed carefully because what novelists get paid for selling their adaptation rights must be compared with the revenue they receive from sales of books, both before and after the movie is released.[86]

Indeed, the emerging trend in the film industry is the "novelist-as-star" idea. In other words, the novelist becomes the "bankable" element of the deal instead of the movie producer, studio, actor, or writer.[87]

4.4.2. Application to Fair Use

The fair use doctrine enables courts to curb the monopoly given to a copyright owner in order to serve greater public interest.[88] The Supreme Court has explained fair use as a doctrine that "permits the courts to avoid rigid application of the copyright statute when on occasion, it would stifle that very creativity which the law is designed to foster."[89] Section 107 of the 1976 Act gives a nonexclusive

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80 Y'BARBO, Douglas, *Aesthetic Ambition Versus Commercial Appeal: Adapting Novels to Film and the Copyright Law,* St. Thomas Law Review, 1998, at 40.

81 KANFER,Stefan , *King of Horror: The Master of Pop Dread Writes on ...and on ... and on ... and on,* TIME, Oct. 6, 1986, at 74, 80.

82 HANDY, Bruce, Monster Writer, TIME, Sept. 2, 1996, at 60.

83 Y'BARBO, Douglas, *Aesthetic Ambition Versus Commercial Appeal: Adapting Novels to Film and the Copyright Law,* St. Thomas Law Review, 1998, at 40-41.

84 MARYLES, Daisy, *1989's Hardcover Bestsellers*: More Books with Reported Sales of Over 100,000; Celebrity Names and Verteran Writers Dominate the Top Spots, PUBLISHER'S WKLY., Mar. 9, 1990, at 17.

85 NATHAN, Paul, *Rights—Hungry Hollywood*, PUBLISHERS WKLY., Aug.21, 1995, at 17.

86 Y'BARBO, Douglas, *Aesthetic Ambition Versus Commercial Appeal: Adapting Novels to Film and the Copyright Law,* St. Thomas Law Review, 1998, at 42.

87 *Id.*

88 BALL, Hoarce G., *The Law of Copyright and Literary Property*, at 260 (1944).

89 *Stewart v. Abend*, 495 U.S. 207, 236 (1990).

list of possible fair uses, including uses for the purpose of criticism, comment, news reporting, teaching, scholarship, or research.[90]

"Fair use" is an equitable affirmative defense to copyright infringement. The fair use defense should be *per se* unavailable to the accused infringer/film maker who has usurped the plaintiff's/novelist's adaptation rights period.[91]

Consider these facts in some of the film-adaptation cases presented:

(1) In the Defending Your Life, Groundhog Day, and Driving Miss Daisy cases, the plaintiff's novel was, in each instance, out of print at the time that the defendant's film was released;
(2) Only one out of something like 10,000 novels ever even gets signed to an option contract in the first place;[92] and
(3) Only a few out of every hundred novels optioned by a studio or independent producer are ever made into films.[93]

As evidenced by these facts, the film will not harm the market for the underlying novel, but rather drastically enhance it because often such a market no longer exists; the film revives it. But will it harm the novelist's adaptation rights? That's not likely because the prospect of revenue from a film adaptation is so remote as to have, at best, only a negligible effect on the incentives of the novelist to create the work or on the amount that the publisher will pay *ex ante* for the novel.[94]

In the typical film-adaptation case, the defendant/film maker can show that the copyright owner has not previously exploited his film-adaptation rights, nor does a reasonable probability exist that he will do so in the future, either statistically or in the case of that individual plaintiff or both. Thus, the defendant/ film maker will quite often be able to foreclose any reasonable possibility that the plaintiff could have exploited the medium. If he can do this, which is likely in a film-adaptation dispute, then he should be entitled to invoke and successfully prevail on the fair use defense.[95]

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90 17 U.S.C. § 107 (1994).

91 *NIMMER ON COPYRIGHT* 35, §13.05[B][1], at 13-196.

92 LINDEY ON ENTERTAINMENT, PUBLISHING & THE ARTS: *AGREEMENTS AND THE LAW* 39, §5.01 [2], at 5-5.

93 *Id.* at 5.

94 Y'BARBO, Douglas, *Aesthetic Ambition Versus Commercial Appeal: Adapting Novels to Film and the Copyright Law,* St. Thomas Law Review, 1998,at 43.

95 This view is far from the majority position. E.g., *Rogers v. Koons*, 960 F. 2d 301,312 (2d Cir.1992); *Marvin Worth Prod's v. Superior Films Corp.*, 319 F. Supp. 1269, 1274 (S.D.N.Y. 1970). For a case opposing the majority view, *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.,* 964 F.2d 965, 969,971,972 (9th Cir. 1992). E.g., *Pacific & S. Co. v. Duncan*, 744 F.2d 1490,1496 (11th Cir. 1984) ("Some commercial purposes, for example, might not threaten the [copyright owner's] incentives because the user profits from an activity that the owner could not possibly take advantage…").

The film *Driving Miss Daisy*[96] borrowed so heavily from the underlying novel, the novelist's movie, had he made one, would likely be very different from that of the accused infringer. Film making involves thousands of artistic choices for which the underlying novel provides no guidance. Although they infringe the underlying novel, any two movies based on the same novel are likely to be drastically different. Granted, the movie-going public may decide that it does not want to see another film that same summer depicting the relationship between a bigoted master and an understanding nurturing servant of a different race. And so, the infringing movie could quite conceivably diminish the market for the novelist's film. Still, a non-infringing imitation could have that effect as well.[97]

The effect of the legal standard applied in film-adaptation cases like *Driving Miss Daisy,* is to virtually immunize film makers against liability from taking of a novel's protectable expression, other than its literal prose. From this result, one may conclude that the standard applied in these disputes is roughly consonant with the objectives of copyright law.[98]

CONCLUSION

It is clear that although the recognition of moral rights in the United States is different from those of the Western European countries, there is a legal basis in the United States with respect to artists' moral rights. For example, the Visual Artists Rights Act, passed in 1990, added moral rights to the law for works of visual art created after December 1, 1990, and moral rights are in independent of and in addition to traditional copyright. Also, under the Visual Artists Rights Act, creators of visual art have two additional rights, the right of attribution and the right of integrity, against third parties who have purchased the work and even if they also purchased the copyright in the work.

In other words, although the moral rights doctrine had become commonplace in Europe, the United States adopted moral rights legislation only recently. This, however, clearly shows that the United States is well aware of the fact that together with the changing circumstances, new laws must be designed and promulgated to

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96 (Zanuck/ Warner 1989).

97 Y'BARBO, Douglas, *Aesthetic ambition Versus Commercial Appeal: Adapting Novels to Film and the Copyright Law,* St. Thomas Law Review, 1998, at 43.

98 *Id.* at 46.

meet new needs, and that therefore, the United States finally adopted the moral rights legislation, as mentioned above, and moreover signed the Berne Convention.

It is finally a question of policy and timing as to when the adoption of moral rights legislation extended to authors' moral rights will be made in the field of copyright in the United States.

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