PREVENTING UNJUST ENRICHMENT AND COPYRIGHT OPPORTUNISM: EQUITABLE INTERPRETATIONS OF SECTION 103(a)

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Abstract: A stealth issue in many close copyright fair use cases is the potential invalidity of second comers' copyrights under 17 U.S.C. § 103(a) if the secondary use is ultimately held to infringe the derivative work right. Section 103(a) of the Copyright Act says, in effect, that no copyright exists in any part of a derivative work in which the first work's expression was "used unlawfully." Courts have largely ignored § 103(a). But recent cases, such as *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith* (2023), have raised the profile of § 103(a). This Article traces the origins, history, and case law on § 103(a), highlighting its ambiguity and significant ramifications in cases in which it was arguably relevant. By exploring the expansive range of possible interpretations and applications of § 103(a), the Article argues that a careful reading of the statutory text, in keeping with its legislative history, reveals the dual purpose of § 103: to prevent infringers from being unjustly enriched when they take protected expression from earlier works and to provide protection to the original expression contributed by derivative work authors. When courts understand this dual purpose, they can and should limit the extent to which § 103(a) should invalidate copyrights, especially in close cases of derivative work infringement and fair use rulings. When invalidations of copyrights would be inequitable as to good faith secondary uses of source works, would result in windfalls to source work authors, or would otherwise be contrary to fundamental principles of copyright law, this Article argues that the best reading of § 103 would apply it narrowly to achieve copyright's goal of promoting the "progress of science."

INTRODUCTION

Section 103(a) of the Copyright Act of 1976 (1976 Act) has largely been invisible in the copyright case law. Yet it is very often relevant in copyright disputes when courts have to decide whether a second comer's use of parts of a

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first author's work was a transformative fair use or an infringing derivative work.[1] Section 103(a) says that "[t]he subject matter of copyright . . . includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists *does not extend to any part of the work in which such material has been used unlawfully*."[2] Some courts and commentators have interpreted the italicized phrase to mean that no copyright can exist in original expression that a putative infringer might have contributed to their derivative work.[3] We disagree. This Article offers a nuanced interpretation of § 103(a) which takes account of the text of § 103 as a whole, the case law interpreting § 103(a), and the legislative history that shows that Congress had a dual purpose for adopting this provision: to prevent infringers from being unjustly enriched and to preserve copyrights in original expression contributed by derivative work authors.[4]

The latent but potentially outsized implications of the second clause of § 103(a) first came to our attention during the *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith* litigation.[5] After the U.S. Court of Appeals for the Second Circuit overturned a lower court ruling that Andy Warhol had made fair use of a Lynn Goldsmith photograph when creating a series of images depicting the rock musician Prince, the Warhol Foundation filed a petition for rehearing.[6] The petition mainly focused on explaining why Warhol, whom Vanity Fair had commissioned to create art works based on Goldsmith's photograph under an artist reference license from her agent, had fairly used that photograph.[7] But the petition also discussed the potential consequences of a ruling in Goldsmith's favor: the specter that the Foundation would lose copyrights in sixteen of Warhol's works because of § 103(a).[8]

If the Second Circuit agreed with Goldsmith that all sixteen works in the *Prince Series* were infringing derivatives, the petition warned that § 103(a)

[1] *See, e.g.*, Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 574 (1994) (analyzing the fair use defense in a case involving a rap parody of a popular song).

[2] 17 U.S.C. § 103(a) (emphasis added).

[3] *See infra* Part II.A (discussing cases where putative infringers bring lawsuits against owners of source work copyrights).

[4] *See infra* Part I.B (discussing the legislative history of § 103).

[5] Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 382 F. Supp. 3d 312, 316 (S.D.N.Y. 2019), *rev'd*, 11 F.4th 26 (2d Cir. 2021), *aff'd*, 598 U.S. 508 (2023). We credit Brian Frye as the first commentator to suggest that § 103(a) might invalidate the Warhol *Prince Series* copyrights. *See* Brian L. Frye, *After Andy Warhol?*, 63 IDEA 280, 283–84 (2023).

[6] *See* Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 11 F.4th 26, 32 (2d Cir. 2021); Petition for Panel Rehearing and Rehearing En Banc at 1–2, Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 11 F.4th 26 (2d Cir. 2021) (No. 19-2420-cv) [hereinafter *Warhol* Rehearing Petition].

[7] *Warhol* Rehearing Petition, *supra* note 6, at 3–6, 12–13. For a discussion of the significance of artist references, see generally Jessica Silbey & Eva E. Subotnik, *What the* Warhol *Court Got Wrong: Use as an Artist Reference and the Derivative Work Doctrine*, 47 COLUM. J.L. & ARTS 353 (2024).

[8] *See Warhol* Rehearing Petition, *supra* note 6, at 18.

would invalidate the Foundation's copyrights.[9] The petition conjectured that if Goldsmith prevailed in her claim that Warhol infringed her derivative work right in the photograph, she could then exploit Warhol's creations (e.g., by exclusively licensing them) without interference from the Foundation because it would have lost rights in these works despite Warhol's originality.[10] The petition further asserted that museums and galleries who owned copies of the *Prince Series* works could no longer publicly display or sell them because the originals would no longer be considered "lawfully made" under U.S. copyright law, and hence no longer entitled to the benefits of the first sale limitation on authorial exclusive rights.[11] The Second Circuit ignored § 103(a), as many courts do.[12] When the Supreme Court issued its ruling against the Foundation's fair use argument, it similarly ignored the implications of § 103(a) for the Foundation's copyrights.

There were, however, good reasons for the Foundation to be worried about § 103(a) for its copyrights in the *Prince Series*. Years earlier, in 2011, a trial court in the Second Circuit found that Richard Prince's *Canal Zone* artworks based on forty-one of Patrick Cariou's photographs were infringements.[13] The court ordered Prince and co-defendant Gagosian Gallery to deliver all copies of the infringing works in their possession, including unsold paintings, to Cariou for impoundment, destruction, or other disposition.[14] The court also ordered these defendants to notify current and future owners of the infringing paintings that they could not publicly display those art works because

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[9] Although the Second Circuit did not decide whether the *Prince Series* were unlawful derivative works, the court suggested that they were closer to that status than to fair uses. *Warhol*, 11 F.4th at 43. The Foundation's copyright invalidation, however, would not mean that the *Prince Series* works were in the public domain as they would still be subject to Goldsmith's copyright in the photograph on which Warhol based the *Prince Series*. *See* Pamela Samuelson, *Did the Solicitor General Hijack the* Warhol v. Goldsmith *Case*?, 47 COLUM. J.L. & ARTS 513, 534 (2024); *see also id.* at 531–42 (discussing the significance of § 103(a) and why courts ignored it in *Warhol*).

[10] *Warhol* Rehearing Petition, *supra* note 6, at 18. It also observed that "[c]ountless seminal works of contemporary art would be imperiled to suffer the same fate as the Prince Series." *Id.*

[11] *Id.* at 17–18 (citing 17 U.S.C. §§ 109(a), 109(c)). As codified in § 109, the first sale doctrine allows the owner of a lawful copy (or phonorecord) of a copyrighted work to re-sell, lend, give away or otherwise dispose of it, and to publicly display it. 17 U.S.C. § 109.

[12] Concurring Judge Jacobs thought it unnecessary to address the status of the Foundation's copyrights because he (inaccurately) understood Goldsmith not to be claiming that the original Warhol works were infringements; he also thought Goldsmith had expressed no intention to encumber them. *Warhol*, 11 F.4th at 54–55 (Jacobs, J., concurring). *But see* Samuelson, *supra* note 9, at 517–24 (explaining that Goldsmith had consistently claimed that all sixteen works in the *Prince Series* were infringing derivatives). Judge Jacobs indicated the panel would need to reconsider its ruling if the Foundation's contentions about Goldsmith's claims were sound. *Warhol*, 11 F.4th at 55 (Jacobs, J., concurring).

[13] Cariou v. Prince, 784 F. Supp. 2d 337, 342–43 (S.D.N.Y. 2011), *rev'd in part, vacated in part*, 714 F.3d 694 (2d Cir. 2013).

[14] *Id.* at 355–56; *see infra* Part III.B.3 (discussing *Cariou* in the context of infringement lawsuits by source work authors motivated by reputational or censorial concerns).

the creations had been unlawfully made and thus were ineligible for the first sale limitation of U.S. copyright law.[15] Although the Second Circuit reversed the ruling in Cariou's favor, holding that all but five of the *Canal Zone* works were fair uses, it cautioned the trial court not to order impoundment or destruction if it found that those five works infringed copyrights.[16] Neither the trial nor appellate court acknowledged the possible implications of § 103(a) for Prince's ability to claim copyrights in those five works. But the specter of destruction, exploitation, and exclusive control by the author of a source work was apparent in the case.

Section 103(a) has been a stealth issue in some famous copyright cases from past decades without being acknowledged or explicated. In 1994, in *Campbell v. Acuff-Rose Music, Inc.*, for example, the Supreme Court did not consider the potential implications of § 103(a) when, without mentioning that section, it opined that in close, but ultimately unsuccessful, fair use cases, courts need not issue injunctions if the public has an interest in access to the infringing works.[17] The Court cited Judge Pierre Leval's famous fair use article in support of this proposition.[18] Yet neither the Court nor Judge Leval considered the implications of § 103(a) for prevailing plaintiffs or putative fair users' claims of rights in unauthorized derivative works.[19] Had the Court, for instance, denied certiorari or affirmed the U.S. Court of Appeals for the Sixth Circuit's ruling that 2 Live Crew was an infringer, 2 Live Crew would have seemingly lost exclusive rights in their song.[20] Moreover, owners of digital

[15] *Cariou*, 784 F. Supp. 2d at 356.

[16] *Cariou*, 714 F.3d at 712 & n.5.

[17] 510 U.S. 569, 578 n.10 (1994). Courts in copyright cases often withhold injunctive relief since *Campbell* and *eBay Inc. v. MercExchange, L.L.C. See* eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391–94 (2006) (holding that granting injunctions against infringers is discretionary); Matthew Sag & Pamela Samuelson, *Discovering* eBay*'s Impact on Copyright Injunctions Through Empirical Evidence*, 64 WM. & MARY L. REV. 1447, 1469–99 (2023) (presenting results of an empirical study showing a reduction in injunction grant rates post-*eBay*); Pamela Samuelson, *Withholding Injunctions in Copyright Cases: Impacts of* eBay, 63 WM. & MARY L. REV. 773, 813–15 (2022) (summarizing a qualitative review of *eBay*'s impacts on injunctions in copyright caselaw).

[18] *Campbell*, 510 U.S. at 578 n.10 (citing Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1134 (1990)).

[19] *See* 17 U.S.C. § 103(a). Some commentators have endorsed liability (damage awards) rather than property rules (injunctions) for second comers who create unauthorized derivative works without acknowledging the implications of § 103(a) for their proposals. *See, e.g.*, Paul Edward Geller, Hiroshige vs. Van Gogh*: Resolving the Dilemma of Copyright Scope in Remedying Infringement*, 46 J. COPYRIGHT SOC'Y U.S.A. 39, 59–70 (1998); Alex Kozinski & Christopher Newman, *What's So Fair About Fair Use?*, 46 J. COPYRIGHT SOC'Y U.S.A. 513, 521–29 (1999); John Tehranian, *Whither Copyright? Transformative Use, Free Speech, and an Intermediate Liability Proposal*, 2005 BYU L. REV. 1201, 1236.

[20] Acuff-Rose Music, Inc. v. Campbell, 972 F.2d 1429, 1439 (6th Cir. 1992) (concluding that Campbell's rap parody was not a fair use), *rev'd*, 510 U.S. 569 (1994). Although the Court reversed the Sixth Circuit, it remanded the case for consideration of whether Campbell's use of the Orbison

copies of that song and firms that distributed copies could also be deemed infringers because they would no longer be owners of "lawfully made" copies of the song entitled to the benefits of the first sale rule.[21] In addition, broadcasters who publicly performed 2 Live Crew's song might have infringed the Acuff-Rose copyright because the blanket license under which broadcasters performed that work might not extend to broadcasts of infringing copies.[22]

Section 103(a) was new to the 1976 Act. Whether it was a continuation of past practice or a *sui generis* provision to update copyright law for the modern era is unclear from the history and case law. Only a few dozen cases decided since the late 1970s have considered § 103(a)'s implications at all. Most decisions for which that section might have significance have ignored it. One reason that § 103(a) has so rarely been analyzed in close fair use cases may be that claims of infringement most often rest on reproduction right claims, even when the secondary works at issue are plausibly derivative works.[23] This Article takes a close look at the cases that have applied § 103(a) as well as many that have ignored it. Our analysis reveals a surprising underappreciation of the magnitude of its potential effect and its heretofore subterranean existence in copyright doctrine. The potentially outsized significance of the effect of § 103(a) for works of authorship based upon preexisting works deserves greater attention for the proper application of this provision.

This Article proceeds as follows. Part I describes the prehistory of § 103(a) under the Copyright Act of 1909 (1909 Act) and describes the legislative history of § 103 which reveals the dual purpose of this new provision: to prevent infringers from being unjustly enriched and to preserve copyrights in original expression contributed by derivative work authors.[24] Part II canvasses

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song had harmed a market for rap derivatives. *Campbell*, 510 U.S. at 593–94. Thus, Campbell was not exonerated from a charge of infringement.

[21] *See* 17 U.S.C. § 109(a).

[22] *See id.* § 110(5)(B)(v) (requiring that transmission of non-dramatic musical work be licensed by copyright owner to claim an exemption for public performance in certain small bars, restaurants, and similar establishments); *see also* 2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 8.18[C][2][b][iv] (rev. ed. 2025) (discussing the exemption).

[23] The Nimmer treatise has long regarded the derivative work right as superfluous because to infringe that right, one must have taken sufficient quantum of expression to infringe the reproduction right. 2 NIMMER & NIMMER, *supra* note 22, § 8.09[A]; *see also* Pamela Samuelson, *The Quest for a Sound Conception of Copyright's Derivative Work Right*, 101 GEO. L.J. 1505, 1510 n.25 (2013) (citing the 2012 treatise). Because the 1909 Act did not have an equivalent exclusive right to the 1976 Act's derivative work right, plaintiffs typically invoked the reproduction right in infringement cases. That practice has continued under the 1976 Act. *See infra* Part III.A.3 (discussing this issue in relation to the *Blurred Lines* case). How courts should distinguish between § 106(1) and § 106(2) for the purposes of § 103 is beyond the scope of this Article. Nevertheless, the problems raised by § 103 and the case law and history discussed herein provide compelling reasons to apply § 103 only to derivative works and in a manner guided by equitable principles allocating authorial interests between authors of derivative works and preexisting works.

[24] *See infra* Part I.

the cases decided since 1976 in which the § 103(a) invalidation provision was considered, illuminating its textual ambiguity and how courts have interpreted it.[25] Part III discusses numerous considerations relevant to § 103(a)'s proper interpretation and application in light of its dual purpose.[26] Some of these considerations bear on the good faith conduct of derivative work authors and some on opportunistic behaviors of those who have raised or could raise § 103(a) invalidation defenses. Courts may and, we argue, should consider these equitable factors in close infringement cases to avoid § 103(a) invalidations. Part IV discusses several ways in which courts can prudently apply § 103(a) in conformity with its purposes and to advance balanced copyright policy.[27]

I. SITUATING § 103(a) IN U.S. COPYRIGHT LAW

The 1909 Act did not speak about the copyright status of the original expression contributed by secondary authors of unauthorized derivative works. Nevertheless, a few cases held that derivative work authors could rely on copyright protections for their original contributions to unauthorized derivatives, although a prominent treatise questioned the viability of such claims.[28] Section 103 of the 1976 Act addressed a number of previously unclear issues concerning compilations and derivative works, including the copyrightability issue. Section A of this Part discusses the treatment of noninfringing parts of derivative works prior to the enactment of § 103.[29] Section B surveys § 103's legislative history.[30]

A. The Prehistory of § 103(a)

The 1909 Act had no counterpart to the second clause of § 103(a) on which this Article mainly focuses. Its section 7 provided that:

> [C]ompilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain, or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this Act; but the publication of any such new works shall not affect the force or validity of any subsist-

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[25] *See infra* Part II.

[26] *See infra* Part III.

[27] *See infra* Part IV.

[28] *See infra* Part I.A (discussing relevant cases under the 1909 Act and the Nimmer treatise). For the sake of simplicity, this Article will use the term "derivative work" to refer to adaptations and the like when discussing cases decided under the 1909 Act, even though that term was new to the 1976 Act. *See* Samuelson, *supra* note 23, at 1509.

[29] *See infra* Part I.A.

[30] *See infra* Part I.B.

> ing copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.[31]

This provision is not a clear precursor to 17 U.S.C. § 103(a). For one thing, it does not mention derivative works, a term adopted in the 1976 Act as a catchphrase to describe several types of adaptations addressed in section 7. Second, its language does not make clear what role consent should play in the independence and copyrightability of the derivative works as distinct from what copyright protects in the source work. It says only that derivative works "shall be regarded as new works subject to copyright under the provisions of this title."[32] Of course, preparing a derivative work or compilation without authorization could infringe copyright in the underlying work(s).[33] Yet it was unclear under the 1909 Act whether the original expression contributed by the author of an unauthorized derivative work or compilation could be protected by copyright even if that work infringed a source work's copyright.[34]

A rare case addressing this issue, at least as to compilations, was the U.S. Court of Appeals for the Ninth Circuit's 1973 case of *Belcher v. Tarbox*.[35] To evade liability for copying substantial parts of plaintiff John Belcher's work, defendant Irving Tarbox unsuccessfully challenged the validity of Belcher's copyright, claiming that Belcher had illegally copied substantial parts of another author's similar compilation so Belcher's claim of copyright infringement against him should be denied.[36] The court reasoned that the Copyright Act did not preclude copyright protection to a composite work incorporating previously copyrighted materials without the original holder's consent, and that it would therefore be improper for a third party to freely copy that entire composite work.[37] Consequently, the Ninth Circuit ruled that Belcher held a

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[31] In the original drafts of the 1909 Act, and as enacted, the "new works" provision was section 6. *See* Copyright Act of 1909, ch. 320, § 6, 35 Stat. 1075, 1077 (1909) (repealed 1978). In 1947, the extant revised provisions of the 1909 Act were codified and enacted into positive law as Title 17 of the U.S. Code. Although no substantive changes were made, the recodification made several clarifying edits and renumbered some provisions, hence section 6 became section 7. *See* 1 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 1:59 (2d ed. 2025) (discussing Copyright Act of 1947, ch. 391, 61 Stat. 652 (1947) (codified as amended at 17 U.S.C § 7 (1952) (repealed 1978)).

[32] § 7, 61 Stat. at 655.

[33] *See, e.g.*, Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390, 396, 409 (1940) (affirming a finding that a motion picture adaptation of dramatic work infringed copyright in that work).

[34] Copyrights in authorized derivative works can be separately owned by the derivative work's author. *See, e.g.*, Edmonds v. Stern, 248 F. 897, 898 (2d Cir. 1918).

[35] 486 F.2d 1087, 1087–88 (9th Cir. 1973).

[36] The works at issue were books and pamphlets about handicapping systems for betting on horse races, as to which Belcher and Tarbox were competitors. *Id.* at 1087.

[37] *Id.* at 1088 ("[T]here is no provision denying copyright protection to new matter in composite works made up in part of matter copyrighted by another, without the holder's consent, or permitting a third person such as defendant to copy with impunity the entire composite work, thereby infringing both copyrights.").

valid copyright in his compilation and affirmed a lower court ruling that Tarbox infringed it.[38]

The Ninth Circuit's *Belcher* decision implicitly rejected the opinion of copyright scholar Melville Nimmer, expressed in his 1963 treatise.[39] Nimmer thought that section 7 should be understood to *deny* copyright to infringing derivatives, opining that "[i]f there is no right to create the derivative work, there would seem to be no right to claim a copyright in it, even as to the noninfringing material which it may contain."[40] Nimmer offered no case law support for this proposition. The treatise cited one case holding that a later ratification by the owner of copyright of a source work supported a translator's copyright claim against a third-party infringer.[41] Nimmer implied that but for the ratification, the translator would have had no copyright and could not have maintained a claim against an infringer of his translation. That implication too lacked supporting authority.

A later edition of the Nimmer treatise cited *Davis v. E.I. DuPont de Nemours & Co.* in support of the proposition that copyright was unavailable to the entirety of infringing derivatives.[42] But *Davis* held that the plaintiff's derivative work copyright (on a play based on a novel) was valid and enforceable against third parties (the producers of a television version of the play) even though Davis's rights to create that derivative work may have expired.[43] *Davis* allowed the plaintiff-playwright to win an infringement action against the television producer, directly contradicting Nimmer's assertion that unauthorized derivatives are uncopyrightable or lack copyrightable expression that can be enforced against putative infringers. Indeed, *Davis* confirmed the playwright's entitlement to copyright protection for the original authorial expression Davis contributed to the derivative work:[44]

> Plaintiff's rights . . . do not depend on any ownership interest in the novel . . . or renewal novel copyrights . . . . [Davis] acquired the right to create a play based on the novel . . . . [which] was copyrightable as a 'new work' under 17 U.S.C. [§] 7, and the copyright

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[38] *Id.* The Ninth Circuit overruled the lower court's ruling that Belcher could not enforce his copyright because one of those works was deceptive. *Id.* at 1089.

[39] MELVILLE B. NIMMER, NIMMER ON COPYRIGHT § 44 (1963).

[40] *Id*. This early edition of the treatise pre-dated *Belcher*.

[41] *Id*. (citing Ilyin v. Avon Publ'ns, Inc., 144 F. Supp. 368, 373 (S.D.N.Y. 1956)).

[42] *See* 1 NIMMER & NIMMER, *supra* note 22, § 3.06 n.8 (citing 240 F. Supp. 612 (S.D.N.Y. 1965)) (discussing the disputed status of copyrights in unauthorized works under the 1909 Act, citing *Belcher v. Tarbox* as supporting copyright claims in infringing compilations, and *Davis v. E.I. DuPont de Nemours & Co*. and *Ilyin v. Avon Publications* as supporting Nimmer's ratification theory).

[43] *Davis*, 240 F. Supp. at 626–27. Defendants argued that Davis had obtained rights to create the play under the first term's copyright, not under the renewal term. *Id.* This is similar to the issue addressed in *Stewart v. Abend*, discussed *infra* Parts III.A.1 and IV.A.

[44] *Davis*, 240 F. Supp. at 626–27.

> on it exists and protects all new matter therein contained, independently of the ownership of the original or renewal copyrights on the novel upon which it is based. The significant new matter protected by the Davis play is the original Davis manner of expressing the story . . . in the form of a dramatization, and . . . it is this manner of expression which defendants have infringed.[45]

Both *Belcher* and *Davis* held that noninfringing parts of unauthorized compilations or derivative works could be copyright-protected and those copyrights could be enforced against third-party infringers, even though the 1909 Act was silent on this issue.[46]

Because there is no case law support for Nimmer's opinion that the 1909 Act should be interpreted to deny copyright in unauthorized compilations and derivative works, it is fair to conclude that under the 1909 Act the copyright status of *noninfringing parts* of unauthorized derivative works was at worst indeterminate, or more likely, available to protect derivative work authors against third-party infringements.[47]

B. Legislative History of § 103

The legislative history of § 103, and in particular, of the second clause of § 103(a) on which this Article principally focuses, is sparse. The House Report accompanying the 1976 Act states that § 103 was meant to "define, more sharply and clearly than does section 7 of the present law, the important interrelationship and correlation between protection of preexisting and of 'new' material in a particular work."[48] The report added that the "most important

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[45] *Id.* (citations omitted).

[46] The "parts" in *Belcher* and *Davis* were integrated into the whole and were not easily separable, making the significance of the rulings relevant for interpreting § 103(a).

[47] The current (2025) version of the Nimmer treatise admits the statutory text of the 1909 Act was ambiguous in this regard and "is the subject of much dispute between the majority and dissenting opinions in *Stewart v. Abend*." 1 NIMMER & NIMMER, *supra* note 22, § 3.06 n.7. Nevertheless, an injunction forbidding further exploitations of infringing derivative works under the 1909 Act would have, in effect, prevented the author of an infringing derivative work from enjoying the benefits of its non-infringing contributions. For example, a court enjoined MGM from exploiting a motion picture that infringed copyright in the plaintiff's play. *See* Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 56 (2d Cir. 1936). That movie has consequently been unavailable except through bootleg copies. *See* GARY A. ROSEN, ADVENTURES OF A JAZZ AGE LAWYER: NATHAN BURKAN AND THE MAKING OF AMERICAN POPULAR CULTURE 271 (2020). Yet, when ruling on a disgorgement of MGM's profits, the Court implicitly recognized that eighty percent of the movie's profits derived from MGM's original contributions. *See* Sheldon v. Metro-Goldwyn Pictures Corp., 309 U.S. 390, 396, 408 (1940). For a discussion of numerous issues about which courts had been confused regarding the relationship between derivative works and source works under the 1909 Act, see Peter Jaszi, *When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest*, 28 UCLA L. REV. 715, 747–79, 795–801 (1981) (discussing conflicting analyses in the context of motion picture derivatives).

[48] H.R. REP. NO. 94-1476, at 57 (1976).

point here is one that is commonly misunderstood today: copyright in a 'new version' covers only the material added by the later author, and has no effect one way or the other on the copyright or public domain status of the preexisting material."[49] In other words, § 103 clarified that the scope of copyright protection in compilations and derivative works extends only to the original expression that the compilation or derivative work author added to the work. Although this point is implicit in § 103(a), it was made explicit in § 103(b).[50] In this respect, § 103 differs from the 1909 Act's section 7.

A second respect in which § 103 differs from section 7 lies in its first clause, which indicates that compilations and derivative works are copyright-protectable as long as they fall within one of the statutorily defined categories of protectable subject matters listed in § 102(a). Section 7 of the 1909 Act listed as many as nine types of potentially copyrighted derivative works, but it did not tie their protectability to existing categories of copyrightable subject matters (e.g., compilations or derivative works of maps, charts, and the like). Section 103(a) ties the two sections together.

A third relevant difference lies in the 1976 Act's provisions defining derivative works and compilations in § 101.[51] The derivative work definition added new examples of secondary works that Congress wanted to be treated as derivatives as compared with section 7,[52] and also featured an open-ended clause at the end through which plaintiffs could argue that unenumerated categories of secondary works might be protectable derivatives.[53]

A fourth difference is § 103's implicit requirement that compilations and derivative works must embody original expression to be copyrightable. This requirement had no counterpart in section 7. The legislative report observed that "[r]ead together, the two sections [§§ 102 and 103] make plain that the criteria of copyrightable subject matter stated in section 102 apply with full force to works that are entirely original and to those containing preexisting material."[54] In this way, Congress made clear that compilations and derivative works are as copyrightable as other original works. It also implicitly repudiat-

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[49] *Id.*

[50] *See* 17 U.S.C. § 103(a) (providing what copyright protection in a compilation or derivative work does not extend to); § 103(b) (providing what copyright protection in a compilation or derivative work does extend to).

[51] *Id.* § 101 (providing definitions of "compilation" and "derivative work").

[52] *Id.* (providing definition of "derivative work" that includes fictionalizations, sound recordings, and art reproductions, which were unmentioned in section 7).

[53] *Id.* The enumerated examples of derivatives are illustrative, not exhaustive, as is evident from the term "such as" that precedes the examples. *Id.* Moreover, the last phrase reads: "or any other form in which a work may be recast, transformed, or adapted." *Id.* This phrase has sometimes been given overly broad interpretations. *See, e.g.*, Samuelson, *supra* note 23, at 1509–10. Prequels and sequels are not among the enumerated derivatives in § 101, but easily fall within the definition's open-ended provision. *Id.* at 1523–24.

[54] H.R. REP. NO. 94-1476, at 57.

ed compilation copyright case law that had supported "sweat of the brow" copyright claims based on the effort and investment made in developing compilations, regardless of any original expression.[55]

A fifth difference between § 103 and section 7 pertains to what this Article characterizes as the invalidation provision of the second clause of § 103(a).[56] The legislative history does not indicate whether the drafters considered it a restatement of existing law or a gap-filling provision to resolve an ambiguity in section 7 of the 1909 Act. The House Report says only that this part of § 103(a) was intended to "prevent[] an infringer from benefiting, through copyright protection, from committing an unlawful act," but also to preserve copyright protection "for those parts of the work that do not employ the preexisting work."[57] Under this rule, the Report noted, "an unauthorized translation of a novel could not be copyrighted at all, but the owner of copyright in an anthology of poetry could sue someone who infringed the whole anthology, even though the infringer proves that publication of one of the poems was unauthorized."[58] Section 103 thus has a dual purpose: to prevent derivative work authors from unjustly benefiting from their infringements and to protect original expression of derivative work authors when possible.[59]

The second clause of § 103(a) should not be interpreted in isolation to other parts of § 103. It should take account of § 103(b)'s affirmation that derivative work authors own copyrights in expression they contribute to their works. Section 103(a), viewed in isolation, may seem ambiguous about the extent to which copyrights in unauthorized derivative works are valid, but this ambiguity resolves when § 103 is read holistically because § 103(b) evinces Congress's intent to protect the original expressions of derivative work authors

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[55] Because some judicial interpretations of the 1909 Act recognized "sweat of the brow" justifications for copyrights in compilations and derivative works, Congress thought an explicit originality requirement for compilations and derivative works in the 1976 Act was needed. *See, e.g.*, Samuelson, *supra* note 23, at 1513. Some courts, however, continued to apply "sweat of the brow" to works such as compilations, until the Supreme Court repudiated the doctrine. *See* Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 353 (1991).

[56] A preliminary draft of the bill to revise copyright law in 1963 contained a provision specifying that copyright protection for compilations and derivative works "shall be available only if [the pre–existing material in which copyright subsists] has been used lawfully." H. COMM. ON THE JUDICIARY, 88TH CONG., COPYRIGHT LAW REVISION PART 3: PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW AND DISCUSSION AND COMMENTS ON THE DRAFT 1 (Comm. Print 1964); *see id.* at 66–67 (discussing the preliminary draft provision); *see also* Samuelson, *supra* note 23, at 1514–15 (reviewing legislative history of 17 U.S.C. § 103 of the 1976 Act). The 1963 provision underwent redrafting and reorganization in the 1964 and 1965 copyright revision bills and was eventually codified in § 103. *See* Samuelson, *supra* note 23, at 1515.

[57] H.R. REP. NO. 94-1476, at 57.

[58] *Id.* at 57–58.

[59] The Patry treatise characterizes the second clause of § 103(a) as a penalty. 2 PATRY, *supra* note 31, § 3:59. It is certainly a deterrent to engaging in derivative work infringement.

except to the extent that protecting unauthorized derivatives would unjustly enrich their authors.

The legislative history noted that invalidations under § 103(a) should not occur if a challenged use of another author's work was fair:

> Under this provision, copyright could be obtained as long as the use of the preexisting work was not "unlawful," even though the consent of the copyright owner had not been obtained. For instance, the unauthorized reproduction of a work might be "lawful" under the doctrine of fair use . . . and if so the work incorporating it could be copyrighted.[60]

To this extent, § 103(a) expressly expanded the category of unauthorized uses of copyrighted works that should not trigger invalidations to include secondary uses that were fair. Left unclear, however, was how § 103(a) should be construed in close but ultimately unsuccessful fair use cases.

II. CANVASSING THE § 103(a) CASE LAW

Relatively few cases have expressly recognized, interpreted, and applied the invalidation clause of § 103(a). Given the large number of copyright cases that claim infringement of derivative work rights, the rarity of § 103(a) cases supports our hypothesis that § 103(a) has been relatively invisible in U.S. copyright case law.[61] Further, it reinforces our concerns that courts and copyright stakeholders have yet to fully appreciate its purpose and the scope of its potential applications.

This Part reviews two types of § 103(a) cases. The first involves derivative work authors (that is, authors of secondary works) who, as plaintiffs, "turn around" by suing source work authors (and their transferees in some cases) on which their derivatives were based (that is, the authors of first works), claiming that the source work authors misappropriated expression from the plaintiffs' unauthorized derivatives. Plaintiffs have lost all but one of the cases in which courts have considered § 103(a) invalidation claims.

Several other § 103(a) cases involve third-party alleged infringers who raise § 103(a) invalidation defenses to fend off derivative work authors' charges of infringement. As in *Belcher*, these defendants claim that the plaintiffs own no enforceable copyrights because their works were unlawful derivatives under § 103(a). We call these "third-party defense" cases. One set of these cases has limited the scope of § 103(a)'s potential invalidations of derivative work copyrights depending on whether a secondary author's use of a first author's

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[60] H.R. REP. NO. 94-1476, at 58.

[61] *See, e.g.*, Clark D. Asay, *An Empirical Study of Copyright's Substantial Similarity Test*, 13 U.C. IRVINE L. REV. 35, 73 (2022) (identifying derivative work right as the second most common exclusive right alleged to be infringed).

work "tends to pervade the entire [allegedly infringing] derivative work."[62] In these cases, courts pay close attention to the intermingling of expression from the relevant works. These cases often pose challenging equitable issues about conflicting rights in creative works. A second set of the third-party defense cases has allowed factfinders to decide whether the plaintiffs' secondary works made fair uses of expression from the first authors' works to avoid invalidation under § 103(a). In a third variant, putative third-party infringers who lack other viable defenses (such as fair use) nevertheless try to avoid liability by raising § 103(a) invalidity defenses to challenge the secondary work author-plaintiff's entitlement to enforce copyrights.

Judicial interpretations of § 103(a) in these cases are inconsistent. Some courts invalidate derivative work copyrights ostensibly as a matter of the statute's plain meaning while others try to preserve copyright to the extent possible. We perceive equitable and copyright-policy considerations to be lurking in the background that may explain some variations in the holdings in these cases. We build upon those considerations in Part IV to propose optimal interpretations and applications of § 103(a).

Section A of this Part focuses on the "turnaround" cases.[63] Section B discusses the "third-party defense" cases.[64] Section C concludes by summarizing the various approaches to § 103 cases, along with an analysis of the inconsistent interpretations courts have applied.[65]

A. Turnaround Cases: Infringers' Lawsuits Against Owners of Source Work Copyrights

In "turnaround" cases, authors of unauthorized derivative works sued copyright owners of source works on which their derivatives were based. These derivative work authors claimed that the source works' authors misappropriated original elements from their derivatives by preparing or authorizing the creation of similar derivative works. These lawsuits have generally failed because courts were persuaded that § 103(a) invalidated copyrights in the plaintiffs' unauthorized derivative works when those works copied too much expression from the source works. Yet, equitable issues may still be latent in these cases.

Consider, for example, the 1989 case of *Anderson v. Stallone*, in which the author of a treatment describing a detailed plot for a sequel to the popular *Rocky* movies unsuccessfully sued creator Sylvester Stallone and the studio Metro-Goldwyn-Mayer (MGM) alleging that *Rocky IV* infringed copyright in his

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[62] *See* 1 NIMMER & NIMMER, *supra* note 22, § 3.06 (footnote omitted).
[63] *See infra* Part II.A.
[64] *See infra* Part II.B.
[65] *See infra* Part II.C.

work.[66] Although Anderson argued that § 103(a) should be understood to allow his original contributions to be copyright-protected, the court characterized his treatment as an infringing derivative work because Anderson had "bodily appropriated" the "highly delineated group of characters" from the *Rocky* movies.[67] Because Anderson's work was an unauthorized derivative, the court opined that no part of the work was eligible for copyright protection under § 103(a).[68]

The situation posed in *Anderson* may well occur with some frequency: an enterprising author pitches a derivative work (a sequel, translation, adaptation, etc.) to a media company, and instead of negotiating a mutually agreeable deal, the company takes the new work without compensating the author because the author of the derivative work owns no rights it could license.[69] The operation of § 103(a) in such situations would benefit authors of the source works to the significant detriment of secondary work authors, even when the latter contributed substantial new originality to the derivative.

In *Anderson*, the U.S. District Court for the Central District of California denied relief to the plaintiff-derivative work author, but it did not foreclose the possibility that § 103(a) might be interpreted differently to "allow[] an author of an infringing derivative work to sue *third parties* based on the non-infringing portions of his work."[70] Yet, the court thought that a different rule

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[66] No. 87-0592, 1989 WL 206431, at *1 (C.D. Cal. Apr. 25, 1989); *see* Jaszi, *supra* note 47, at 718–19 (discussing motion picture treatments); *see also* Wozniak v. Warner Bros. Ent. Inc., 726 F. Supp. 3d 213, 213 (S.D.N.Y. 2024) (finding that a freelancer for DC Comics who wrote an unauthorized screen treatment for a Batman movie had no copyright in that treatment because of § 103(a) and that the movie did not infringe his copyright even if he had one); TD Ameritrade, Inc. v. Matthews, No. 3:16-cv-00136, 2021 WL 3779841, at *1–4 (D. Alaska Aug. 25, 2021), *aff'd*, No. 21-35788, 2022 WL 2128897 (9th Cir. June 14, 2022) (finding that a user of an investment company's programming code could not claim compilation copyright in his infringing derivative).

[67] *Anderson*, 1989 WL 206431, at *7–8. Anderson, as well as Polychron and Pickett, discussed *infra* notes 70–81, must have registered copyright in their works because U.S. authors cannot sue for infringement without a registration certificate under 17 U.S.C. § 411(a). When registering for copyright, registrants have the opportunity to identify preexisting work on which their work is based and assert copyrightability of the new material. *See Help: Limitation of Claim*, COPYRIGHT.GOV, https://www.copyright.gov/eco/help-limitation.html [https://perma.cc/5NZY-MMQF]. Anecdotally, we know copyright authors whose works have been successfully registered in this way, thereby providing a possible shield against invalidation and cooptation by the source work's author.

[68] *Anderson*, 1989 WL 206431, at *8. The court went on to find no substantial similarity between *Rocky IV* and Anderson's treatment. *Id.* at *11–18. The court, however, did not dismiss Anderson's claim that MGM had promised to compensate him if it used his treatment in a *Rocky* movie. *Id.* at *1.

[69] The Nimmer treatise suggests that there should be an exception to § 103(a) for the unauthorized creation of such pitch materials. *See* 1 NIMMER & NIMMER, *supra* note 22, § 3.06; 2 *id.* § 8.01[G]. The treatise offers little explanation why it favors such a privilege or how such a pitch exception is consistent with the statutory text. *See id.*; *see also infra* note 334 and accompanying text (considering further the "pitch" privilege and a possible rationale). *But see* Jani McCutcheon, *When Copyright Remedies Destroy Art*, 26 MEDIA & ARTS L. REV. 195, 201–03 (2025) (giving examples of cases in which copyright owners of source works have been able to appropriate infringing derivative works).

[70] *Anderson*, 1989 WL 206431, at *11 (emphasis added). The distinction that would allow suits against third-party infringers of unauthorized derivative works, but disallow suits against the source

should apply when unauthorized derivative work authors turn around and sue the owners of source work copyrights. In such cases, the court reasoned, § 103(a) precludes an author of an unauthorized derivative from bringing suit against an author of the source work the derivative author has infringed.[71]

In 2023, in *Polychron v. Bezos*, the U.S. District Court for the Central District of California considered a similarly unsuccessful turnaround lawsuit. Plaintiff Demetrios Polychron authored a fan fiction sequel to J.R.R. Tolkien's *Lord of the Rings* books. After the Tolkien estate authorized and Amazon created a program for the latter's streaming service that Polychron thought misappropriated plot elements from his sequel, Polychron sued them for infringement.[72] In granting the estate's and Amazon's motions to dismiss Polychron's complaint, the court relied on *Anderson* as an instructive precedent.[73] It agreed with *Anderson* that the author of an unauthorized derivative work cannot claim copyright in that derivative under § 103(a).[74] Polychron, like Anderson, had "bodily appropriated" well-developed characters from the source works.[75] The court confirmed that because Polychron's book was an unauthorized derivative of the Tolkien books, it was not entitled to copyright protection.[76] Yet, it acknowledged that there was some ambiguity in the case law as to whether the original elements in a derivative work should receive protection, but ultimately held that where a plaintiff creates a derivative work "intended to be a literal continuation of a [previously] copyrighted work," without authorization from the intellectual property owners, the Copyright Act forecloses a claim against those original creators.[77]

The U.S. Court of Appeals for the Seventh Circuit addressed a third such case in 2000 in *Pickett v. Prince*.[78] The plaintiff, Ferdinand Pickett, created a guitar in the shape of the ankh-like symbol that the musician previously known as Prince used as his name. Soon after Pickett showed this guitar to the rock

works' authors does not derive from the text of the statute, but is consistent with some case law interpreting § 103(a). *See infra* Part II.B.

[71] *Anderson*, 1989 WL 206431, at *11.

[72] No. 2:23-cv-02831, 2023 WL 6192743, at *6–7 (C.D. Cal. Aug. 14, 2023); *see also* Tolkien Tr. v. Polychron, No. 2:23-cv-04300, 2023 WL 9471264, at *12 (C.D. Cal. Dec. 14, 2023) (granting the estate's motion for summary judgment after finding that Polychron's sequel was an infringing derivative work and issuing an injunction against further infringement).

[73] *Polychron*, 2023 WL 6192743, at *7. The court used the word "instinctive," but given the context, must have meant "instructive."

[74] *Id.* The court also drew parallels to *Salinger v. Colting*. *Id.* (citing Salinger v. Colting, 641 F. Supp. 2d 250, 254 (S.D.N.Y. 2009) (describing sequel as new story with similar main characters), *vacated on other grounds*, 607 F.3d 68 (2d Cir. 2010)).

[75] *Id.* at *7–9. The court went on, as in *Anderson*, to say that the two works were not substantially similar. *Id.* at *8–9.

[76] *Id.* at *8.

[77] *Id.* (citing Anderson v. Stallone, No. 87-0592, 1989 WL 206431, at *11 (C.D. Cal. Apr. 25, 1989)).

[78] 207 F.3d 402, 402 (7th Cir. 2000).

star, Prince appeared on stage with a substantially similarly shaped guitar. Pickett then sued Prince for copyright infringement. The Seventh Circuit affirmed a lower court ruling that Pickett had no copyright interest in his design because it was an unauthorized derivative work.[79] The court also doubted that there was any originality in Pickett's design, but stated that even if there was a "smidgeon of originality" in Pickett's work, § 103(a) precluded his claim of copyright.[80] The court interpreted § 103(a), at least as it pertained to the case, as meaning that a derivative work creator cannot incorporate into the derivative work preexisting material infringing another creator's copyright, thus Picket "had no right to obtain" a copyright on his derivative work because it was based on Prince's previously copyrighted ankh symbol.[81]

The only turnaround case that has upheld a copyright claim in an unauthorized derivative was in 2009, in the Central District of California decision in *Adams v. Paramount Pictures Corp.*[82] Adams, a paparazzi photographer, was in a public place when he saw the movie *Iron Man* being filmed. He snapped some photographs of the scene, including of the *Iron Man* character. A few days later he allowed a friend to post several of these photographs on the friend's entertainment website. Someone at Paramount saw the photographs and contacted the website owner about the legal permissibility of the postings.[83] Later, Adams learned that Paramount had used his photographs in movie trailers and electronic press kits, which gave the press permission to copy the photographs. After registering his claim of copyright in the photographs, Adams sued Paramount for infringement. In response, Paramount moved to dismiss on the ground that the photographs were uncopyrightable as unauthorized derivative works of the copyrighted *Iron Man* character under § 103(a).[84] The trial court ruled that Adams could claim copyright in the original expression in the photographs, even if they were unauthorized derivative works, § 103(a) notwithstanding.[85] Hence, the court denied Paramount's motion to dismiss Adams' claim.

The result in *Adams* strikes us as sound both because the photographs were much less clearcut derivative work infringements compared with works in the other turnaround cases and because Paramount, the source work's copyright owner, used Adams' photographs in promoting its movie in a manner for which it would normally have to pay a customary fee to the photographer.

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[79] *Id.* at 404–05, 408. However, the Seventh Circuit reversed the lower court's ruling against Prince's counterclaim because it was based on an erroneous understanding of the statute of limitations. *Id.* at 407–08.

[80] *Id.* at 405–06.

[81] *Id.* at 406. The Seventh Circuit did not cite *Anderson*.

[82] No. CV 08-3897, 2009 WL 10671572, at *1 (C.D. Cal. Jan. 6, 2009).

[83] *Id.* at *1.

[84] *Id.* at *2. Four Marvel companies, which claimed rights in the *Iron Man* character, were codefendants in the *Adams* case. *Id.* at *1.

[85] *Id.* at *2–3. *Adams* is further discussed *infra* Part III.B.

We understand the § 103(a) invalidation ruling in *Pickett*, as there was at best a "smidgeon" of originality in his design. Anderson's *Rocky* treatment had, we assume, more original elements than Pickett's guitar sculpture, but it necessarily used considerable amounts of the source works' expressions. Polychron's *Lord of the Rings* sequel was likely the most original of the turnaround derivatives, but it too heavily drew upon the source works as a fan-fiction version of the Tolkien books.[86]

Although we worry about § 103(a) having an oversized negative effect on unauthorized derivative work authors under other circumstances, we have little quarrel with the judicial applications of § 103(a) in the turnaround lawsuits.[87] The invalidating effect of § 103(a) is understandable in these cases to vindicate the source work authors' core derivative work rights.[88] Yet we nonetheless have sympathy for the naïve plaintiffs who believed their derivatives, at least in part, were both original and protectable by copyright. These plaintiffs felt wronged by the defendants who had, they believed, substantially benefited from appropriating original elements from their derivatives merely because those persons or entities owned rights in the preexisting works on which their derivative works were unquestionably based.[89]

B. Third-Party Defense Cases: Mitigating § 103(a)'s Invalidating Effect

In several other cases, third parties have raised § 103(a) invalidation defenses to fend off charges of infringement, asserting that the plaintiffs cannot sue them for infringement because the plaintiffs' copyrights are invalid under § 103(a) as un-

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[86] Had Polychron made his sequel available as noncommercial fan fiction, the Tolkien Estate might have tolerated it. *See* Stefano Montali, *'The Hunt for Gollum' Was Just Announced. It Was on YouTube in 2009.*, N.Y. TIMES (May 22, 2024), https://www.nytimes.com/2024/05/22/movies/lord-of-the-rings-hunt-for-gollum.html [https://perma.cc/J7WM-CG99] (noting that the Tolkien estate initially sought a takedown of a noncommercial fan fiction video sequel to *Lord of the Rings*, but later permitted it to remain posted online). Section 103(a) invalidations seem appropriate when there is a risk of flooding the market with too many unauthorized sequels which would constrain source-work authors' opportunities to prepare or license derivative work rights. *See* Michael Abramowicz, *A Theory of Copyright's Derivative Right and Related Doctrines*, 90 MINN. L. REV. 317, 357–59 (2005) (discussing the significance of copyright's derivative work right to reduce redundant commercial exploitation).

[87] *See infra* Part III.A (discussing good faith derivative work authors).

[88] Anderson, Polychron, and Pickett were all commercially motivated creators of unauthorized derivative works for which fair use defenses were implausible. They would have been unjustly enriched if able to sue the source work authors for infringement.

[89] Anderson should have known better, as he was a lawyer. *See* Anderson v. Stallone, No. 87-0592, 1989 WL 206431, at *1 (C.D. Cal. Apr. 25, 1989). Polychron initially wrote to Tolkien's grandson to inform him of Polychron's "pitch-perfect" sequel to *Lord of the Rings*, of which Polychron was convinced Tolkien would have approved. Polychron v. Bezos, No. 2:23-cv-02831, 2023 WL 6192743, at *2–4 (C.D. Cal. Aug. 14, 2023). Polychron later sought and was denied a license from the Tolkien estate. *Id.* at *4–5. Had Polychron not sued the Tolkien estate and Amazon for infringement, he might have been able to continue to sell his sequel online.

lawful derivatives of other authors' works. We are skeptical that copyright invalidations in such cases are consistent with the statutory text of § 103(a), its purposes, and sound copyright policy. Most courts considering § 103(a) in third-party defense cases have found ways to mitigate the risks of invalidation.

1. The "Tends to Pervade the Entire Work" Cases

Numerous cases endorse a standard that blunts the invalidating effects of § 103(a) unless the infringing parts of derivative works "tend[] to pervade the entire [] work."[90] Although some courts and commentators have criticized this standard,[91] it is consistent with the statutory text of § 103 and its dual purpose as reflected in the legislative history of the 1976 Act.[92]

The Nimmer treatise introduced this standard so that "only the portion of a derivative . . . work that employs the pre-existing work would be denied copyright."[93] It drew upon the legislative history of § 103(a) which distinguished between an unauthorized translation (which could not be copyrighted at all) and an anthology (which could retain copyright as against a third-party infringer, even if the anthology contained an unauthorized contribution).[94] The effect of this distinction, Nimmer says,

[90] This Subsection explains the origins of this standard and its initial adoption by the Second Circuit. Numerous cases have endorsed it. *See, e.g.*, Wolf v. Travolta, 167 F. Supp. 3d 1077, 1091 (C.D. Cal. 2016) (holding that summary judgment was inappropriate because a reasonable jury could decide that "portions of plaintiffs' works not traceable to any third-party source demonstrate that the derivative portions do not pervade the entire works"); *see also* Sobhani v. @Radical.Media, Inc., 257 F. Supp. 2d 1234, 1239–40 (C.D. Cal. 2003) (endorsing "pervade the entire . . . work" standard) (emphasis omitted); JBJ Fabrics, Inc. v. Brylane, Inc., 714 F. Supp. 107, 110 (S.D.N.Y. 1989) (same); Dynamic Sols., Inc. v. Plan. & Control, Inc., 646 F. Supp. 1329, 1340 (S.D.N.Y. 1986) (same).

[91] *See e.g.*, Pickett v. Prince, 207 F.3d 402, 406 (7th Cir. 2000). The Seventh Circuit rejected Pickett's argument that his guitar design copyright should be preserved under § 103(a) because the infringing parts of his derivative did not tend to "'pervade' the [entire] work." *Id.* The court characterized the standard as dicta from a footnote in a Second Circuit decision and stated that such an interpretation of § 103(a) "if taken seriously (which it has not been), would inject enormous uncertainty into the law of copyright and undermine the exclusive right that section 106(2) gives the owner of the copyright on the original work." *Id.* Yet, that court also acknowledged that Prince's copyrighted design did pervade the whole of Pickett's infringing derivative work. *Id.* at 407.

The Patry treatise also rejects the "tends to pervade the entire work" standard as unsound. 2 PATRY, *supra* note 31, § 3:59; *see also Anderson*, 1989 WL 206431, at *10 (rejecting the standard and characterizing it as dicta). Although Anderson's treatment probably satisfied that standard because he drew heavily on the characters from prior *Rocky* movies, the court opined that only unauthorized compilations, and not unauthorized derivative works, could qualify for copyright under § 103(a) because compilations may contain original parts that could be easily separable from infringing parts. *Id.* at *9–11. We disagree with *Anderson* on this point, as does Patry, who endorses a separability test to limit the invalidating effects of § 103(a) for derivative works, giving as an example a second author's creation of lyrics for a musical work. 2 PATRY, *supra* note 31, § 3:59. Patry is also unsympathetic to § 103(a) invalidity defenses against third-party infringers. *Id.*

[92] *See supra* notes 56–59 and accompanying text (discussing the House Report on § 103).

[93] 1 NIMMER & NIMMER, *supra* note 22, § 3.06.

[94] *Id.* (quoting H.R. REP. NO. 94-1976, at 57–58 (1976)).

> [W]ould be to deny copyright to derivative works in which the pre-existing work *tends to pervade the entire derivative work*, but not to collective works in which the infringement arises from the copying of the selection and arrangement of a number of pre-existing works, and not *per se* from the reproduction of any particular prior work.[95]

We think that the text of § 103 provides an even stronger basis for endorsing this standard limiting invalidation to those parts of a secondary work in which infringing expression "tends to pervade the entire work." Section 103(a) states that copyright "does not extend to any *part* of the work in which such material *has been used unlawfully*."[96] This wording naturally constrains the scope of § 103(a) invalidations to only those *parts* of a derivative work that incorporate expression from the source work and, in view of the past tense in its phraseology, further limits its application to uses that were unquestionably unlawful at the time of the derivative work's creation. Consider also that § 103(b) states that copyright protection for derivative works extends "to the material contributed by the author of such work."[97] Reading this part of § 103(b), together with the highlighted parts of § 103(a), reinforces our view that among the core purposes of § 103 are to apportion rights as between source work and derivative work authors and to preserve copyrights in original expression, including original parts of derivative works. Section 103(a) only prevents unjust enrichment of authors for appropriating expression from source works in their unauthorized derivative work to the detriment of source work authors.

The first court to endorse the Nimmer treatise's proposed standard was in 1982 in the U.S. Court of Appeals for the Second Circuit's decision in *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*[98] The court explained in a footnote that claims of copyright in unauthorized and seemingly infringing derivative works might nevertheless be sound unless the infringing parts of that derivative "tend[] to pervade the entire derivative work."[99] Florelee, the defendant, was trying to evade liability for copying original elements from Eden's derivative design with a § 103(a) invalidity defense. Eden had obtained a license from the owner of the underlying Paddington Bear copyright to depict the bear on certain types of products, although not on the type at issue in *Eden*.

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[95] *Id.* (first emphasis added) (footnotes omitted). Despite its criticism of the standard, the Patry treatise acknowledges that the standard has been influential. 2 PATRY, *supra* note 31, § 3:59.

[96] 17 U.S.C. § 103(a) (emphasis added).

[97] *Id.* § 103(b).

[98] 697 F.2d 27, 34 n.6 (2d Cir. 1982), *superseded on other grounds by rule*, FED. R. CIV. P. 52(a), *as recognized in*, Fed. Treasury Enter. Sojuzplodoimport v. SPI Spirits Ltd., 726 F.3d 62 (2d Cir. 2013).

[99] *Id.* (quoting 1 MELVILLE B. NIMMER, NIMMER ON COPYRIGHT § 3.06 (1978)). The court went on to suggest that, even so, "the district court's conclusion that Eden's use of the pre-existing material . . . was without permission appears mistaken." *Id.*

Importantly, the Paddington Bear copyright owner had not complained about Eden's use of the derivative design on unlicensed categories of products and was not a party to the lawsuit. Moreover, the Paddington Bear copyright owner appears to have retroactively ratified Eden's entitlement to create the derivative works at issue.[100] For these reasons, Florelee's § 103(a) invalidity defense failed. But, given the equitable arguments in Eden's favor, we question whether Florelee could have prevailed with its third-party invalidation defense against Eden's lawsuit even if the Paddington Bear copyright owner had not ratified Eden Toys' use of its design on the type of clothing at issue in that case. Nonetheless, *Eden* is regularly cited for endorsing this interpretation of § 103(a).[101]

The "tends to pervade the entire work" standard allows factfinders to decide whether an unlicensed derivative work should nonetheless be entitled to some protection against third-party infringements. Consider the U.S. Court of Appeals for the Sixth Circuit's 2020 decision in *Hiller, LLC v. Success Group International Learning Alliance, LLC*, in which the defendant, a developer of a customer service workbook for heating, plumbing, and electrical work challenged the validity of plaintiff Hiller's copyright under § 103(a) because Hiller's guide incorporated substantial material from a preexisting manual.[102]

Success's challenge to Hiller's copyright was aimed at thwarting Hiller's infringement lawsuit against it for appropriating parts of Hiller's guide. On appeal, Success argued that the lower court had committed error by instructing the jury that Hiller could hold a copyright in his guide, even though it contained unauthorized copyrighted material, "so long as that material did not 'pervade[] the entire work.'"[103] The court affirmed those instructions, saying that Hiller would lose all copyright protection in his guide only if content from the preexisting copyrighted material "ran throughout every 'part' of the Guide."[104] The court observed that although § 103(a) may generally invalidate copyright in unauthorized derivative works when infringing and non-infringing parts are intermingled, copyright protection may reside in non-infringing parts of derivative works.[105] Notably, Hiller's and Success's copyrights were "thin" because of the highly technical nature of their contents. In such cases, a broad reading of § 103(a) to invalidate copyrights in derivative works is particularly inappropriate.

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[100] *Id.*

[101] *See, e.g.*, Dynamic Sols., Inc. v. Plan. & Control, Inc., 646 F. Supp. 1329, 1340 (S.D.N.Y. 1986); Sobhani v. @Radical.Media, Inc., 257 F. Supp. 2d 1234, 1239–40 (C.D. Cal. 2003).

[102] 976 F.3d 620, 623 (6th Cir. 2020).

[103] *Id.*

[104] *Id.* at 629.

[105] *Id.* at 629–30.

The weight of the case law and commentary, as well as the text of § 103(a), supports Nimmer's narrowing interpretation of that provision.[106] The "tends to pervade the entire work" standard has also been endorsed by most treatise authors and the American Law Institute's Restatement of Copyright Law.[107] Use of this standard lessens the risk of copyright invalidation under § 103(a) as to original elements in unauthorized derivative works. This is consistent with copyright's goal of promoting the creation and dissemination of original works.[108] It is also consistent with what we believe are equitable considerations grounding the proper interpretation of § 103(a), such as avoiding opportunism and unjust enrichment by either party, issues to which we turn in Parts III and IV.

2. Fair Use Defense Cases

Fair use is another safety valve in the third-party defense cases through which to fend off § 103(a) invalidations. A case on point is the Second Circuit's 2015 decision in *Keeling v. Hars*.[109] The plaintiff Jaime Keeling created a parody stage adaptation of a popular movie, *Point Break*. Defendant Eve Hars contracted with Keeling to perform the play at Hars' theatre for two months. But after talking to an entertainment lawyer and the author of the movie screenplay, Hars concluded that Keeling did not have a valid copyright in her play because it was an infringing derivative work under § 103(a).[110] Thereafter Hars staged Keeling's play for four years without Keeling's permission.[111] Keeling eventually sued Hars for infringement.

The trial judge refused to grant Hars' motion for summary judgment on the § 103(a) invalidity defense, thereby preserving Keeling's argument that her play was a fair use parody of the movie and hence was lawful.[112] A jury was persuaded by Keeling's fair use argument and awarded her $250,000 for Hars' infringement.[113]

The Second Circuit affirmed the lower court ruling in Keeling's favor. It pointed to the text of § 103(a), which conditions copyright invalidation on a finding that the second work's use of expression from the first work was "un-

[106] *See supra* Part I.B (discussing the legislative history of 17 U.S.C. § 103).

[107] *See, e.g.*, 1 HOWARD B. ABRAMS & TYLER T. OCHOA, THE LAW OF COPYRIGHT § 2:53 (2025); PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 2:16 (3d ed. Supp. 2025); RESTATEMENT OF THE L., COPYRIGHT § 3 reps.' notes on cmt. g (A.L.I., Rev. Tentative Draft No. 2, 2022). The Nimmer treatise continues to endorse it as well.

[108] This suggests that if Anderson had, for example, developed new characters and whole scenes and Stallone had appropriated them, the outcome under the pervades standard might have been different.

[109] 809 F.3d 43, 45–47 (2d Cir. 2015).

[110] *Id.* at 45.

[111] *Id.*

[112] *Id.* at 46.

[113] *Id.* at 47.

lawful[].”[114] The court recognized that fair uses are lawful uses, as contemplated by the legislative history of § 103(a).[115] Keeling was consequently entitled to make parodic uses of the motion picture, to claim copyright in her play, and to sue Hars for infringing her rights.[116]

Fair use and § 103(a) invalidity defenses were also at issue in the U.S. Court of Appeals for the Eighth Circuit’s 2004 case of *Mulcahy v. Cheetah Learning LLC*.[117] There, the litigants were competitors in the business of providing materials and courses for persons preparing to take exams administered by the Practice Management Institute (PMI). The plaintiff, Rita Mulcahy, sued Cheetah for copying substantial parts of Mulcahy’s *PMP Exam Prep* book in materials Cheetah distributed to its students.[118] Cheetah’s main defense was that Mulcahy’s book was an infringing derivative work of PMI’s book, entitled *Guide to the Project Management Body of Knowledge* (*PMBOK*).[119]

The trial court granted summary judgment to Mulcahy. The Eighth Circuit reversed, saying there was a triable issue of fact as to whether Mulcahy’s *PMP Exam Prep* was an infringing derivative work in which she held no copyright, or alternatively whether Mulcahy had made fair use of the PMI book.[120] “The question is whether this copying, condensing, and adapting of the *PMBOK* encroaches upon, i.e., infringes, PMI’s exclusive right ‘to prepare derivative works based upon the copyrighted work.’”[121] The court noted that Mulcahy’s *PMP Exam Prep* book closely tracked PMI’s organization of materials in the *PMBOK*. It cautioned against “looking at the percentage of the *PMBOK* that has been condensed or copied in *PMP Exam Prep*.”[122] Instead, the trier of fact should consider whether Mulcahy had “copied or condensed the qualitative core of one marketable portion of the multi-purpose *PMBOK*.”[123]

In both *Keeling* and *Mulcahy*, the copyright owner of the relevant source work was not a party to the case and had taken no action against the allegedly infringing plaintiff. And in both cases, the triers of fact were able to weigh copyright equities as between the parties when making a judgment about whether the plaintiffs’ uses of others’ works had been fair or infringing and hence, whether the plaintiffs had valid copyrights to assert against the defendants. The legisla-

[114] *Id.* at 49 (quoting 17 U.S.C. § 103(a)).

[115] *See supra* note 57 and accompanying text.

[116] *Keeling*, 809 F.3d at 49–50. It is unclear how Keeling would have fared if the movie copyright owner sued her. But that owner sued neither Keeling nor Hars during the four years the play was staged.

[117] 386 F.3d 849, 851–52 (8th Cir. 2004).

[118] *Id.* at 851.

[119] *Id.* at 852.

[120] *Id.* at 852–55.

[121] *Id.* at 853 (quoting 17 U.S.C. § 106(2)).

[122] *Id.*

[123] *Id.* The appellate court also noted that if Mulcahy had made fair use of PMI’s book, this might affect her claim against Cheetah. *Id.*

tive history of § 103(a), which treats fair uses as lawful uses, supports letting triers of fact consider fair use claims to avoid inequitable invalidations.[124]

3. § 103(a) Invalidity Defenses in Non-Fair Use Cases

Hiller, Keeling, and *Mulcahy* are not the only cases in which third-party defendants have sought to avoid infringement charges by raising § 103(a) invalidity defenses to challenge plaintiffs' claims of copyright when source work copyright owners were not parties to the lawsuits. This Subsection shows that such efforts have met with mixed success.

A third-party § 103(a) invalidity defense failed in the U.S. District Court for the Southern District of New York, for instance, in 2006 in *Caffey v. Cook*.[125] Plaintiff Marion Caffey, a producer and composer, creatively selected and sequenced thirty-two well-known songs for a musical stage show that Caffey conceived and produced, calling it *Three Mo' Tenors*.[126] The show, as performed by defendants Victor Trent Cook, Rodrick Dixon, and Thomas Young, was initially quite successful.[127] When the producer partnership experienced financial hardship and entered into receivership, Cook and his partners continued to publicly perform the musical, on some occasions without Caffey's permission. Caffey sued them for infringement.[128]

Cook argued, among other things, that Caffey's failure to clear rights to use the songs in the musical undermined his claim of copyright in the show under § 103(a).[129] The court upheld Caffey's compilation copyright, however, because the selection and ordering of songs was creative, notwithstanding Caffey's failure to clear rights with the composers or music publishers.[130] For those instances when Cook and his co-defendants publicly performed the show as Caffey designed it and without Caffey's authorization, the court found that they infringed Caffey's compilation copyright.[131]

In 1980, the U.S. District Court for the Southern District of New York decided *JBJ Fabrics, Inc. v. Brylane, Inc.*, in which a third-party § 103(a) inva-

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[124] *See* H.R. REP. NO. 94-1476, at 57–58 (1976).

[125] 409 F. Supp. 2d 484, 510 (S.D.N.Y. 2006).

[126] *Id.* at 487–88.

[127] *Id.* at 490. The defendants had been collaborators with Caffey in the creation of this musical and raised a joint work defense in addition to the § 103(a) invalidity defense. *Id.* at 497; *see also infra* Part III.A.2 (discussing *Caffey v. Cook* in the context of situations of ambiguous collaboration).

[128] 409 F. Supp. 2d at 492–95.

[129] *Id.* at 495–96. Insofar as Caffey produced the show, he may have been an indirect infringer of the songs, for he would have authorized their public performance by Cook et al.

[130] *Id.* at 497. The court noted the absence of evidence that Caffey had publicly performed the musical without payments to music copyright owners. *Id.* at 497 n.5.

[131] *Id.* at 501. The court found in favor of defendants as to other performances of shorter duration or featuring a different ordering of songs. *Id.* at 502.

lidity defense failed.[132] Plaintiff JBJ, a textile converter, had obtained a painting created by Farkas Designs, which JBJ's employees adapted so it would be suitable for imprinting on fabric sold to garment manufacturers. JBJ registered its claim of copyright in the design, albeit without identifying that the registered design was a derivative work of the Farkas painting.[133] After Brylane started using that design without JBJ's permission, JBJ sued it for infringement.

Brylane moved for summary judgment on the ground that JBJ's copyright was invalid under § 103(a) as an unauthorized derivative work of Farkas' painting. The court observed that § 103(a) merely restricts a creator's copyright protection to the portions of a design not unlawfully taken, emphasizing that unauthorized use does not equate to unlawful use.[134] The court speculated that the Farkas design might not be copyrighted or that Farkas might have given JBJ a nonexclusive license to use the painting for its fabric design, and if so, its use would not be unlawful and would remain protected by copyright.[135] But even assuming that JBJ's use of Farkas' design was deemed to be unlawful, its original contributions would remain protectable unless the defendant could demonstrate that the unlawful use "pervaded the entire work."[136] As in *Caffey*, the *JBJ* court seemed reluctant to let a third-party infringer off the hook and applied § 103(a) in a manner that preserved plaintiff's derivative copyright as to its original parts.

Some courts, however, have allowed infringers to evade copyright liability through § 103(a) invalidity defenses.[137] One such case was in 2005, in the

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[132] 714 F. Supp. 107, 109–10 (S.D.N.Y. 1989).

[133] *Id.* at 109. The court did not think this necessarily invalidated the certificate. *Id.*

[134] *Id.* at 110 (citing Eden Toys, Inc. v. Florelee Undergarment Co., 697 F.2d 27, 34 n.6 (2d Cir. 1982), *superseded by rule*, FED. R. CIV. P. 52(a), *as recognized in*, Fed. Treasury Enter. Sojuzplodoimport v. SPI Spirits Ltd., 726 F.3d 62 (2d Cir. 2013)) ("Section 103 of the Act does no more than limit plaintiff's copyright protection to those aspects of its design which it has not unlawfully adopted, and . . . unauthorized use is not equivalent to unlawful use.").

[135] *Id.* The court thought, moreover, that JBJ "could procure the proper formal authorization [from Farkas], in the form of either a license to reproduce or an assignment of the right to make derivative works which would entitle it to protection beyond its own original contribution." *Id.*

[136] *Id.* (citing *Eden Toys*, 697 F.2d at 34 n.6).

[137] *See, e.g.*, Negron v. Rivera, 433 F. Supp. 2d 204, 207 (D.P.R. 2006) (finding that plaintiff's song was an infringing derivative work in which, under § 103(a), he held no copyright, so his infringement suit against defendants for performing or recording that song failed), *aff'd sub nom.*, Torres-Negron v. J & N Recs., LLC, 504 F.3d 151 (1st Cir. 2007); Sobhani v. @Radical.Media, Inc., 257 F. Supp. 2d 1234, 1235 (C.D. Cal. 2003) (finding no infringement in copying parts of infringing derivative work); Fred Riley Home Bldg. Corp. v. Cosgrove, 864 F. Supp. 1034, 1046 (D. Kan. 1994) (finding against plaintiff in infringement suit where defendant copied plaintiff's architectural drawings but the drawings were unauthorized derivative works of another firm's works); Frisby v. Sony Music Ent., No. CV 19-1712, 2021 WL 2325646, at *1–2 (C.D. Cal. Mar. 11, 2021), (finding that plaintiff was barred under § 103(a) from asserting copyright in portions of his sound recording that he unlawfully sampled from a preexisting work), *aff'd in part, dismissed in part*, No. 21-55586, 2022 WL 2045340 (9th Cir. June 7, 2022).

U.S. Court of Appeals for the Tenth Circuit's decision in *Palladium Music, Inc. v. EatSleepMusic, Inc.*[138] Plaintiff Palladium was in the business of making and distributing sound recordings of popular music for karaoke. It hired musicians to prepare music tracks that sounded similar to hit recordings, so that karaoke customers could sing along to them. Defendant EatSleepMusic (ESM) made copies of Palladium's karaoke sound recordings available through its online music platform. When Palladium sued it for infringement, ESM challenged the copyrightability of Palladium's sound recordings under § 103(a) because Palladium had failed to clear rights to record these songs.[139]

There was no question about the originality of the Palladium recordings nor about ESM's copying, but neither consideration mattered. Nor did it matter that Palladium had obtained registration certificates to bolster its copyright claims (although the registrations failed to disclose that the sound recordings were based upon preexisting copyrighted works).[140] The court noted that registration certificates were prima facie evidence of the validity of Palladium's sound recording copyrights, but ESM had rebutted that presumption by presenting evidence that Palladium failed to obtain rights to record the songs.[141] The appellate court accordingly affirmed a ruling of summary judgment in ESM's favor on its § 103(a) invalidity defense.

It is difficult to sympathize with Palladium because it was in the business of recording music and should have known that it could easily have cleared rights to record popular songs through a Harry Fox license. *Palladium* is the § 103(a) case most consistent with the Patry treatise's conception of § 103(a) as imposing a penalty for making unauthorized derivative works.[142] The § 103(a) invalidation certainly penalized Palladium, but it was ESM who was unjustly enriched by its copying of Palladium's music.[143] In *Caffey* and *JBJ Fabrics*, by contrast, § 103(a) invalidity defenses failed, but neither prevailing party was thereby unjustly enriched. The inconsistency of § 103(a)'s application in these third-party defense cases is further evidence of the need for guiding principles and clarity of purpose in its future uses.

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[138] 398 F.3d 1193, 1200 (10th Cir. 2005).

[139] *Id.* at 1197. Palladium could easily have qualified for a license to record this music; it had, however, failed to do so. *Id.* at 1200 (citing 17 U.S.C. § 115(a)).

[140] *Id.* at 1197.

[141] *Id.* at 1196–97.

[142] *See* 2 PATRY, *supra* note 31, § 3:59.

[143] The compulsory license in music cases mitigates the scope of unjust enrichment, but the compulsory license is also supposed to provide some measure of fairness as between music copyright owners and authors of recordings. Here, where neither party engaged in licensing but should have, and only one party is penalized, we argue § 103(a) is being applied contrary to its purposes and copyright policy.

C. Summing Up: Variety of Approaches to § 103(a) Indicates Room for Equity in Its Application

Section 103(a) has had the most significant and least controversial effects in turnaround cases such as *Anderson*, *Polychron*, and *Pickett* in which unlicensed derivative work authors made the mistake of suing source works' copyright owners for making or authorizing third-generation works that allegedly infringed the secondary authors' derivatives. These cases seem consistent with Congress's principal rationale for withholding copyright from unauthorized derivatives, namely to prevent authors of such derivatives from being unjustly enriched by their uses of expression from source works without payment or permission from source work authors.[144]

Yet courts and commentators have devised several strategies for avoiding the confiscatory effects of § 103(a) in circumstances when it would be inequitable for the derivative work author to lose copyright protection in their original expression.[145] In *Eden*, for instance, the court recognized that a later ratification of unlicensed derivatives can avoid § 103(a) invalidation challenges.[146] *Eden* also endorsed the "tends to pervade the entire derivative work" limitation on § 103(a) invalidations, a standard that has been influential in subsequent case law.[147] Commentators have also recognized that it may be possible in some derivative work cases to separate the second author's original contributions from the first author's expression in the unauthorized derivative (e.g., a short scene within the second author's dramatic play or lyrics for a song).[148] Another strategy has been to rely on factfinders to weigh whether the secondary work's author's reuse of expression from a first author's work is fair and therefore noninfringing.[149] The Goldstein treatise suggests a further strategy: considering whether a secondary work's author has an implied license to create the secondary work.[150] Still another strategy to blunt the invalidating force of

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[144] This is analogous to the patent rule under which the inventor of an improvement on an earlier patented invention cannot exploit the improvement without licensing use of the underlying patent. *See* Mark A. Lemley, *The Economics of Improvement in Intellectual Property Law*, 75 TEX. L. REV. 989, 1045–46 (1997). This analogy makes sense in the turnaround cases, but not in third-party invalidity defense cases when the copyright owner who might object to the unauthorized derivative work is not a party to the case.

[145] Courts have also narrowed the scope of § 103(a) by opining that copyright infringement is the only type of unlawfully used content that can trigger the invalidation effects of § 103(a). *See, e.g.*, Ets-Hokin v. Skyy Spirits, Inc., 225 F.3d 1068, 1078 n.7 (9th Cir. 2000).

[146] Eden Toys, Inc. v. Florelee Undergarment Co., 697 F.2d 27, 32 n.6 (2d Cir. 1982), *superseded on other grounds by rule*, FED. R. CIV. P. 52(a), *as recognized in*, Fed. Treasury Enter. Sojuzplodoimport v. SPI Spirits Ltd., 726 F.3d 62 (2d Cir. 2013).

[147] *Id.*

[148] *See* 2 PATRY, *supra* note 31, § 3:59 (giving the separability of lyrics as an example).

[149] *See, e.g.*, Hiller, LLC v. Success Grp. Int'l Learning All., LLC, 976 F.3d 620, 629–30 (6th Cir. 2020); Keeling v. Hars, 809 F.3d 43, 52–53 (2d Cir. 2015).

[150] GOLDSTEIN, *supra* note 107, § 2.16.

§ 103(a), as in *Caffey* and *JBJ*, has been for courts to disallow third-party infringers to evade liability for their wrongful acts.

We believe these strategies reflect an admirable current in the case law seeking to balance the competing interests of source work and derivative work authors in light of the overarching goals of copyright law. In the next Part, we consider several types of cases in which it would be inequitable for § 103(a) to invalidate derivative work authors' copyright in their original expressions.

III. Identifying Cases in Which § 103(a) Invalidations Would Be Unjust

This Part discusses numerous cases in which courts and litigants have typically seemed to be oblivious to the potential invalidating effect of § 103(a). Yet § 103(a) invalidation issues were latent in most of them. We have some qualms about calling attention to the invalidating potential of § 103(a), as copyright litigants could use § 103(a) to weaponize their infringement cases. To neutralize this unfortunate possibility, this Part offers detailed reasons why courts should limit the application of § 103(a) invalidations to cases in which unauthorized derivative work authors would be unjustly enriched by their infringements. Courts should also stop opportunistic copyright owners or their agents from asserting § 103(a) invalidations when doing so would be a windfall or otherwise undermine sound copyright policies.

Section A discusses three types of situations in which good faith derivative work authors should be protected against § 103(a) invalidations.[151] Because these authors had good faith reasons to believe their creations were not infringements, it would be unjust to deny these derivative work authors copyright protection under § 103(a).[152] Section B considers three types of cases in which opportunistic copyright owners or their agents have seized or tried to seize opportunities to be unjustly enriched by attempting to deny derivative work authors rights in original expressions they contributed to their derivative works.[153] This Part shows that unjust enrichment can run in more than one direction. Applying § 103(a) to nullify copyrights requires careful attention to equitable considerations.

By identifying several situations in which § 103(a) invalidations would be inequitable, we express concerns not only about harms to good faith derivative work authors, but also about chilling effects on creativity if § 103(a) is construed too broadly. We are further concerned that overbroad interpretations of § 103(a) could unjustly enrich authors of the source works on which the derivative works

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[151] *See infra* Part III.A.

[152] Whether these authors can fully exploit their derivative works without a license from the source work author is a separate question discussed *infra* Part IV.

[153] *See infra* Part III.B.

were based, especially in good faith creator cases. These situations present the strongest case for a narrow interpretation of § 103(a) that would preserve each author's copyright in their respective works' original expression.[154]

A. Good Faith Derivative Work Authors

This Section considers cases in which derivative work authors had good faith beliefs that their uses of the underlying works were authorized.[155] These authors may experience an unfair surprise if § 103(a) threatens to deprive them of copyright or limits their ability to exploit their derivative works because those works are encumbered by the copyrights in the underlying works. A second cluster of cases involves ambiguous employment or co-authorship conditions when the derivative work authors had reasons to believe they authored or coauthored the resulting work. Related are cases of mistaken improvements, as when the derivative work author continues working on and adding to the underlying work, and the source work author stands to benefit from that improvement despite being no longer involved. A third set of cases concerns second authors who have unconsciously copied expression from a first author's work. If § 103(a) is fully weaponized, it could nullify copyrights in works that contain mostly non-infringing material original to the derivative work authors, a result we believe is inconsistent with sound copyright policy.

1. Good Faith Belief in Authorized Use

When derivative work authors have obtained explicit authorization to prepare derivative works, as in *Stewart v. Abend*, or have a good faith belief

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[154] *See also* Jaszi, *supra* note 47, at 749 (expressing similar concerns about conflicts between interests of source work and derivative work authors under the 1909 Act). Some examples in this Part resemble the doctrine of "mistaken improvements." *See* RESTATEMENT (THIRD) OF RESTITUTION AND UNJUST ENRICHMENT § 10 (A.L.I. 2011) ("A person who improves the real or personal property of another, acting by mistake, has a claim in restitution as necessary to prevent unjust enrichment. A remedy for mistaken improvement that subjects the owner to a forced exchange will be qualified or limited to avoid undue prejudice to the owner."). The degree of mistake by the improver and hardship to the property owner are key factors. Other factors include good faith, notice, and negligence. Copyright's strict liability regime makes this doctrine a challenging fit, but the parallels to good faith and lack of notice are noteworthy in the cases discussed in this Part. *See* Stewart E. Sterk, *Property Rules, Liability Rules, and Uncertainty About Property Rights*, 106 MICH. L. REV. 1285, 1321 (2008) (discussing case and principles underlying it); *see also* Mannillo v. Gorski, 255 A.2d 258, 264 (N.J. 1969) (finding equitable limitation on trespass remedies, even where adverse possession requirements unsatisfied, in the context of innocent and mistaken belief of title and where extensive improvements to property have been made by trespasser).

[155] This Section does not consider the potential implications of § 103(a) in cases in which plaintiffs initially forgo suing for infringement, but later change their minds and file suits. Detrimental reliance and laches may apply in these situations. *See, e.g.*, Petrella v. Metro-Goldwyn-Mayer, Inc., 572 U.S. 663, 667–68 (2014) (holding that laches is not a defense to infringement claims, but may affect remedies).

that their derivative works were lawfully prepared, as in *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, it would be unjust to invalidate copyrights under the 1909 Act or § 103(a).[156]

Stewart v. Abend involved a dispute over rights in the movie *Rear Window*, which was based on Cornell Woolrich's short story *It Had to Be Murder*. The short story was created under the 1909 Act, which granted Woolrich an initial twenty-eight year copyright term, renewable for an additional twenty-eight year term.[157] Although Woolrich had agreed to assign his rights in the renewal term to the motion picture studio, he died before he could apply for renewal rights.[158] Woolrich's trust executor assigned the renewal rights to a speculator named Abend. When rereleasing the movie in the 1970s, Stewart and his collaborators reasonably relied on a U.S. Court of Appeals for the Second Circuit decision, *Rohauer v. Killiam Shows, Inc.*, which held that the owner of copyright in an authorized derivative work, such as a film, may continue to exploit the authorized derivative work under terms of the original grant even if that grant lapsed.[159] Believing *Rohauer* to have been incorrectly decided, Abend sued them for infringement of the renewal copyright.[160] The Supreme Court agreed with Abend and held that Stewart's right to commercially exploit that film was subject to Abend's copyright.[161]

This ruling had, however, no effect on the validity of the copyright in the motion picture which protected the original expression contributed by Stewart and his collaborators. Although the Nimmer treatise asserted that under the 1909 Act, infringing derivative works could claim no copyright, the movie was created with Woolrich's authorization so the motion picture copyright re-

[156] *See* Stewart v. Abend, 495 U.S. 207, 207 (1990); Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 598 U.S. 508, 515 (2023). The Goldstein treatise identifies two further situations in which invalidating derivative work copyrights under § 103(a) would be inequitable. One involves someone who mistakenly believed that the author of the underlying work was an employee and the resulting work was for hire in which that person owned copyright and hence had authorization to prepare derivative works. A second concerns a movie producer who unwittingly incorporated material from an earlier work into a film and invested considerable sums in the overall project. *See* GOLDSTEIN, *supra* note 107, § 2.16.

[157] *Stewart*, 495 U.S. at 212.

[158] *Id.*

[159] 551 F.2d 484, 494 (2d Cir. 1977). *Rohauer* assumed that when the source work author authorized a second comer to create a derivative work, the later author held an independent copyright entitling it to continue to exploit that derivative work free from any encumbrance by the source work's copyright. *Id.* at 493–94. Justice Stevens' dissent in *Stewart* agreed with this premise. *Stewart*, 495 U.S. at 241 & n.3 (Stevens, J., dissenting). But the majority rejected that premise. *Id.* at 230–36 (majority opinion); *see* Jaszi, *supra* note 47, at 758–61 (defending the holding in *Rohauer*).

[160] *Stewart*, 495 U.S. at 213. Abend brought the suit in federal court in California. The district court, following *Rohauer*, granted summary judgment to Stewart. But the Ninth Circuit reversed, creating a circuit split. *Id.*

[161] *Id.* at 235–36.

mained unaffected by Abend's rights.[162] Nor would § 103(a) have invalidated the motion picture copyright had this dispute arisen under the 1976 Act because Stewart and his collaborators had authorization to make the movie.[163] This outcome preserves the intended hierarchy of rights between source work and derivative work authors without affecting copyright validity.[164]

Sections 103(a) and (b) are properly understood to protect "only . . . the material contributed by the author of [a derivative] work, as distinguished from the preexisting material employed in the work," which at the same time "does not imply any exclusive right in the preexisting material."[165] In other words, § 103(a) is about protecting original expression in derivative works, and § 103(b) is about both scope of protection and use. Whether the derivative author has the right to exploit their derivative work in any given context depends on the nature of the uses, first of the source work's expression in the derivative work, and later of the derivative work itself.[166]

This interpretation, which carefully balances conflicting rights and recognizes the protection of original expression, counsels against invalidation of copyright under § 103(a). According to its plain text, protection extends to "a work employing preexisting material in which copyright subsists" but only to the new material, and does "not extend [protection] to any part of the work in which such material has been used unlawfully."[167] "[U]nlawfully" means unauthorized and without an exception (such as fair use), yet in *Stewart* the source work was used initially with authorization and continued to be used under a good faith belief in its lawfulness. Part IV suggests that the appropriate application of § 103(a) in this situation of good faith derivative work authors may be licensing that would maintain both parties' interests in and the public's access to the respective works.[168]

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[162] Although *Rear Window* was a lawfully prepared derivative work when created, as were copies of the film made during the initial copyright term, distributing the film *later* became infringing because Abend owned the renewal right.

[163] Under 17 U.S.C. § 304(c)(6)(A), derivative works created under a terminated grant can continue to be exploited after termination. *See* 17 U.S.C. § 304(c)(6)(A).

[164] As the Court recognized in *Stewart*, Congress was aware of those problems and provided fixes for them in the 1976 Act. Interpreting 17 U.S.C. § 103 in a way that resurrects those problems, which may happen in some cases described herein, runs counter to a harmonious reading of the 1976 Act. This is likely most relevant for those authorized derivative works made before 1964, as works in their first term after that date were automatically renewed and subject to the 1976 Act's terms. *See* Copyright Renewal Act of 1992, Pub. L. No. 102-307, 106 Stat. 264 (1992) (eliminating renewal registration requirement for a second term of copyright protection).

[165] § 103(b).

[166] For examples of different uses in different contexts, see Timothy J. McFarlin, *Infringing Uses, Not Works*, 76 S.C. L. REV. 103, 121–23 (2024).

[167] 17 U.S.C. §103(a).

[168] This builds on Mark Lemley's insights about the economics of improvements in intellectual property laws. Lemley, *supra* note 144, at 1074. We leave for another day a discussion of whether such licensing should be accomplished by a court-ordered or individually negotiated license.

A more contemporary example is *Warhol*.[169] There, the Supreme Court upheld a Second Circuit ruling that the Warhol Foundation's 2016 grant of a license to Condé Nast of Warhol's *Orange Prince* for a magazine cover was not a fair use.[170] Warhol created it and fifteen other works in the *Prince Series* in 1984 under a commission from Vanity Fair, who had obtained an artist reference license for use of Lynn Goldsmith's photo of the rock musician from her agent.[171]

The Supreme Court held that the Foundation's licensing of *Orange Prince* for the 2016 magazine cover infringed Goldsmith's copyright even though Warhol had reasonably relied upon his understanding that his creation of the *Orange Prince* was lawful. Notably, neither the Second Circuit nor the Court held that the *Prince Series* were unlawful derivative works or that under § 103(a) Goldsmith could exploit the *Prince Series* because the Foundation had no copyright in the art works. By opining only on the 2016 license, the Court avoided the § 103(a) potential invalidation issue. But by holding that fair use defenses must be assessed on a use-by-use basis, the Court introduced new uncertainty into fair use law by distinguishing between infringing and non-infringing uses of works that themselves may not be infringing.[172] This has left many authorized derivative work authors (and putative fair users) in an uncertain state about future uses of their creations, exacerbating the concern that § 103(a)'s ambiguity might be harnessed in contravention of balanced copyright policy and outcomes.

What is the status of works based upon preexisting works that were created with permission of source work authors but later used in contexts different than originally intended? If Warhol's creation of the *Prince Series* was authorized either by a license or by fair use, § 103(a) should not affect the Foundation's copyrights, notwithstanding the later act of infringement.[173] The Supreme Court appears to have accepted that the *Prince Series* works may have

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[169] Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 598 U.S. 508, 515 (2023).

[170] *See, e.g.*, Peter J. Karol, *What's the Use? The Structural Flaw Undermining* Warhol v. Goldsmith, 71 J. COPYRIGHT SOC'Y 107, 111–24 (2024). Because granting a commercial license to use a work does not violate any exclusive right, the Court should not have assumed the Foundation was a direct infringer. It may, however, have been indirectly liable for Condé Nast's infringement which the Court ignored. *See id.* at 129–33; *see also* Silbey & Subotnik, *supra* note 7, at 356–57 (explaining that the Court failed to consider that Warhol's use of Goldsmith's photograph was under an artist reference agreement and to establish the existence of a derivative work and thus an infringement of § 106(2) in the creation of the *Prince Series*); Samuelson, *supra* note 9, at 526–27 (explaining that the Solicitor General hijacked the *Warhol* case by redirecting the Court's focus to the magazine cover license instead of the creation of the *Prince Series* in 1984).

[171] The invoice stated that Goldsmith was to receive $400 and source credit for this use. *Warhol*, 598 U.S. at 517–18.

[172] *See, e.g.*, Samuelson, *supra* note 9, at 542–47.

[173] *See, e.g.*, Brief for the United States as Amicus Curiae Supporting Respondents at 32, *Warhol*, 598 U.S. 508 (2023) (No. 21-869) (suggesting this).

been lawfully created as art.[174] But § 103(a) says "protection for a *work* employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been *used* unlawfully."[175] Section 103(a) thus speaks of both works and uses. *Warhol* avoided this interpretive issue, even though Goldsmith had long claimed that the Foundation owned no rights in the *Prince Series*.

Circumstances such as those in *Warhol* are common in the art world and in everyday creative practice.[176] It is important to clarify § 103(a)'s application especially in cases of ambiguously authorized derivative works and plausible fair uses.[177] Under such circumstances, the secondary works' copyright should not be invalidated, nor should they, in effect, be transferred to the source work author if the source work was used in good faith pursuant to an agreement reasonably understood to grant such authorization.[178]

Long-standing practices by artists and photographers of using artist references with permission, either explicitly or implicitly, should aid interpretation of § 103 to ratify these good faith understandings and practices.[179] Authorized use ("used []lawfully" in the language of § 103) might be the equivalent of "lawfully made" under § 109, meaning the entire derivative work is both authorized and copyrightable by the derivative work author. The terms of the agreement between source work and derivative work authors, whether explicit or implied, might regulate downstream uses of the derivative work; but copy-

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[174] *See Warhol*, 598 U.S. at 534 n.9 (noting that Goldsmith abandoned her larger claims); *cf.* McFarlin, *supra* note 166, at 111 (citing *Warhol*, 598 U.S. at 534) (noting that "[t]he majority [opinion] took care to note that it 'expresse[d] no opinion as to the creation, display, or sale of any of the original *Prince Series* works'").

[175] 17 U.S.C. § 103(a).

[176] *See generally* Silbey & Subotnik, *supra* note 7 (describing the practice of artist reference grants).

[177] The invoice between Goldsmith's agent and Vanity Fair, for example, was unclear as to what it allowed Warhol to do with his creation based on Goldsmith's photograph. There is, however, little ambiguity about the terms Vanity Fair agreed to: use of an art work, based on the photograph, "ONE TIME [on a] FULL PAGE AND ONE TIME UNDER ONE QUARTER PAGE. NO OTHER USAGE RIGHTS GRANTED. ONE TIME ENGLISH LANGUAGE ONLY NORTH AMERICAN DISTRIBUTION ONLY." *See* Silbey & Subotnik, *supra* note 7, at 361 & n.18 (citing Joint Appendix). Yet, it should matter that Warhol was not a party to that agreement and there is no evidence that Warhol knew of any restrictive provisions of the arrangement between Vanity Fair and Goldsmith's agent; hence, he could not be bound by it. *See* Pamela Samuelson & Mark P. Gergen, *What's Wrong and What's Missing in the SG's Amicus Brief in* Andy Warhol Foundation v. Goldsmith, VOLOKH CONSPIRACY (Sep. 6, 2022), https://reason.com/volokh/2022/09/06/whats-wrong-and-whats-missing-in-the-sgs-amicus-brief-in-andy-warhol-foundation-v-goldsmith/ [https://perma.cc/4P4B-U23H].

[178] Had Goldsmith prevailed with her derivative work claim and had the Foundation still owned the originals, she could have sought seizure, impoundment, and destruction under 17 U.S.C. §§ 502 and 503. Such harsh consequences make little sense under our conception of § 103(a) as a fair apportionment scheme. *See infra* Part IV.F (discussing how courts can construe § 103(a) as an apportionment rule). Goldsmith's derivative work claim, if successful, would arguably have given her the right to exploit the copyrights in the *Prince Series*. *See supra* note 10 and accompanying text.

[179] *See generally* Silbey & Subotnik, *supra* note 7.

right validity (and thus the derivative author's rights of exclusion as to third parties) should be uncontested.[180]

Good reasons exist to interpret § 103(a) generously as to derivative work authors and the downstream uses of the derivative works. Significant negative third-party effects may arise if an initially authorized derivative (or putative fair use creation) has long been circulated, copied, and publicized in reliance on the good faith belief in an agreement between parties, as was the case in both *Stewart* and *Warhol*. In the latter case, for example, museums and galleries should have the benefit of first sale privileges to publicly display, lend, or resell the originals.[181] An application of § 103(a) that comports with equitable principles and honors the good faith belief and understanding between the parties would avoid these problems. Doing otherwise would undermine copyright policy of promoting progress of science by chilling the production and circulation of the new expression made with permission of underlying authors.

2. Derivatives Created Under Conditions of Collaboration or Questionable Employment

Authors often lack clear understanding of ownership rights in derivative works prepared in the context of informal collaborations and ambiguous employment relationships. Contributors may reasonably believe they have rights in the works to which they are contributing. In these ambiguous situations, § 103(a) should not be interpreted to void the contributors' rights in the resulting work such that the collaborators no longer have access to their own investments and expressions. Nuanced remedies may mitigate harms from what is often a misunderstanding of law and fact between intentional collaborators. But copyright invalidation that inflicts outsized consequences on unsuspecting collaborators who are authors of original expression in the derivative work is not, we believe, what Congress intended in § 103(a).

Caffey v. Cook is one example of ambiguous collaboration.[182] Caffey collaborated with three singer/performers in the creation of the musical show, *Three Mo' Tenors*. Caffey selected and organized existing songs to be sung and claimed copyright in that compilation. But the U.S. District Court for the Southern District of New York found that Caffey and the defendants collaborated extensively, including "in selecting the solo pieces, group numbers and

[180] We do not believe that the "pervade[s] the entire work" standard should apply in all contexts. For instance, § 103(a) should not invalidate copyright in an authorized derivative work used in a different context, as in *Warhol*, even when the source work "pervade[s] the entire derivative work."

[181] *Warhol* expressly limited its holding to the licensed use on the magazine cover, avoiding the question of the copyrightability of the original *Prince Series* art works and implying that fair use or some other exception would allow public displays and some reproductions of the *Prince Series*. Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 598 U.S. 508, 534 n.10 (2023).

[182] 409 F. Supp. 2d 484, 486–91 (S.D.N.Y. 2006); s*ee supra* Part II.B.3.

some of the spoken dialogue to segue the songs."[183] It also found that the "primary factors in determining the selection and ordering of the songs" came from the defendants as well.[184] Cook and his co-performers were understandably confused when years later, after the collaboration ended, Caffey sued them for continuing to perform the musical without Caffey's involvement.

The court observed that despite finding that Caffey had final decision-making authority, the defendants never "belie[ved] that there was [anything] copyrightable in the performance of other people's songs" and that Caffey had never told the defendants that he intended to register a copyright to their show.[185] Given the undisputed collaboration and the confusion and secrecy over ownership—Caffey said with regard to his solo copyright registration, "it was none of [his collaborators'] business"—the court equitably reduced the monetary award owed to Caffey by two-thirds to reflect other sources of contribution to profits, as well as direct costs associated with the infringing performances, overhead, and income taxes.[186] Although not directly tied to § 103(a)'s application, this court properly applied the spirit of that provision by assessing relative, valuable contributions to the copyrighted work in the spirit of "mistaken improve[rs]" (Cook and the other performers who believed they had an investment-backed expectation in the musical performance) and assessing damages for the work's unauthorized use in relation to those contributions.[187]

In 2015, in *Greene v. Ablon*, the U.S. Court of Appeals for the First Circuit addressed another complicated and ambiguous collaboration case.[188] The litigants were co-authors of a book about how to treat children who exhibit explosive behaviors (the Book), which was a sequel to plaintiff Ross Greene's earlier sole-authored book. After Greene and defendant Dr. Stuart Ablon had a falling out, Ablon gave public presentations about the Book using slides containing quotations from Greene's first book.[189] Based on this copying, Greene charged Ablon with infringing copyright in his earlier book. Greene also tried to disclaim Ablon as a coauthor and argued Ablon infringed Greene's copyright when he used materials from the Book. A jury found that Ablon's use of

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[183] *Caffey*, 409 F. Supp. 2d at 488. Some of the selected songs had been previously performed by the singers and were a part of their respective repertoires. *Id.*

[184] *Id.*

[185] *Id.* at 489, 491.

[186] *Id.* at 491, 506–09.

[187] *See supra* note 154 and accompanying text (referencing RESTATEMENT (THIRD) OF RESTITUTION AND UNJUST ENRICHMENT § 10 (A.L.I. 2011) on mistaken improvements). If copyright's joint authorship doctrine evolved to recognize joint authorship in cases such as these, § 103(a) may be less relevant to resolve disputes concerning collaborations.

[188] 794 F.3d 133, 139 (1st Cir. 2015).

[189] *Id.* at 149–50.

parts of the preexisting work in his presentation slides did infringe Greene's copyright, and an appellate court affirmed the finding of copyright liability.[190]

But Ablon was not entirely out of luck. The First Circuit recognized the Book as both a joint work and a derivative work, and noted that when a derivative work results from joint authorship, both authors "share equally in the copyright to the derivative work, regardless of who penned the new material."[191] This meant that Ablon was liable for infringement only regarding his use of Greene's previous book. This significantly mitigated his damages. Furthermore, despite the court basing its decision in part on § 103, it did not invoke that section to invalidate any copyright or prevent Ablon's further use of the slides. Indeed, the court affirmed a denial of injunctive relief based on a finding that the infringement "was limited to a finite set of presentation slides that can easily be changed."[192] As such, the consequences of § 103(a) were not nearly as harsh as they could have been: Ablon prevailed on several critical claims, including that he was a co-author of the Book.

Similar issues sometimes arise in ambiguous employment situations. In 2012, in *U.S. Auto Parts Network, Inc. v. Parts Geek, LLC*, plaintiff U.S. Auto Parts Network, for instance, claimed copyright ownership in software that defendant Parts Geek allegedly infringed.[193] Parts Geek was founded by former employees of U.S. Auto Parts who, Auto Parts alleged, took some of the software on which they had been worked to their new company. In addition to copyright claims, U.S. Auto Parts brought trade secret, breach of contract, and unfair competition claims against Parts Geek. All of the claims turned on the nature of the employment arrangement between the departed software engineers and the plaintiff. If the former employees developed the software at issue while employed at U.S. Auto Parts, and then later prepared derivative works of that software in their new job, application of § 103(a) might render some of Part Geek's improvements to that software uncopyrightable and infringing.[194]

For U.S. Auto Parts to prevail, it would need to show that the former employee was, in fact, an employee and that he made copyrightable contributions to the software while employed, which he later took to Parts Geek and continued to improve upon. The U.S. Court of Appeals for the Ninth Circuit reversed

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[190] *Id.* at 159; *see also* Weissmann v. Freeman, 868 F.2d 1313, 1315–16 (2d Cir. 1989) (involving unauthorized use by one co-author of the other co-author's subsequent sole-authored work derived from the earlier joint works).

[191] *Greene*, 794 F.3d at 152–53.

[192] *Id.* at 157.

[193] 692 F.3d 1009, 1012 (9th Cir. 2012); *see also* Avtec Sys., Inc. v. Peiffer, 21 F.3d 568, 569 (4th Cir. 1994) (reversing a lower court ruling finding that the former employee of a government contractor owned copyright in a derivative version of software initially prepared for the former employer, and remanding the case for further proceedings to determine whether the earlier program was a work for hire). *Avtec* is discussed *infra* note 279.

[194] *U.S. Auto Parts*, 692 F.3d at 1012–16.

the district court's summary judgment for defendants because of genuine issues of material facts concerning the employment arrangement, the copyrightability of the employee's contributions, and whether those contributions were brought to the subsequent employer and incorporated into the derivative software.[195]

Although this reversal favored the plaintiff, the result sent complicated questions of collaboration, copyright invalidation, and copyright ownership to the jury.[196] This was a prudent application of § 103(a). The court implied that § 103 is an apportionment provision, whereby a derivative author, here the departing employees and possibly also Parts Geek, "may own the copyright in material [they] contributed to a preexisting work, but not in infringing material or material [they] did not create."[197] The implication is that mistaken improvers—or improvers caught in complex situations, such as in *Caffey* and *Greene*—might still stand to benefit from their improvements, just not from use of the copyrighted material that did not originate from the collaboration.

3. Unconscious Copying

The doctrine of unconscious copying has been controversial in copyright law.[198] Drawing a line between unconscious copying and independent creation, which is a complete defense to copyright infringement claims, remains evidentiarily and theoretically fraught.[199] Unconscious copying discounts the likelihood of independent creation of works that contain substantial *scènes à faire* elements and share the same ideas and concepts. Further, the doctrine is premised on the legal fiction that easy distinctions exist among works, that is, where

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[195] *Id.* at 1020–21; *see also* Power v. Connectweb Techs., Inc., 740 F. Supp. 3d 39, 51–52 (D. Mass. 2024) (finding that under § 103(a) an employee could not claim copyright in his unauthorized derivative versions of his employer's software).

[196] The jury could have reasonably decided questions of separability and the independence of the derivative work from the source work. *See U.S. Auto Parts*, 692 F.3d at 1020. The court did not cite or rely on the "pervade[s] the entire work" test, but instead anticipated a consideration of apportionment by the jury. *Id.*

[197] *Id.* at 1016.

[198] *See, e.g.*, Christopher Buccafusco, *There's No Such Thing as Independent Creation, and It's a Good Thing, Too*, 64 WM. & MARY L. REV. 1617, 1665 (2023) (describing the controversy).

[199] *Id.* at 1665– 66 (describing how memory of past expressive works inevitably influences creative processes and how the independent creation doctrine is, in fact, a myth). Judge Learned Hand seemingly originated the unconscious copying doctrine in *Fred Fisher, Inc. v. Dillingham*. 298 F. 145, 147–48 (S.D.N.Y. 1924) ("Once it appears that another has in fact used the copyright as the source of his production, he has invaded the author's rights. It is no excuse that in so doing his memory has played him a trick."); *see also* Harold Lloyd Corp. v. Witwer, 65 F.2d 1, 17 (9th Cir. 1933) ("[A]n intentional copying is not a necessary element in the problem if there has been a subconscious but actual copying."); Edwards & Deutsch Lithographing Co. v. Boorman, 15 F.2d 35, 37 (7th Cir. 1926) ("One may copy from memory . . . . and this may be done without conscious plagiarism.").

one work ends and others begin.[200] Moreover, it distorts the incentive rationale of copyright by imposing liability on people who engage in good faith creativity.

The specter of invalidation under § 103(a) raises similar concerns. When derivative works share common public domain elements with underlying works or when a derivative work adds value to a source work even as it is both independent from and owes its existence to it, § 103(a) should be understood as preserving the derivative work author's copyright in their contributions, as § 103(b) requires, even if not in the whole work. Invalidation of the derivative work copyright may unfairly enrich the source work author, as when the secondary work's creator subconsciously copies from a source work. An equitable application of § 103(a), in conjunction with 103(b), would apportion benefits from the derivative work between the source work's and derivative work's authors, as has happened in some unconscious copying cases. So far, none of the unconscious copying cases mention § 103(a), let alone interpret its meaning in respect of derivatives that have both infringing and noninfringing elements.

The best known unconscious copying cases have involved music copyrights.[201] One milestone case was in 1976 in *Bright Tunes Music Corp. v. Harrisongs Music, Ltd.*, in which George Harrison was charged with infringement because of similarities between his 1969 best-selling solo song *My Sweet Lord* and the Chiffons' song *He's So Fine* from the early 1960s.[202] The U.S. District Court for the Southern District of New York concluded that the two musical compositions were "the very same song."[203] Because *He's So Fine* had been widely popular, Harrison's access to it was uncontroverted. Harrison asserted that he independently created *My Sweet Lord* and was unaware of copying from any song, let alone from *He's So Fine*.

The relatively short district court opinion, which contained little analysis of the unconscious copying doctrine, mainly focused on reviewing the circumstances under which Harrison's song was created. It traced the origin of the song's basic elements to a singing engagement in Copenhagen, Denmark.[204] Further work on the Harrison song happened at a recording session a week later in London during which another musician, Billy Preston, and not Harri-

[200] *See, e.g.*, Olufunmilayo B. Arewa, *The Freedom to Copy: Copyright, Creation, and Context*, 41 U.C. DAVIS L. REV. 477, 531–36 (2007) (criticizing courts for relying on subconscious infringement doctrine instead of considering other aspects of similarity in musical works creation); *see also* ABRAHAM DRASSINOWER, WHAT'S WRONG WITH COPYING? 54–55 (2015) (conceiving of authorship as a series of communicative acts among works through which their authors engage in dialogue with one another).

[201] *See, e.g.*, Edward Lee, *Fair Use Avoidance in Music Cases*, 59 B.C. L. REV. 1873, 1890-94 (2018) (discussing "subconscious copying" as part of the long history of borrowing in music).

[202] 420 F. Supp. 177, 178 (S.D.N.Y. 1976), *aff'd sub nom.*, ABKCO Music, Inc. v. Harrisongs Music, Ltd., 722 F.2d 988 (2d Cir. 1983).

[203] *Id.* at 181.

[204] *Id.* at 179.

son, was principal musician.[205] Notwithstanding the considerable evidence of independent creation, the court concluded:

> It is apparent . . . that neither Harrison nor Preston were [sic] conscious of the fact that they were utilizing the *He's So Fine* theme. However, they in fact were, for it is perfectly obvious to the listener that in musical terms, the two songs are virtually identical except for one phrase.[206]

The court issued judgment for Bright Tunes on the infringement claim and awarded it $1,599,987, concluding that "three-fourths of 'My Sweet Lord's' success is due to plagiarized tune."[207] Harrison retained rights in his song.[208]

Section 103(a) was, of course, not operative when the *Harrisongs* case was pending. But recall that the Nimmer treatise interpreted section 7 of the 1909 Act as denying copyright in unauthorized derivative works.[209] The outcome in *Harrisongs*, which preserved Harrison's copyright, confirms that rights can be apportioned in unconscious copying cases, which is especially appropriate when the derivative work author contributes significant new material. The *Harrisongs* ruling also ratified the equitable distribution of profits from works that build upon source works, especially when done unconsciously and in good faith. Harrison's retention of copyright in *My Sweet Lord* reflects an implicit rejection of the idea that the source author should have the right to control exploitations of a derivative work containing some infringing material. This conforms with established practices between musical artists in sharing composition and song writing credit (which produces revenue) even if not copyright.[210]

A more recent case of unconscious copying was in 2018 in *Williams v. Gaye*, widely known as the *Blurred Lines* case. Marvin Gaye's estate accused Pharrell Williams and Robin Thicke of infringing Gaye's 1977 song *Got to Give It Up*.[211] During the trial, there was conflicting testimony about whether Williams and Thicke consciously drew on Gaye's song. Some evidence sug-

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[205] *Id.*

[206] *Id.* at 180 (footnote omitted).

[207] ABKCO Music, Inc. v. Harrisongs Music, Ltd., 508 F. Supp. 798, 801–02 (S.D.N.Y 1981) (ruling on damages resulting from Harrison's infringement), *modified*, 722 F.2d 988 (2d Cir. 1983).

[208] The court later reduced the award because plaintiff ABKCO had interfered in early settlement negotiations, which the court said skewed the earlier infringement adjudication. *Id.* at 802–03.

[209] *See supra* notes 40–42 and accompanying text.

[210] *See, e.g.*, DONALD S. PASSMAN, ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS 304–05 (11th ed. 2023) (describing typical co-songwriting royalty splits).

[211] Williams v. Gaye, 895 F.3d 1106, 1115 (9th Cir. 2018); *see also* Three Boys Music Corp. v. Bolton, 212 F.3d 477, 480 (9th Cir. 2000) (upholding jury verdict that the defendant unconsciously infringed copyright in earlier song), *abrogated on other grounds by* Skidmore as Tr. for Randy Craig Wolfe Tr. v. Led Zeppelin, 952 F.3d 1051 (9th Cir. 2020).

gested they were intentionally influenced by the music of the 1970s,[212] but Williams categorically denied considering Marvin Gaye's song.[213] The nature of the copying was, by all accounts, pervasive but also minimal: the similarities lay in the "feel" or "groove" of Gaye's song, along with the use of similar instruments (e.g., a cowbell).[214] A jury determined Williams and Thicke infringed Gaye's copyright, but not willfully so. It awarded the Gaye estate $4 million in actual damages and more than $3 million in disgorged profits. In lieu of an injunction, the court imposed a fifty percent running royalty for further exploitations of *Blurred Lines*.[215] The Ninth Circuit affirmed these awards.

Never in the *Blurred Lines* litigation did the litigants or the court contemplate that the *Blurred Lines* song was an infringing derivative work whose copyright under § 103(a) might be invalidated or that the Gaye estate might be entitled to exploit *Blurred Lines* because Williams and Thicke employed Gaye's song unlawfully.[216] Section 103(a) might have given the Gaye estate more leverage in negotiating about remedies for this infringement; yet, neither the Gaye estate nor the court considered whether Williams and Thicke had lost control of *Blurred Lines* because of § 103(a).[217] Such a result would have disentitled Thicke and Williams to further exploitations of their derivative song; it also might have rendered third-party owners and licensees of the unlawfully-made copies into infringers. Section 103(a) should not be read to raise such a thicket of conflicting ownership and disproportionate copyright benefits.

The ultimate outcome in the *Blurred Lines* case was consistent with a prudent and straightforward application of § 103(a) as well as with good faith artistic practice. The conflicting testimony about musical influences on the song *Blurred Lines* and the controversy surrounding the case—that infringement lawsuits like this would stifle creativity through risk-averse behavior—

[212] Williams v. Bridgeport Music, Inc., No. LA CV13-06004, 2021 WL 5756776, at *2 (C.D. Cal. Feb. 12, 2021) ("The track was created from scratch in about an hour and a half. Robin Thicke told Pharrell Williams that Thicke would love to create a song that evoked the musical era of 'Got To Give It Up.'" (quoting Plaintiff and Counter-Defendant Robin Thicke's Supplemental Responses to Defendants and Counter Claimants Frankie Christian Gaye and Nona Marvisa Gaye's First Set of Interrogatories at 4–5, *Williams*, 2021 WL 5756776, at *2 (No. LA CV13-06004))).

[213] *Williams*, 2021 WL 5756776, at *3 ("Q. Did you ever have the thought—did Marvin Gaye's 'Got To Give It Up' ever cross your mind at all while you were creating 'Blurred Lines'? A. No.").

[214] *Williams*, 895 F.3d at 1119, 1125, 1138.

[215] *Williams*, 2021 WL 5756776, at *1.

[216] The court described *Blurred Lines* as having infringed the exclusive reproduction right and never mentioned the derivative work right. *See Williams*, 895 F.3d at 1119–20. But because the infringing song was neither a verbatim nor near-verbatim copy, the relevant exclusive right was more plausibly the derivative work right. *See* 17 U.S.C. § 101 (listing musical arrangements and sound recordings as examples of "derivative work").

[217] Perhaps the Gaye estate considered and rejected raising § 103(a) because the continued validity and exploitation of *Blurred Lines* and the ongoing forward royalty would, in effect, extend the benefits of Gaye's copyright. We thank Mike Carroll for this insight.

track results we have seen in similar cases.[218] Allowing the Gaye estate to exclusively exploit that song would have been a windfall. It would have ignored the original contributions of the secondary work's authors, contrary to congressional intent embodied in § 103(b). Extending exclusive rights in the derivative song to the Gaye estate would also contradict reasonable expectations in the music industry, which more frequently distributes royalties for songwriting credit using split sheets or after-the fact contractual arrangements when inadvertent mistakes are made.[219] This converts what is often a good faith iteration of the underlying work—whether or not the new song is also in fact a derivative work according to the law—into a legal collaboration with apportioned rewards and attributed credit.[220] Using § 103(a) to invalidate the derivative work's copyright and, in effect, to give rights to the source work's author in situations in which new music is made from prior phrases or style templates is inconsistent with the way music is made and how copyright law should reasonably be understood to function.[221]

[218] *See Pharrell Claims Blurred Lines' Copyright Lawsuit Will Stifle Creativity*, THE GUARDIAN (Mar. 20, 2015), https://www.theguardian.com/music/2015/mar/20/pharrell-blurred-lines-copyright-lawsuit-stifle-creativity [https://perma.cc/6NP3-EAT8] ("The verdict handicaps any creator out there who is making something that might be inspired by something else . . . ."); Randall Roberts, *How the 'Blurred Lines' Case Could Have Chilling Effect on Creativity*, L.A. TIMES (Mar. 6, 2015), https://www.latimes.com/entertainment/music/la-et-ms-blurred-lines-notebook-pharrell-williams-robin-thicke-marvin-gaye-20150306-column.html [https://perma.cc/AZ5L-7FWV].

[219] More recent dustups between celebrity musical artists resulting in songwriting credit and a share of the royalties have involved Olivia Rodrigo, Taylor Swift, and Paramore, among others. *See* Jason Brow, *Olivia Rodrigo Jokes About Taylor Swift and Paramore Writing Credit Drama During Concert*, US WEEKLY (Oct. 10, 2023), https://www.usmagazine.com/entertainment/news/olivia-rodrigo-jokes-about-taylor-swift-song-credit-issue-during-concert/ [https://perma.cc/F7TS-7JZ3].

[220] This may seem like an end-run around copyright's joint authorship rules. But perhaps for good reason, the music industry may not confuse credit and royalty apportionment with joint authorship. *See, e.g.*, Oliver Wendell Holmes Jr. & Mark A. Lemley, *Authoring While Dead*, 59 GA. L. REV. 385, 393–404, 412–24 (2025) (describing the common practice of agreements to add as co-authors persons who did not participate in song writing, and explaining why the inclusive (but legally incorrect) practice is problematic for copyright law and policy); *see also* Kristelia García, *The Emperor's New Copyright*, 103 B.U. L. REV. 837, 869 (2023) (describing the practice and problems of interpolation credit).

[221] *See, e.g.*, Arewa, *supra* note 200, at 479–80, 524–25 (discussing how copyright law fails to fully regard creative process and tradition); *see also* JESSICA SILBEY, THE EUREKA MYTH: CREATORS, INNOVATORS, AND EVERYDAY INTELLECTUAL PROPERTY 118 (2015) (quoting an interview with a musical artist, who declares "[i]t's all this big pool, and we're throwing stuff into it"). Because many infringement complaints raise both reproduction and derivative work claims (or could), this critique may apply to those infringement claims. Correctly interpreting § 103(a) to avoid invalidation and to apportion benefits from an unauthorized derivative work in good faith scenarios would mitigate the worst consequences of broad infringement standards and the sometimes extensive scope of derivative work subject matters. On the other hand, distinguishing between reproduction and derivative work infringement and prudently applying § 103(a) to only the latter might also right-size copyright infringement cases in line with copyright policy that balances private rights (and competing rights of private owners) with the public interest to promote progress of science.

B. Opportunistic Copyright Owners: Avoiding § 103(a) Windfalls

This Section considers three types of cases in which opportunistic copyright owners or their licensees may be unjustly enriched when, by invoking § 103(a), they deny (or attempt to deny) derivative work authors rights in original expression embodied in their derivative works. Opportunists may urge courts to apply § 103(a) in a manner contrary to an overall purpose of § 103, which is to fairly apportion benefits among copyright authors in order to support copyright's goals of promoting the progress of science.[222] This Section argues that courts should constrain copyright opportunists who seek an overly broad application of § 103(a) to avoid unjust enrichment and the chilling effects on creativity.

1. Source Work Authors' Appropriation of Derivative Work Authors' Original Expression

Adams v. Paramount Pictures Corp. is the clearest example in § 103(a) case law of source work authors appropriating expression from secondary or derivative work authors on the ground that those works are uncopyrightable under § 103(a) as unauthorized derivatives.[223] Paramount (and Marvel) contended that Adams' photographs of a scene from an *Iron Man* movie, which was being filmed in a public area, infringed copyrights in the movie and in the *Iron Man* character. Paramount had used Adams' photographs not only in movie trailers, but also in press kits to promote the movie without Adams' permission. In the press kits, Paramount authorized the press to make follow-on uses of the photographs. Paramount would normally have to pay photographers meaningful license fees to make such uses of their photographs. Fortunately, the court denied Paramount's motion to dismiss Adams' infringement lawsuit because it conceptualized § 103 as enabling Adams to claim copyright in the original expression that Adams contributed to the photographs.[224]

Warhol was another such case where a source work author (Goldsmith) raised the specter of § 103 copyright invalidation if a court ruled against the

[222] *See* Henry E. Smith, *Equity as Meta-Law*, 130 YALE L.J. 1050, 1056, 1076–81 (2021) (arguing that opportunism exists when an actor takes unforeseen advantage of a rule by exploiting uncertainty or complexity that otherwise works under normal circumstances; in a situation of conflicting rights, the opposite of opportunism is when each party takes the other's behavior into account to reach a fair result).

[223] *See* No. CV 08-3897, 2009 WL 10671572, at *1 (C.D. Cal. Jan. 6, 2009); *supra* notes 82–85 and accompanying text (discussing *Adams* in the context of "turnaround" cases where authors of unauthorized derivative works sued copyright owners of source works on which their derivatives were based).

[224] *Adams*, 2009 WL 10671572, at *3.

Warhol foundation's fair use claim.[225] We have come to realize that in close fair use cases, such as *Warhol*, a great deal more than money damages may be at stake for the fair use claimant because source work authors may perceive § 103(a) as a chance to opportunistically claim rights in the secondary works.

From the time Lynn Goldsmith first contacted the Warhol Foundation, she claimed that the *Orange Prince*, which appeared on the cover of a commemorative magazine honoring the rock star in 2016, infringed her derivative work right in a photograph she took of the rock musician in 1981.[226] When she realized that Warhol created fifteen other prints and drawings in the *Prince Series*, she claimed that they were all infringing derivative works.[227] Goldsmith's counterclaim repeated her infringing derivative work charges.[228] Until the oral argument to the Court, she consistently asserted that the *Prince Series* works were not fair uses, but infringing derivatives, and that the Foundation had no copyright in them.[229]

The Second Circuit panel seems to have been largely unaware of the potential confiscatory consequences for the Foundation and of a windfall to Goldsmith that would flow from a finding that the *Prince Series* works were, as Goldsmith claimed, infringing derivative works whose copyrights were invalidated by § 103(a).[230] Although the Second Circuit's ruling ignored this

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[225] *Warhol* Rehearing Petition, *supra* note 6, at 17–18. The Foundation's certiorari petition, merits brief, and oral argument, however, downplayed the implications of § 103(a) for the Warhol copyrights.

[226] *See, e.g.*, Samuelson, *supra* note 9, at 517–24 (detailing the history of Goldsmith's claims).

[227] *See* Amended Answer of Defendants, Amended Counterclaim of Lynn Goldsmith for Copyright Infringement and Jury Demand at 26, Andy Warhol Found. for the Visual Arts v. Goldsmith, 382 F. Supp. 3d 312 (S.D.N.Y. 2019) (No. 17-cv-2532). Goldsmith also claimed the *Prince Series* art works infringed her reproduction, distribution, and public display rights in that photograph. *Id.* Because we read § 103(a) as applying only to derivative works with especially problematic consequences in close fair use cases such as *Warhol*, we leave for another article untangling the equities of confiscatory remedies available for other infringements.

[228] *Id.*

[229] For a detailed discussion about the consistency of Goldsmith's derivative work claims, see Samuelson, *supra* note 9, 517–24. Under the Second Circuit's *Warhol* ruling, not only was Warhol's creation of the *Prince Series* an unfair use of Goldsmith's photograph but also all sixteen works were substantially similar to Goldsmith's creation as a matter of law. *See* Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 11 F.4th 26, 52, 54 (2d Cir. 2021), *aff'd*, 598 U.S. 508 (2023).

[230] This ignorance is perhaps understandable given that neither litigant brought this issue to the panel's attention, buried as it was in Goldsmith's Answer and Counterclaim filed back in June 2017. Goldsmith's counterclaim did not specifically reference § 103(a), but she did ask the court to rule that the Foundation had no copyrights in the *Prince Series*. Amended Answer of Defendants, Amended Counterclaim of Lynn Goldsmith for Copyright Infringement and Jury Demand, *supra* note 227, at 27. The court also didn't seem to realize that if Goldsmith prevailed on her counterclaim, she might not need to ask for an injunction to stop the Foundation from further licensing of the *Prince Series* works because by operation of law, § 103(a) could invalidate the Foundation's copyrights. *See* Samuelson, *supra* note 9, 535–41 (suggesting plausible reasons for the lack of briefing on the § 103(a) issue in *Warhol*). Given that Goldsmith was represented by two of the nation's most accomplished appellate counsel, she must have been aware that § 103(a) would give her everything she could possibly want

concern, Judge Jacobs, in his concurring opinion, emphasized that the majority opinion left undecided whether the finding of infringement encumbered the original *Prince Series* works in private collections, or whether any other original works of art that borrow from the protected material are also infringing.[231] The concurrence further addressed, albeit implicitly, the potential windfall to Goldsmith and the harm to the public should Goldsmith's success mean that the Foundation lost copyrights in the *Prince Series*:

> The "public benefits" considered here are those associated with the only use at issue: the Foundation's commercial licensing. This use has nothing to do with "copyright's concern for the creative production of new expression." Had the use been Warhol's use of the photograph to construct the modified image, we would need to reassess.[232]

In other words, the concurring judge was alone in considering the potential significance of a ruling in Goldsmith's favor for the Foundation's copyrights in the *Prince Series*.

The potential for § 103(a) to give Goldsmith control over the *Prince Series* existed even though those works' value was overwhelmingly due to Warhol's creative contributions rather than to the artistry in Goldsmith's photograph.[233] This would have been a windfall for her and deeply unfair to the Foundation, given that Warhol very likely created the *Prince Series* believing he had the right to do so as he could assume that Vanity Fair handled the permissions.[234]

The Second Circuit was also oblivious to the possibility that its ruling would have implications for museums and galleries that owned the Warhol *Prince Series* originals.[235] The invalidation of the Foundation's copyright under § 103(a) might have automatically had downstream effects for these institutions as a matter of law. They might no longer have the legal right to publicly display their originals, to lend the originals to other museums, or to sell or give them away because the originals would no longer have been "lawfully made"

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without having to ask for an injunction if only she could press her infringing derivative work claim on remand from the Second Circuit.

[231] *Warhol*, 11 F.4th at 54 (Jacobs, J., concurring).

[232] *Id.* at 55 (quoting Google LLC v. Oracle Am., Inc., 593 U.S. 1, 35 (2021)).

[233] Except for the 1984 license granted to Vanity Fair, Goldsmith had not exploited the copyright in that photograph. Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 382 F. Supp. 3d 312, 322 (S.D.N.Y. 2019), *rev'd*, 11 F.4th 26 (2d Cir. 2021), *aff'd*, 598 U.S. 508 (2023).

[234] Under the Court's decision in *Warner Chappell Music, Inc. v. Nealy*, Goldsmith might have been eligible on remand for an award for all of the Foundation's commercial exploitations of the *Prince Series*, not just for the 2016 license. *See* 601 U.S. 366, 370 (2024); *see also supra* Part III.A.1 (discussing why Warhol could have had a good faith belief that his use of Goldsmith's photograph was authorized under the artist reference agreement).

[235] *Warhol* Rehearing Petition, *supra* note 6, at 18; *Warhol*, 11 F.4th at 54 (Jacobs, J., concurring).

under this title.[236] If Goldsmith had prevailed with her infringing derivative work claim, the downstream effects of that ruling and the reach of § 103(a) might have been massive.[237]

Warhol is far from the only close fair use case to pose source work copyright owner opportunism issues, given the risks that § 103(a) poses for defendants facing prima facie derivative work infringement claims. Consider the humongous windfall that a potential § 103(a) invalidation could have had in the *Google v. Oracle* case if in 2021 the Supreme Court denied Google's certiorari petition or upheld the Court of Appeals for the Federal Circuit ruling that Google had made unfair use of parts of the Java Application Program Interface in its Android platform.[238] Oracle sought $9 billion in damages and disgorged profits in its litigation against Google.[239] Under the Court of Appeals for the Federal Circuit's ruling, Oracle could have tried to prove its entitlement to that large an award. But did the court or Oracle's lawyers consider the possibility that if the Java declarations Google used in the Android platform were held to be infringing derivative works and unfair uses, as Oracle claimed, § 103(a) might have meant that Google would have lost its copyright in the Android platform? This might have meant a loss of control over the Android ecosystem insofar as the declarations were interspersed throughout (or, in the language of *Eden Toys* "tends to pervade") the Android code. We think Congress did not intend § 103(a) to have such an effect.[240]

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[236] *Warhol* Rehearing Petition, *supra* note 6, at 17–18. Moreover, the Second Circuit panel's narrow interpretation of transformative purposes in *Warhol* "threatens to render *unlawful* large swaths of contemporary art that incorporates and reframes copyrighted material to convey a new and different message—effectively outlawing a genre widely viewed as 'one of the great artistic innovations of the modern era.'" *Id.* at 17 (quoting Blake Gopnik, *Warhol a Lame Copier? The Judges Who Said So Are Sadly Mistaken*, N.Y. TIMES (Apr. 5, 2021), https://www.nytimes.com/2021/04/05/arts/design/warhol-copyright-appeals-court.html [https://perma.cc/W6SD-LQ9F]).

[237] *See* Peter J. Karol, *After* Warhol: *The Transformative Impact of* Warhol v. Goldsmith, ARTFORUM (June 5, 2023), https://www.artforum.com/columns/the-transformative-impact-of-warhol-v-goldsmith-252757/ [https://perma.cc/Y25Z-T3FJ] ("There is no art school teaching artists to create works for single, defined, hermetically sealed, lawyer-approved uses . . . . The lasting irony, then, may be that Warhol—an artist synonymous with appropriation—may now be the name lawyers cite most to attack that very practice."). The *Warhol* decision had implications, in other words, not just for the sixteen Warhol works depicting Prince, but for the entire field of appropriation art, as well as for centuries of visual art whose creators had long built upon images from previous works. *See, e.g.*, Brief of the Robert Rauschenberg Foundation et al. as *Amici Curiae* in Support of Appellee's Petition for Panel Rehearing and Rehearing En Banc at 2–15, *Warhol*, 11 F.4th 26 (No. 19–2420–cv).

[238] *See* Google LLC v. Oracle Am., Inc., 593 U.S. 1, 40 (2021) (ruling that as a matter of law, Google had made fair use of 11,500 declarations from the Java Standard Edition.).

[239] *See, e.g.*, Martin Giles, *Supreme Court Backs Google in $9 Billion Software Battle with Oracle*, FORBES (Apr. 5, 2021), https://www.forbes.com/sites/martingiles/2021/04/05/supreme-court-backs-google-in-software-battle-with-oracle/ [https://perma.cc/R8B8-HXAB].

[240] Similarly, we question whether § 103(a) invalidation would be an appropriate outcome in cases involving generative AI. For example, OpenAI has publicly accused DeepSeek of training its model on OpenAI data. In a potential copyright infringement lawsuit, DeepSeek could defend against such a claim by raising § 103(a) to invalidate OpenAI's copyright because OpenAI trained its model on bil-

2. Taking Unfair Advantage of an Authorized Derivative Work Author

Sometimes copyright owners or their licensees take unfair advantage of authors of derivative works, seeking to wield § 103(a) to deprive derivative work authors of their rightful due. This unfair advantage is especially problematic—a kind of opportunism that copyright law should not condone—when the derivative works are *authorized* creations.[241]

The U.S. Court of Appeals for the Seventh Circuit dealt with such a case in *Gracen v. Bradford Exchange*.[242] Defendant Bradford Exchange obtained a license from MGM, owner of the *Wizard of Oz* movie copyright, to conduct a contest to create visual depictions of characters and scenes from that movie for a collectors' plate series. He provided contestants with copies of images from the movie to assist them. Plaintiff Jorie Gracen, an employee of Bradford, was allowed to participate in this contest.[243] Her painting of Judy Garland as Dorothy won the contest.

After Gracen declined Bradford's offer to use her painting for the ceramic plate series, Bradford hired another graphic artist, James Auckland, to prepare a similar image and gave him Gracen's image as a reference, telling him to "clean it up."[244] When Gracen saw Bradford's plates featuring Auckland's picture, she registered her claim of copyright in the painting and sued MGM, Bradford, and others for infringement. MGM's and Bradford's countersuit claimed that Gracen's public displays of her painting and drawings to solicit new artistic commissions were infringements.[245]

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lions of source works which, DeepSeek could argue, was not fair use. This would be an opportunistic assertion of § 103(a) and not at all what § 103(a) intended to accomplish. *See, e.g.*, Joe Berkowitz, *OpenAI Sees the Downside of 'Fair Use' Now That DeepSeek May Have Used OpenAI's Data*, FAST CO. (Jan. 29, 2025), https://www.fastcompany.com/91269024/openai–china–deepseek–fair–use–copyright–fight [https://perma.cc/K4NC-M6WN] ("Creatives have been screaming for years that generative AI relies on the unfair use of copyrighted material. The world's preeminent AI startup is suddenly on the other end of the debate.").

[241] *See, e.g.*, Liu v. Price Waterhouse LLP, 302 F.3d 749, 754–55 (7th Cir. 2002) (holding that despite the lack of a signed writing transferring rights to the defendant, as § 204(a) requires, the defendant firm was entitled to claim copyright in derivative software created under an agreement with plaintiff who commissioned a third party to develop the software improvements, rights in which were assigned to plaintiff).

[242] 698 F.2d 300, 301–02 (7th Cir. 1983). Because Gracen registered her claim of copyright in 1976 and the allegedly infringing acts by Bradford happened in 1977, the case should have been decided under the 1909 Act, but the court analyzed *Gracen* as though the 1976 Act governed it. *Gracen* is well known in the copyright literature for two incorrect propositions. One is that derivative work authors must contribute a more substantial quantum of originality to qualify for copyright than authors of other works. *Id.* at 302. A second is that a derivative work's author needs permission from the owner of rights in source work(s) to copyright her derivative. *Id.* The Seventh Circuit Court of Appeals later recanted both propositions in *Schrock v. Learning Curve International, Inc*. *See* 586 F.3d 513, 521, 523 (7th Cir. 2009).

[243] *See Gracen*, 698 F.2d at 301–05.

[244] *Id.* at 302.

[245] *Id.*

The Seventh Circuit affirmed a lower court ruling that Gracen's depiction of Judy Garland as Dorothy lacked sufficient originality to be copyrightable, even though it had been selected as the best entry to the contest and Bradford had been "rapturous" about it.[246] The court assumed that Gracen was correct in characterizing the Bradford plates as embodying "piratical cop[ies]" of her painting.[247] Citing § 103(a), however, the court opined that even if Gracen's painting had sufficient originality to be copyrightable, she had no copyright in it unless the source work's copyright owner had given her permission to copyright it.

Judge Posner's opinion in *Gracen* not only ignored the equities favoring the plaintiff, but also reflected a mistaken understanding of the originality standard for obtaining copyright protection and of the implications of § 103 for derivative work copyrights.[248] In our view, there was enough originality to support Gracen's claim that she owned a derivative work copyright.[249] Because Bradford had a license from MGM to run a *Wizard of Oz* contest and implicit authority to grant contestants a license to make pictures that were based on images from the movie, Gracen created an authorized derivative work. Hence, § 103(a) had no effect on her copyright, for no part of her painting contained material that she used unlawfully. If anyone's copyright was invalid as an infringing derivative under § 103(a), it was Auckland's.[250] Gracen's loss resulted from Bradford's opportunism, which took unfair advantage of her work by wielding a complex and arguably ambiguous statute to deprive a derivative work author of her rightful due.

3. Claims of Derivative Work Infringement Aimed at Suppressing Unwelcome Publications

Copyright owners of popular works are sometimes reluctant to grant derivative work licenses to those who request them unless prospective licensees agree to abide by restrictions aimed at protecting the underlying works from

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[246] *Id.* at 301, 305.

[247] *Id.* at 302, 305.

[248] As the Seventh Circuit later realized, creators of authorized derivative works do not need permission to copyright their works. *See* Schrock v. Learning Curve Int'l, Inc., 586 F.3d 513, 523 (7th Cir. 2009).

[249] *See supra* note 242 and accompanying text (discussing the Seventh Circuit repudiation of *Gracen*'s endorsement of a higher originality standard for derivative works). The scope of Gracen's copyright was limited, of course, to the pictorial elements in her painting that were original to her under 17 U.S.C. § 103(b). Gracen's copyright could, however, be infringed by exact or near-exact copying of original elements in her painting.

[250] Bradford and Auckland were the infringers, not Gracen. Bradford was twice over a secondary infringer, first, for authorizing Auckland to create the infringing derivative and second, for hiring the ceramic company to print Auckland's infringing picture on the plates. S*ee Gracen*, 698 F.2d at 301–02. Gracen should consequently have been able to disgorge Bradford's profits and get an award of actual damages against Auckland.

unwelcome adaptations.[251] Copyright law may seem an attractive legal mechanism to prevent such adaptations from reaching marketplaces and finding audiences. In the case of unauthorized derivatives that are critical of the source work, but are arguably not fair use, opportunistic plaintiffs might find § 103(a) particularly enticing. This subsection discusses three cases as examples of derivative uses in which § 103(a) was not invoked, but where its potential invalidating effects would have been censorial and contrary to copyright policy.

The first exemplary case is the U.S. Court of Appeals for the Eleventh Circuit's 2001 case, *Suntrust Bank v. Houghton Mifflin Co.*[252] The Plaintiff Suntrust, as trustee of the estate of Margaret Mitchell, held copyright in the long-time best-selling book *Gone with the Wind* (*GWTW*). Suntrust has licensed some derivative works of that novel and denied licenses to others. When Suntrust learned that Houghton Mifflin planned to publish Alice Randall's book *The Wind Done Gone* (*TWDG*), which tells the same story as *GWTW* but from the point of view of an enslaved person, Suntrust sued it and its author for copyright infringement.

The U.S. District Court for the Northern District of Georgia granted a preliminary injunction against publication of *TWDG* because Randall had appropriated numerous characters from *GWTW* and their complex relationships to one another, as well as major scenes, settings, plot elements, and even some verbatim dialogue.[253] The court characterized Randall's book as an "unabated piracy."[254]

Although the Eleventh Circuit agreed with the trial court that *TWDG* had made "substantial use" of characters, settings, and plot elements of *GWTW*, it disagreed with the lower court's substantive copyright analysis.[255] Because *TWDG* was a critical commentary on *GWTW*, showing the horrors of plantation life from the standpoint of enslaved characters and the corrupt nature of the planters' society, the appellate court thought *TWDG*'s appropriation of plot elements was, as in *Campbell v. Acuff-Rose Music, Inc.*, necessary to make the critical commentary effective.[256] The purpose of *TWDG* was transformative within the meaning of *Campbell* because Randall created a secondary work

[251] *See, e.g.*, Rosemont Enters., Inc. v. Random House, Inc., 366 F.2d 303, 311 (2d Cir. 1966) (Lumbard, C.J., concurring) (supporting reversal of preliminary injunction against unauthorized Howard Hughes biography, saying it should have been based in part on plaintiff's acquisition of copyright in source articles for the purpose of suppressing publication of the biography).

[252] *See* 268 F.3d 1257, 1259 (11th Cir. 2001).

[253] *Id.*

[254] Suntrust Bank v. Houghton Mifflin Co., 136 F. Supp. 2d 1357, 1369 (N.D. Ga.), *vacated*, 268 F.3d 1257 (11th Cir. 2001).

[255] *Suntrust*, 268 F.3d at 1267.

[256] *Id.* at 1267–76 (citing Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994)). The court characterized *TWDG* as a parody, but opined it was not even close to humorous. *Id.* at 1269. That book should be understood as a non-parodic critical commentary.

having a different purpose than the original and conveyed a new meaning and message.[257] Although the taking from this popular novel was substantial, the court was persuaded that *TWDG* would not harm the market for *GWTW* or licensed derivatives.[258]

Judge Marcus's concurrence in *Suntrust* emphasized the high degree of transformativeness in *TWDG*, noting that it "profoundly alters what it borrows."[259] It accepted that the reputation of *GWTW* may well be an important consideration when Suntrust decides which derivative work licenses to grant or deny, which was why it had never granted derivative work licenses to authors unless they agreed not to depict interracial marriage or homosexuality in their derivatives.[260] Judge Marcus acknowledged that while Suntrust may decide how to license its derivatives and require them to avoid material it finds objectionable, it cannot invoke copyright law to insulate *GWTW* from critical or unfavorable commentary.[261] Judge Marcus thought that enjoining publication of *TWDG* would be tantamount to censorship.[262] He noted that although copyright law confers upon authors a monopoly over their expressive works, it should not extend so far as to provide them with windfall damages for the release of works they would never produce themselves, or empower them with a form of "indirect censorship."[263] He thought the public had a strong interest in gaining access to works such as *TWDG* that critically examine prior works and aim to alter perceptions of audiences about the work being commented on.

Neither the trial nor the appellate court mentioned § 103(a) and its potential implications for Randall's ability to claim copyright in her book and control its exploitation, despite the substantial originality she contributed to *TWDG* by telling the story of *GWTW* from such a different perspective. The censorial and confiscatory threat of § 103(a) in cases such as *Suntrust* is inconsistent with the balanced and equitable interpretation of § 103(a), such as this Article espouses.[264]

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[257] *Id.* at 1271.

[258] *Id.* at 1275–76.

[259] *Id.* at 1280 (Marcus, J., concurring).

[260] *Id.* at 1282.

[261] *Id.* at 1282–83.

[262] *Id.* at 1283.

[263] *Id.*

[264] Had Randall lost her fair use claim, a proper application of § 103(a), in our view, given the censorial aims of the Mitchell estate, would have required Randall to pay royalties to the Mitchell estate, not to invalidate the *TWDG* copyright. This would keep the work in circulation and render lawful those copies already owned.

The *Suntrust* decision contrasts sharply with *Anderson* and *Polychron* in which courts invoked § 103(a) to invalidate the derivative authors' copyrights because those plaintiffs' appropriated characters, plot elements, and settings. *Suntrust* is distinguishable from the "turnaround" cases, discussed *supra* Part II.A, because those derivative work authors sued source work authors for infringement, whereas *Suntrust* involved a source work's owner's claim against the author of a secondary work.

Another case in which reputational or censorial concerns may have partly motivated the owner of copyright in source works to sue for infringement of derivative work rights is *Cariou v. Prince*.[265] Patrick Cariou is a photographer who spent considerable time in Jamaica with Rastafarians in their native settings. He later published a book of his photographs. Richard Prince, a well-known appropriation artist, purchased several copies of Cariou's book and used numerous images from it as raw material for twenty-nine works of art known as *Canal Zone Series*. Gagosian Gallery hosted exhibitions of these art works and prepared and sold exhibition brochures with pictures of the Prince art works. Several sold for millions of dollars.

When Cariou learned about the *Canal Zone Series*, he sued Prince and the Gagosian Gallery for infringement. The trial court rejected Prince's fair use defense, ordering the defendants to cease infringement of Cariou's copyrights and to deliver to Cariou within ten days all copies of infringing works. [266] This included any unsold paintings and brochures, in their possession for impoundment, destruction, or other disposition.[267] The court did not explicitly refer to § 103(a), but the harsh and substantial remedies of granting all rights to Cariou in the *Canal Zone Series* works were analogous to a § 103(a) invalidation of any rights Prince had in his art.

The Second Circuit disagreed with the trial court's fair use analysis and decided that all but five of Prince's *Canal Zone Series* made fair use of the Cariou photographs, remanding those five for reconsideration of Prince's fair use defenses.[268] Notably, the Second Circuit vacated the trial court's injunction, stating that even if the trial court found infringement as to the five works, destroying Prince's artwork would be unjust and contrary to public interest.[269] The court overlooked the potential § 103(a) invalidation as to the five remand-

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Moreover, none of the turnaround plaintiffs was engaged in critical comment of the source works, as Randall was, which made her fair use defense plausible.

[265] 714 F.3d 694, 698 (2d Cir. 2013).

[266] Cariou v. Prince, 784 F. Supp. 2d 337, 347–50, 355 (S.D.N.Y. 2011), *rev'd in part, vacated in part*, 714 F.3d at 712. The trial court characterized Prince's works as minimally transformative and commercial, while it praised Cariou's works as highly creative. *Id.* at 351–52. The appropriations were of some entire works and substantial parts of others, and Prince's use of Cariou's work precipitated cancellation of a planned show, which harmed Cariou's market. *Id.* at 350.

[267] *Id.* at 355. Sections 502 and 503 of Title 17 of the U.S. Code authorize these remedies. Presumably the "other disposition" option would allow Cariou to sell the unsold works in the *Canal Zone* series, which would likely have been worth millions of dollars. *See id.* at 350–51, 355. The trial court did not mention § 103(a) or discuss whether Prince had any protectable copyright interest in his paintings. It also ordered the defendants to notify the purchasers of Prince's paintings to inform them that they could not lawfully display paintings to the public because the paintings infringed Cariou's copyrights. *Id.* at 356. Under § 109(c), only owners of lawfully made copies have rights to publicly display them. *See* 17 U.S.C. § 109(c).

[268] *Cariou*, 714 F.3d at 711.

[269] *Id.* at 712 n.5.

ed works.[270] But for § 103(a)'s invisibility, that section's potential invalidating effect could have been another weapon in Cariou's arsenal which would have achieved an equivalent result to that latent in *Warhol*. This potential is especially worrisome in cases that resemble content-based censorship, not just market harms due to supplanting demand for originals.

Cariou may well have been insulted by Prince's uses of his work and objected to Prince's mutilation of them, but the 1976 Act does not allow assertions of moral rights claims in his photographs.[271] Section 103(a), which is intended to apportion rights between conflicting authors and mitigate unjust enrichment, should facilitate copyright's goal of dissemination and learning, not sanction the destruction and impoundment of authorial expression.

It is rare perhaps, but not unknown, for a copyright owner of a source work to be motivated by revenge when suing an author for using parts of it in a subsequent work. This was the case in the U.S. Court of Appeals for the Third Circuit decision of *TD Bank N.A. v. Hill*.[272] Hill, a "rock star" in the banking business, wrote a book manuscript about his business philosophy and experience building a successful bank. Hill had been content for the manuscript's copyright to be in his original bank's name. After TD Bank merged with Hill's bank, Hill and TD Bank had a bitter falling out. Hill left that bank and started another one and wrote a new book entitled *FANS! Not Customers: How to Create Growth Companies in a No-Growth World*, which included substantial parts of the earlier unpublished manuscript.[273] Hill made the new book available through numerous online booksellers and publicized it in mass media outlets.

When TD Bank discovered Hill's promotion of the new book, it registered its claim of copyright in the unpublished manuscript, sent takedown notices to online sellers of Hill's book, and then sued Hill for infringement. A trial court granted TD Bank's motion for summary judgment of infringement, but initially declined to issue an injunction because the bank had failed to show a likelihood of continued infringement.[274] After Hill continued to promote his book, however, that court granted a permanent injunction against Hill's book, reasoning that TD Bank had been irreparably harmed because it was deprived

[270] On remand, the *Cariou* case settled. *See* Brian Boucher, *Landmark Copyright Lawsuit* Cariou v. Prince *Is Settled*, ARTNEWS (Mar. 18, 2014), https://www.artnews.com/art-in-america/features/landmark-copyright-lawsuit-cariou-v-prince-is-settled-59702/ [https://perma.cc/8XFE-NU5L].

[271] *See* 17 U.S.C. § 106A. The 1976 Act protects certain pictorial, graphic, and sculptural works from destruction and mutilation, but it applies only to narrowly defined works of visual art, and not to photographs unless they were made for "exhibition purposes only, existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author." *Id.* § 101. Cariou's photographs, which were published in a book, did not fall within this definition. *See Cariou*, 714 F.3d at 699.

[272] 928 F.3d 259, 265–67 (3d Cir. 2019).

[273] *Id.* at 266–67.

[274] *Id.* at 267.

of its right to keep from the public those parts of the unpublished book that Hill incorporated into the infringing book.[275]

The Third Circuit was unpersuaded by the trial court's irreparable injury theory. In its view, the bank wanted an injunction "not to safeguard the commercial marketability" of the unpublished manuscript, "but merely to suppress unwelcome speech."[276] The court noted that TD Bank had no intention of publishing the manuscript and had suffered no actual harm from Hill's book. It concluded that the bank would have an adequate remedy by an award of a share of Hill's profits from sales of the book. The Third Circuit also took into account that Hill had "a story to tell" and the public had an interest in learning about it.[277]

Neither the trial nor appellate court in *TD Bank* mentioned § 103(a). Yet, insofar as Hill's published book was an unauthorized derivative work of the earlier manuscript and contained substantial amounts of material from it, § 103(a) could have been a basis for invalidating Hill's copyright assuming the source work "pervade[d] the entire derivative work" and separability of infringing and noninfringing parts was not possible. The appellate court properly ruled that TD Bank deserved no more than an award of some profits from Hill's exploitation of the derivative work, especially given that Hill was the author of both books and TD Bank was asserting copyright for anti-dissemination reasons. Section 103(a)'s only role in such situations should be to apportion harms and benefits as between the parties, not to enjoin dissemination or invalidate copyright in a derivative work.

IV. PRINCIPLES AND STRATEGIES FOR NUANCED APPLICATIONS OF § 103(a)

The optimal way to ensure that courts will construe § 103(a) in a manner consistent with sound copyright policy and traditional principles of equity would be for Congress to amend that provision to add a new phrase to its second clause: "except when it would be inequitable to deprive the derivative work author of copyright in their original expression, as in close fair use cases."

Yet, even without a statutory amendment, we envision several ways for courts to render appropriate outcomes in cases involving good faith accused infringers.[278] We perceive an ambiguity in § 103 which, read holistically, allows courts to preserve derivative work copyrights except when this would unjustly enrich the derivative work author.[279] We especially worry about the

[275] *Id.* at 268.
[276] *Id.* at 284.
[277] *Id.* at 285.
[278] *See, e.g.*, *supra* note 137 and accompanying text (discussing § 103(a) invalidity defenses).
[279] An example of a derivative work author being unjustly enriched by infringement can be found in *Avtec Systems Inc. v. Peiffer*. *See* 21 F.3d 568, 576 (4th Cir. 1994). There, the defendant claimed copyrights in two versions of a computer program, the first of which he created while an employee of

potential of § 103(a) invalidation in close fair use cases, which after *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith* must be defended on a use-by-use, as well as on a case-by-case basis, and whose outcomes may be difficult to predict. To be true to copyright's constitutional purpose, courts should construe the fair use doctrine to preserve "breathing space" for ongoing creations and to avoid sanctioning someone whose creative reuse of another's work is plausibly eligible for fair use.[280] Equitable principles should also enable courts to craft appropriate responses to opportunistic assertions of rights by copyright owners, their agents, or third parties.

The legislative history of § 103 shows that Congress built equitable principles into that law. Congress aimed both to prevent derivative work infringers from being unjustly enriched by their wrongdoing and to preserve copyrights in original expression in subsequent works to the extent possible.[281] This Part builds on that statutory structure and dual purpose to guide appropriate and equitable interpretations of § 103(a).

Our interpretation of § 103(a) has been influenced by Professor Henry Smith's article *Equity as Meta-Law*, which contrasts the role of equity with that of law. Laws are generally designed to regulate and handle ordinary situations in which actors engage in wrongdoing. Echoing Aristotle, Smith notes that "equity intervenes when law fails because of its generality."[282] Equity's longstanding functions are to protect the legitimate interests of good faith actors and regulate opportunism.[283] Equity is particularly "well suited to resolving situations of conflicting rights," such as those between source work and derivative work authors.[284] Given that Congress built equitable principles into § 103, it makes sense to draw on equitable principles for appropriate interpre-

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Avtec and which Avtec had used in its business. *Id.* at 570. The trial court found that Peiffer owned copyright in the second version of the program, which he had registered as a derivative work of the first program, because Peiffer created that program outside of his role as Avtec's employee. *Id.* Peiffer had exclusively licensed the second program to another firm, which had commercially exploited it under an arrangement that gave Peiffer fifty percent of the profits. *Id.* The Fourth Circuit reversed because the trial court had not addressed Avtec's claim that the first version of the program was a work for hire. *Id.* at 572–73. Although the Fourth Circuit did not invoke § 103(a), it noted that if Avtec owned copyright in the first program as a work for hire, the second program, if a derivative work, would be encumbered by the first work's copyright. *Id.* at 576. This would entitle Avtec to profits made from exploitations of the second program. *Id.*

[280] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994) (opining that fair use provides "breathing space" for new creations building on existing ones).

[281] *See supra* Part I.B (discussing the legislative history of § 103).

[282] Smith, *supra* note 222, at 1056. Smith adds that "equity . . . 'regulates' the law without changing it, altering its application to serve [the law's] ends." *Id.* at 1069.

[283] *Id.* at 1076–78, 1086–87.

[284] *Id.* at 1073.

tations and applications of that provision in situations involving good faith derivative work authors and opportunistic source work authors or their agents.[285]

In keeping with Smith's conception of equity as meta-law, we suggest that § 103(a) should be understood as establishing a legal rule generally applicable in ordinary cases of derivative work infringement, as when someone commercializes unlicensed translations of popular novels or prepares prequels or sequels to those novels. Although we have some sympathy for Anderson, Polychron, and Pickett, who thought that their intellectual creations were deserving of copyright protection against similar works prepared by owners of copyrights in the relevant source works, we accept that § 103(a) was intended to preclude plaintiffs in most "turnaround" cases from asserting copyrights and controlling exploitations of their derivative works against source work authors.[286]

On the other hand, good faith actors, such as Stewart as to *Rear Window* and the Warhol Foundation as to the *Prince Series*, should not suffer copyright invalidation under § 103(a). Opportunistic conduct by copyright owners in source works, their agents, or third parties should be countervailing considerations when courts decide whether the overall goals of copyright law—to promote the creation and dissemination of original works of authorship—would best be served by preserving copyrights in derivatives and finding alternative remedies to achieve equitable outcomes. We agree with Mark Lemley that copyright's hostility to improvements can produce unsatisfying and ultimately inequitable results, especially in the context of close fair use cases (what he calls "radical" improvements) as well as in cases in which the secondary work is more clearly an infringing derivative but significantly improves the original.[287] We build on that argument, as well as Smith's idea of equity as meta-law to frame our proposed approaches to interpreting § 103(a).

Nuanced approaches to interpreting § 103(a) are needed because much of the relevant case law ignores § 103(a) or applies it inconsistently and because copyright remedies are so unbounded. Successful plaintiffs may recover actual damages along with profits attributable to infringement or, in lieu of damages and profits, statutory damages.[288] Actual damages can be difficult to prove and attributing profits to infringement may be a metaphysical exercise.[289] Statutory damages, which can be awarded in any amount ranging from $750 to $150,000 per infringing work, are often disconnected from assessments of actual harm

[285] Smith explains that good faith and/or opportunism often serve as triggers to shift modes from maximalist applications of the law to consideration of equitable factors and context that the law alone would generally ignore. *Id.* at 1086–87.

[286] *See supra* Part II.A (discussing "turnaround" cases in which authors of unauthorized derivative works sued copyright owners of source works on which their derivatives were based).

[287] Lemley, *supra* note 144, at 1020–29.

[288] 17 U.S.C. § 504(a).

[289] *See, e.g.*, Pamela Samuelson, John M. Golden & Mark P. Gergen, *Recalibrating the Disgorgement Remedy in Intellectual Property Cases*, 100 B.U. L. REV. 1999, 2049–50 (2020).

and may over-compensate plaintiffs.[290] Equitable relief for infringement includes not only injunctions, but also impoundment, destruction, "or other reasonable disposition of all copies . . . found to have been made or used in violation of the copyright owner's exclusive rights."[291]

Given the underappreciated potential effects of § 103(a) for derivative work authors' investments in their works, and absent an understanding of § 103(a) as an apportionment device, copyright remedies can result in outsized windfalls to source work authors that would impose "[d]isproportionate hardship . . . for minor encroachments made in good faith."[292] More "multidimensional and finely adjusted" remedies are needed especially given potential § 103(a) invalidation claims, which may become more common after *Warhol*, to "[un]flatten[]" copyright law's effect and inject the proper balance into that law.[293]

This Part offers seven proposed approaches to achieve equitable results when courts face potential copyright invalidation or opportunistic assertions of § 103(a). These approaches complement case law that limits § 103(a) invalidations except when the infringing parts "tend[] to pervade the entire work," a rule that constrains the scope of § 103(a) and is grounded in the text and legislative history that embrace separability and copyrightability.[294]

Section A of this Part proposes that § 103(a) should not invalidate copyrights in authorized derivative works.[295] Section B proposes that § 103(a) should not invalidate the copyrights of derivative work authors who believe in good faith they obtained authorization from the source work author or have made a fair use.[296] Section C describes situations where derivative work authors may possess an implied license.[297] Section D recommends that § 103(a)

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[290] 17 U.S.C. § 504(c); *see* Pamela Samuelson & Tara Wheatland, *Statutory Damages in Copyright Law: A Remedy in Need of Reform*, 51 WM. & MARY L. REV. 439, 480–91 (2009) (offering examples of inconsistent and widely divergent statutory damage awards in copyright cases). Insofar as § 103(a) is understood as an apportionment rule, a proportionality principle would reasonably constrain remedies in derivative work cases as a statutory overlay on § 504. The ALI's Copyright Restatement endorses awards of statutory damages that approximate actual damages. *See* RESTATEMENT OF THE L., COPYRIGHT § 9.04 cmt. e (A.L.I., Tentative Draft No. 3, 2022).

[291] 17 U.S.C. §§ 502, 503(b).

[292] Henry E. Smith, *Putting the Equity Back into Intellectual Property Remedies*, 96 NOTRE DAME L. REV. 1603, 1609 (2021).

[293] *Id.* at 1605.

[294] *See supra* Part II.B.1 (discussing the "pervade the entire work" standard). This is especially appropriate when the infringing material is a small part of a large and largely noninfringing work. *See, e.g.*, Ringgold v. Black Ent. Television, Inc., 126 F.3d 70, 81 (2d Cir. 1997) (reversing summary judgment in favor of defendant where defendant was sued for infringement of a quilt copyright after publicly displaying it in a TV program); Woods v. Universal City Studios, Inc., 920 F. Supp. 62, 63 (S.D.N.Y. 1996) (finding that a movie infringed copyright in drawing).

[295] *See infra* Part IV.A.

[296] *See infra* Part IV.B.

[297] *See infra* Part IV.C.

interpretations should account for distinctions between infringing and non-infringing uses of unauthorized derivative works.[298] Section E recommends that courts should exercise discretion to regulate opportunism.[299] Section F recommends that courts should construe § 103(a) as an apportionment rule.[300] Section G concludes by recommending that courts should preclude third-party infringers from raising § 103(a) invalidity defenses.[301]

A. Section 103(a) Does Not Invalidate Copyrights in Authorized Derivative Works

Sound statutory construction as well as equitable principles should preclude litigants from raising § 103(a) to invalidate derivative work copyrights when creation of the derivative work was authorized.

In *Stewart v. Abend*, for instance, the Court may have been persuaded that the defendants infringed Abend's renewal copyright in the story on which the *Rear Window* movie was based when Stewart rereleased the film after Abend acquired rights in the short story, but this had no effect on the validity of the motion picture's copyright.[302] By denying Abend's request to enjoin further public performances of *Rear Window*, the U.S. Court of Appeals for the Ninth Circuit enabled the defendants to continue to exploit the movie because compensation was an adequate remedy for this infringement.[303]

Section 103(a) was obviously not yet operative when Abend sought to enjoin further exploitations of *Rear Window*.[304] But his claim of a right to control that derivative work functioned in a manner similar to § 103(a), asserting exclusive rights over this "unlawful" derivative work by virtue of the studio's unlicensed use of the story during the renewal term.[305] Had § 103(a) been in effect, the studio's copyright in *Rear Window* would not have been subject to a

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[298] *See infra* Part IV.D.

[299] *See infra* Part IV.E.

[300] *See infra* Part IV.F.

[301] *See infra* Part IV.G.

[302] *See* Abend v. MCA, Inc., 863 F.2d 1465, 1479 (9th Cir. 1988) ("The success of the movie resulted in large part from factors completely unrelated to the underlying story . . . ."), *aff'd sub nom.*, Stewart v. Abend, 495 U.S. 207, 211–14 (1990); *see also supra* Part III.A.1.

[303] *Abend v. MCA*, 863 F.2d at 1479 (granting of injunction would do "great injustice" to the studio to forbid it from exercising its rights in the new matter in the film).

[304] *Stewart v. Abend* was litigated under the 1909 Act, which had no counterpart to § 103(a). But recall that the Nimmer treatise interpreted section 7 of the 1909 Act as having the same effect. *See supra* notes 40–42 and accompanying text. Yet, *Belcher v. Tarbox* and *Davis v. E.I. DuPont de Nemours & Co.*, discussed *supra* Part I.A, applied allocational principles to the conflict between derivative work authors and authors of the preexisting works, preserving copyright in the derivative works so they could be enforced against third-party infringers. This is slightly different from the situation in *Stewart*, but the results in *Stewart*, *Belcher*, and *Davis*—protecting some authorial rights in the derivative work—are more equitable than an overbroad reading of § 103, which would deny rights altogether.

[305] *See supra* note 164 (discussing potential problems created by an overbroad reading of § 103).

§ 103(a) invalidation because no part of Woolrich's story was used unlawfully when the movie was created. As the Court realized, the 1976 Act adopted an equitable rule under which owners of rights in derivative works lawfully created under a grant can continue to exploit those derivatives despite a later termination of transfer of derivative work rights.[306] Yet, the absence of a counterpart to that rule in the 1909 Act meant that Stewart could not benefit from it.[307] The *Stewart* decision was a reasonable solution to the issue of conflicting rights in derivative works.[308] To allow Abend to control exploitations of the film would have resulted in an unjust windfall to him.

Similarly, in *Gracen v. Bradford Exchange*, the U.S. Court of Appeals for the Seventh Circuit should have recognized that copyright law protected Gracen's *Wizard of Oz* painting because it was an authorized derivative work and its copyright attached automatically by operation of law to her as an authorized derivative work author.[309] That court was simply wrong—as it later acknowledged—when holding that Gracen had no copyright under § 103(a) because the source work's owner had not given her permission to copyright it.[310] Her work contained enough original expression to be copyrightable, a point courts no longer dispute.[311] Hence, she should have been able to control its reproduction and be compensated for it, as other copyright owners would be.[312] To deny Gracen's copyright in her work under § 103(a) makes little sense as a matter of fact or law. Section 103(a) was not meant to work such an injustice.

The same principle should apply to derivative works authorized under limited term or purpose licenses. Expiration of a time-limited license, for instance, should not invalidate the derivative work copyright whose preparation was authorized.[313]

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[306] 17 U.S.C. § 304(c)(6)(A).

[307] *Stewart*, 495 U.S. at 224–25.

[308] *See supra* notes 156–166 and accompanying text (discussing *Stewart* and the Court's interpretation of the 1976 Act).

[309] *See supra* notes 242–250 and accompanying text (discussing Gracen v. Bradford Exch., 698 F.2d 300, 301 (7th Cir. 1983)).

[310] *See supra* note 242 and accompanying text (discussing the Seventh Circuit repudiation of *Gracen*'s endorsement of a higher originality standard for derivative works).

[311] *See supra* note 242 and accompanying text.

[312] Presumably, under such circumstances, her rights to exploit the derivative work are constrained by the terms of the authorization.

[313] *See* Schrock v. Learning Curve Int'l, Inc., 586 F.3d 513, 515 (7th Cir. 2009). Presumably, an expired license authorizing preparation of a derivative work would induce a subsequent cross-licensing agreement between source author and derivative author should there be sufficient demand for the derivative work. Absent an agreement, the source work author should not be able to exploit the derivative work without the derivative work author's permission, and if the derivative work author no longer has rights to use the source work on which her derivative is based, she should still have rights in her original expression embodied in the derivative work that was lawfully made.

B. Section 103(a) Should Not Invalidate Copyrights When Derivative Work Authors Had Good Faith Beliefs That Their Uses of Source Works Were Authorized by the Source Work's Author or Fair Use

When creators of derivative works have good faith beliefs that their creations were authorized, either by the source work's author or by fair use, § 103(a) should not invalidate their copyrights.[314] Under this interpretation of § 103(a), the Warhol Foundation's copyrights in the *Prince Series* should remain intact because Warhol's creation of those works were plausibly fair uses under precedents such as *Cariou v. Prince* or authorized under the artist reference license that Vanity Fair obtained from Goldsmith's agent.[315]

Both *Warhol* and *Gracen* are examples of situations in which derivative work authors believed themselves to be making their creations in good faith and with permission from the underlying author, only to learn that their derivative work may be significantly encumbered by the source author's copyright and the derivative work copyright may not be exercised without further permission, which may lead to harmful hold-up situations.[316] In cases such as these, § 103(a) should not be used to invalidate copyright in the derivative work because the creations were not unequivocally unlawful at the time of creation. Courts should instead protect copyright in these derivative works as if they had been authorized, even if the scope of permissible uses may be restricted to some degree.[317]

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[314] We think the "pervade[s] the entire work" standard should not apply in these cases. *Keeling v. Hars*, discussed *supra* notes 109–116 and accompanying text, is an example of a good faith assertion of fair use as a basis for defending against an opportunist's § 103(a) attack on the validity of Keeling's copyright.

[315] *See* Pierre Leval, M. Margaret McKeown & Jane C. Ginsburg, *From the Bench*, 47 COLUM. J.L. & ARTS 557, 570 (2024) ("When Andy Warhol made *Orange Prince*, he made it under a license . . . . [T]he license might reasonably be understood to have allowed Andy Warhol to try out different uses before the selection of the one that would be published. If so, the creation of *Orange Prince* . . . was protected by authorization.") (discussing another factor that should limit the implications of the *Warhol* decision); *supra* notes 169–180 and accompanying text (discussing the *Warhol* decision in detail).

[316] *See supra* Parts III.A.1 (discussing cases such as *Warhol* in which good faith derivative work authors should be protected against § 103(a) invalidations) and III.B.2 (discussing cases such as *Gracen* in which copyright owners or their licensees take unfair advantage of authors of derivative works, seeking to wield § 103(a) to deprive derivative work authors of their rightful due).

[317] Further uses beyond that initial preparation may be subject to licensing between the parties if they are not fair uses (or otherwise limited by law); those uses should in any case not be enjoined and the work should be preserved. *See, e.g.*, McFarlin, *supra* note 166, at 113–21 (arguing that infringement is about uses, not works, and as such all infringement determinations can only affect certain uses not works themselves).

C. Section 103(a) Should Not Invalidate Copyrights When Derivative Works Are Subject to Implied Licenses

The Goldstein treatise suggests that § 103(a) should not affect copyrights when derivative works are subject to implied licenses.[318] We agree. Despite holding that Gracen did not own copyright in her painting under its misinterpretation of § 103(a), the Seventh Circuit nonetheless relied on an implied license theory to support Gracen's entitlement to show her painting to prospective clients to demonstrate her artistic talents and to defeat MGM's counterclaim of infringement. Although Gracen's copyright was encumbered by MGM's copyright in the movie, the Seventh Circuit's implied license theory nonetheless granted Gracen the right to show her authorized work for specific purposes, such as to solicit new commissions.

Consider also the 2014 U.S. District Court for the Southern District of New York case of *Cooley v. Penguin Group (USA) Inc.*[319] Plaintiff Brian Cooley was a sculptor of realistic depictions of dinosaur eggs which he created for a featured story in National Geographic magazine. Defendant Louis Psihoyos was the photographer commissioned by the National Geographic Society to depict the sculptures for the magazine story. Cooley later sued Psihoyos because the latter licensed uses of the dinosaur egg photographs to other publications, including a book published by Penguin. Both Cooley and Psihoyos initially transferred rights to their works for limited times and purposes to the Society, but otherwise retained copyright in their respective works. However, neither had written agreements with each other.[320] When Cooley learned of Psihoyos' licensing activity of the photographs, which were reproduced in several books and made available through stock photography companies, Cooley successfully sued the book publishers and Psihoyos for infringement, claiming all uses of the photographs beyond those authorized for the special issue of National Geographic magazine were unlawful.

In ruling for Cooley, the court cited *Stewart v. Abend* and § 103 to support its determination that although Psihoyos had a copyright in his derivative work, he did not possess an "unfettered—let alone exclusive—right" to reproduce that work in a way that infringed Cooley's copyright in his underlying work without a license.[321] The court also cited the Nimmer treatise and observed that when the derivative work is "inextricably intertwined" with the source work, the derivative work author's ability to commercially use his own

[318] *See* GOLDSTEIN, *supra* note 107, § 2.16.

[319] 31 F. Supp. 3d 599, 601 (S.D.N.Y. 2014). The case initially included additional defendants, including Penguin, but they settled. *Id.* at 601 n.1.

[320] *Id.* at 603. To avoid this kind of problem, creators of authorized derivative works would be well-advised to clarify the scope of their rights in those derivatives through contracts with source authors and anyone working with both the source authors and the derivative work authors.

[321] *Id.* at 608–09.

photographs without the source work's author's consent "is virtually nonexistent."[322] Psihoyos may own copyrights in the photographs, yet those "copyrights . . . are essentially immaterial."[323] Despite Psihoyos having valid copyrights in his photographs of the dinosaur eggs, the court nonetheless applied § 103 to limit the photographer's rights to such an extent that his copyrights might as well not exist. Under the court's interpretation of § 103, Psihoyos's only opportunity to license exploitations of his works would be to Cooley or with Cooley's permission.

We think the court should have considered whether Psihoyos had an implied license to make further uses of the dinosaur egg photographs, as Cooley must have known that this was a plausible market for the photographer's work. Alternatively, the court might have ruled that Psihoyos was free to license uses of his work to third parties as long as he shared revenues with Cooley. After all, the derivative work photographs were prepared with authorization, and the photographs were unquestionably original works. Given this, § 103 should not be construed to virtually confiscate the photographer's copyrights, holding them hostage until and unless the sculptor grants permission to reproduce what is incontestably the photographer's property.[324] Instead, the court should have allowed Psihoyos to continue exploiting the photograph in the manner for which it was originally conceived and agreed to (as a documentation of Cooley's work).

Without the derivative works' author, the source author's work would not have been included in the magazine. They needed each other, in other words, and an appropriate application of § 103 should reflect that symbiosis and intended mutual benefit of independently authored works.[325] To be sure, if the sculptor cannot exploit the photographs' original expression without permission, and the photographer cannot exploit the sculpture without permission beyond the scope for which he was originally authorized, both authors' works cannot fully be exploited without an agreement between them. But a just result

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[322] *Id.* at 609 (citing 1 NIMMER & NIMMER, *supra* note 22, § 3.07[B]).

[323] *Id.*

[324] Jani McCutcheon has characterized situations in which copyright plaintiffs "must accept the [existence of a] copy and 'deal' with the infringer" as a "forced sale." McCutcheon, *supra* note 69, at 206. This is a strong argument when the infringer is unknown to the plaintiff and the work is not a product of collaboration. But when the parties lack the foresight to negotiate the terms of ongoing use of the derivative work, as in cases described in this section, a source author should not retain full control over all subsequent copies and uses of the derivative work, leaving the derivative author with next to nothing.

[325] Henry Smith describes opportunists as trying to undermine equality, an impulse that we think is at play in *Cooley*. *See* Smith, *supra* note 222, at 1125. Initially, neither Cooley nor Psihoyos had superior bargaining power by matter of position or right. Both were hired by the Society for the same project that would end in a unitary work (the photograph of the sculpture for the magazine). For Cooley to assert superior rights in such a situation is the kind of opportunism we think interpretations and applications of 17 U.S.C. § 103 should avoid.

to conflicting rights would not leave Psihoyos without some exclusive control over subsequent copies of his photographic derivative work.

D. Interpretations of § 103(a) Should Acknowledge Distinctions Between Infringing and Non-Infringing Uses of Unauthorized Derivative Works

The first three sections of Part IV contemplate some kind of authorized derivative work, whether express authorization, good faith belief, or implied authorization. Yet, even authorized derivative work authors may not be able to fully exploit their copyrights free from rights of source work authors. In *Warhol*, for instance, the Supreme Court ruled that the Foundation's grant of a commercial license to Condé Nast to use the *Orange Prince* on a magazine cover was encumbered by Goldsmith's copyright.[326] Yet, the Court also recognized that the Foundation might not need Goldsmith's permission to grant licenses for other types of uses for which Goldsmith's photograph of Prince would be non-competitive.[327] Applying § 103 in this balanced way remunerates authors and mitigates harm to derivative work authors and the public from retractions of works from circulation.

Section 103(a) should have no effect on the copyrightability of derivative works insofar as future uses of those derivatives are plausibly non-infringing.[328] *Warhol* teaches that fair uses must be judged on a per-use basis.[329] That ruling contemplates that a second comer's initial use of a source work (e.g., Warhol's use of Goldsmith's photograph when making the *Prince Series* for Vanity Fair in 1984) may well be non-infringing (e.g., because those uses were fair or authorized by the Vanity Fair license). It further imagines that later uses of that derivative work may be infringing if those uses are for the same commercial purpose as the source work insofar as the later uses threaten to supplant demand for the original or subsequent authorized derivatives.[330]

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[326] Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 598 U.S. 508, 537–38 (2023).

[327] *Id.* at 534 n.10.

[328] This would mean that the "pervade[s] the entire work" invalidation test should apply only in certain types of cases to be consistent with the fair use standard. Parodic uses, for example, may "pervade the entire work" but might also be fair.

[329] *Warhol*, 598 U.S. at 533–34.

[330] *Id.* In this scenario, we could imagine noncommercial fan fiction as fair uses which, if later commercialized and put to other uses, could be rendered unlawful under § 103(a). *See supra* Part II.A (discussing *Polychron v. Bezos*); *see also* Elizabeth L. Rosenblatt, *A Theory of IP's Negative Space*, 34 COLUM. J.L. & ARTS 317, 346 (2011) (discussing the function of fan fiction as orthogonal to commerciality); Betsy Rosenblatt & Rebecca Tushnet, *Transformative Works: Young Women's Voices on Fandom and Fair Use* (describing benefits of fanfiction as amplifying vulnerable and minority voices and originating as a practice to hone writing skills), *in* EGIRLS, ECITIZENS: PUTTING TECHNOLOGY, THEORY AND POLICY INTO DIALOGUE WITH GIRLS' AND YOUNG WOMEN'S VOICES 385, 385–402 (Jane Bailey & Valerie Steeves eds., 2015) (describing benefits of fanfiction as amplifying vulnerable and minority voices and originating as a practice to hone writing skills).

Under this framework, the Court opined that although the Foundation's grant of a commercial license to Condé Nast in 2016 infringed Goldsmith's copyright, the grant of a similar license to reproduce the *Orange Prince* in a volume discussing Warhol's best-known silkscreens might be treated differently.[331] The volume describing Warhol's work would be for a different purpose than Goldsmith's photograph and unlikely to affect markets for her photograph.[332] Even more likely to be fair uses of works in the *Prince Series* are the Court's own reproductions of those works in its opinion.[333]

Insofar as future non-infringing uses can be reasonably conceptualized, especially in close fair use cases or otherwise, the secondary users should not suffer § 103(a) invalidations even when parts of the source work have been used without permission, at least for those non-infringing uses.[334] Furthermore, invalidation may unjustly enrich the source author and hurt the public who may benefit from disseminations of the secondary works.

E. When Interpreting § 103(a), Courts Should Exercise Discretion to Regulate Opportunism

At least three considerations are relevant to a court's exercise of equitable discretion in applying § 103(a) to preserve or invalidate the copyright in an infringing derivative work. First, would preserving or invalidating the copyright best serve the dual objectives of that provision (averting unjust enrichment and apportioning rights as between source work and derivative work authors)? Second, are the source work authors or their licensees acting opportunistically in asserting § 103(a) to invalidate the derivative work copyright? And third, in close cases, should courts recognize the public's interest in access to secondary works even if they exceed the bounds of fair use?

The *Adams v. Paramount Pictures Corp.* decision heeded these considerations because it allowed the plaintiff photographer to pursue his copyright

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[331] We were influenced by Professor McFarlin's interpretation of *Warhol* which suggests that courts in derivative work infringement cases should no longer routinely characterize secondary works as infringing (or not), but only consider whether particular uses infringe (or not). *See generally* McFarlin, *supra* note 166. Courts could look to this interpretation of *Warhol* in close but ultimately fair use cases to limit the impacts of § 103(a) on the secondary works' copyrights.

[332] *Warhol*, 598 U.S. at 534 n.10, 536 n.12 (reasoning that the Foundation could make copies of Warhol's works for teaching purposes or license *Orange Prince* for magazine article about Warhol); *id.* at 557–58 (Gorsuch, J., concurring) (reasoning that the Foundation could display Warhol works in galleries or license uses in book on twentieth century art). *See also generally* Pamela Samuelson, *Justifications for Fair Uses*, 2025 WISC. L. REV. (forthcoming), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5118267 [https://perma.cc/E8ZK-J2JL] (discussing various different purpose uses recognized in *Warhol* and other fair use cases).

[333] *Warhol*, 598 U.S. at 534 n.10, 536 n.12 (including copies of Goldsmith's photograph and of some *Prince Series* works in opinion).

[334] It is unclear if this doctrine might be a basis for creating the "pitch" privilege endorsed in the Nimmer treatise. *See* 1 NIMMER & NIMMER, *supra* note 22, § 3.06; 2 *id.* § 8.01[G].

claim against Paramount for exploiting his work in movie trailers and press kits.[335] Paramount was an opportunistic source work author whose appropriation of Adams' works was unjust. *Keeling v. Hars* involved another opportunistic assertion of a § 103(a) invalidity claim, in which Hars hoped to escape infringement liability for four years of theatrical performances of Keeling's play by asserting that Keeling's play was an infringing derivative work which had no copyright under § 103(a).[336] The jury's verdict that Keeling had made a fair use of a source work and the U.S. Court of Appeals for the Second Circuit's affirmance prevented this opportunism from succeeding.

But even when courts decide that unauthorized derivatives do infringe, they can still prevent opportunism by prioritizing money damages over injunctions and other confiscatory remedies that keep the infringing works circulating and accessible. The Supreme Court has emphasized that judges have discretion about whether to grant equitable remedies, such as issuance of injunctions and disgorgement of profits attributable to infringement.[337] Courts also have discretion about whether to order impoundment, destruction, or other reasonable dispositions of infringing copies of protected works.[338] In deciding how to apply § 103(a), courts should likewise exercise discretion and consider the same equitable principles that serve the public interest in access.[339] We question whether invalidation is warranted in most cases, especially in close fair use cases.

Suppose, for example, that Patrick Cariou prevailed with his infringement claim on remand as to the five *Canal Zone* paintings. His lawyer might then have renewed the request for an order requiring Prince and the Gagosian Gallery to deliver up to Cariou the infringing paintings in their possession.[340] While Cariou's lawyer may have agreed during Second Circuit oral argument that destruction of the infringing *Canal Zone* paintings would be inappropriate,[341] he might nonetheless have asked the court to order Prince and/or the gallery to deliver the infringing paintings to Cariou for a different type of disposition (namely, Cari-

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[335] *See supra* Parts II.A (discussing *Adams* in the context of "turnaround" cases), and III.B.1 (discussing *Adams* in the context of cases where source work authors appropriate expression from secondary or derivative work authors).

[336] *See supra* Part II.B.2 (discussing *Keeling* in the context of fair use defense cases).

[337] *See* eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 394 (2006); Petrella v. Metro-Goldwyn-Mayer, Inc., 572 U.S. 663, 668 n.1, 669 (2014).

[338] 17 U.S.C. § 503; *see, e.g.*, 5 NIMMER & NIMMER, *supra* note 22, §§ 14.07 [B][1], 14.08 (noting discretionary nature of impoundment and destruction remedies).

[339] *See* 5 NIMMER & NIMMER, *supra* note 22, § 14.07. Equitable factors include showing: "(1) that [the plaintiff] has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction." *eBay*, 547 U.S. at 391.

[340] *See supra* Part III.B.3 (discussing Cariou v. Prince, 714 F.3d 694, 698 (2d Cir. 2013)).

[341] *Cariou*, 714 F.3d at 712 n.5.

ou's sale of them to interested parties).[342] Although Cariou may not have asked the court to invalidate Prince's copyright under § 103(a), this might happen automatically, which would mean that Prince would no longer be able to control either his copyrights or disposition of the originals.

We question whether the court should order impoundment or other disposition to Cariou as a matter of equity, as this might represent an unwarranted windfall to Cariou when monetary damages would adequately compensate him for any injury caused by infringement. The court should also refrain from ordering Prince and the gallery to notify good faith purchasers of infringing paintings that they can no longer publicly display or sell their possessions, as that disserves the public interest in clear title to bona fide purchasers of real and personal property.[343] Finally, the court should not grant Cariou the right to make and sell further copies of Prince's infringing paintings.

Cases in which money damages are insufficient may be rare, but they do exist. Section 103(a) invalidations are most appropriate in cases of bad faith or willfully infringing defendants, such as when a defendant is engaged in acts of art reproduction that are tantamount to counterfeiting.[344] Derivative work author originality may be miniscule in these situations and the harm from copying so high that § 103 invalidations may be appropriate and courts should consider impoundment and destruction, should the plaintiff seek these remedies.[345]

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[342] *See, e.g.*, Rogers v. Koons, 960 F.2d 301, 313 (2d Cir. 1992) (affirming lower court's order requiring defendant to deliver infringing sculptures to the plaintiff); *see also* RSO Recs., Inc. v. Peri, 596 F. Supp. 849, 864 (S.D.N.Y. 1984) (finding that sales may be a reasonable disposition of infringement-related materials under § 503).

[343] *See, e.g.*, Shyamkrishna Balganesh, *Copyright and Good Faith Purchasers*, 104 CALIF. L. REV. 269, 314–17 (2016). Recall that the trial court initially ordered such notifications. *See supra* note 267 and accompanying text. The owners of the paintings were not parties to Cariou's lawsuit, so such a notice should not bind them. The Solicitor General's brief in *Warhol* suggested that museums and galleries might have fair use defenses to claims of infringement for publicly displaying the Warhol works. *See* Brief for the United States as Amicus Curiae Supporting Respondents, *supra* note 173, at 32–33.

[344] Consider, for example, the lawsuits against Igor Olenicoff, an art collector who commissioned reproductions of one-of-a-kind contemporary sculptures for his personal use. *See* McCutcheon, *supra* note 69, at 202 (discussing Wakefield v. Olenicoff, No. CV 12-2077, 2015 WL 1460152, at *1 (C.D. Cal. Mar. 30, 2015), *aff'd in part, rev'd in part on other grounds*, 679 F. App'x 591 (9th Cir. 2017), and Raimondi v. Olenicoff, No. SACV 12-2094, 2015 WL 9703485, at *1 (C.D. Cal. July 7, 2015)). Art reproductions are derivative works under the statutory definition of that term. *See* 17 U.S.C. § 101 (defining "derivative work").

[345] Jani McCutcheon considers the *Olenicoff* cases as appropriate for impoundment and possible destruction remedies. The district court ordered destruction in *Wakefield*, which the Ninth Circuit affirmed, as the sculptor had not sold copies or licensed third parties to create copies, but the district court denied destruction in *Raimondi*, because Raimondi had previously authorized limited reproductions. *See* McCutcheon, *supra* note 69, at 202.

F. Courts Can Construe § 103(a) as an Apportionment Rule

Section 103(a) may best be understood and applied as an apportionment rule that prevents unjust enrichment and protects original expression in derivative works. In most situations in which § 103(a) might seemingly be applicable, a finding of infringement should not result in an "all-or-nothing" remedy for either party.[346] Instead, the appropriate application of § 103(a) may function as a way to apportion rights and benefits.

Apportionment, which focuses on the proportional contributions of both parties and a balance of hardships as between them, comports with copyright policy and equitable considerations. It will award copyright ownership to authors who contribute original expression, even if based on preexisting materials, and enable maintaining the work's circulation and thus public access to it.

Courts have applied apportionment, albeit implicitly, in some derivative work infringement cases, such as those involving ambiguous collaborations or work-for-hire relationships.[347] In such situations, we think that courts can and should construe § 103(a) to resolve the complex and conflicting rights at stake in a manner that recognizes the original expression each author has provided and promotes public access to the work. This comports with a straightforward reading of the statutory text and aligns with sound copyright policy.

Consider again *Greene v. Ablon* in which both the trial and appellate courts applied § 103 as a partitioning mechanism to mitigate damages for seemingly unintended consequences of the co-authorship derived from a preexisting work.[348] The U.S. Court of Appeals for the First Circuit quoted § 103(b)'s rule that "[t]he copyright in a . . . derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work" and explained that any aspects of the derivative work that were taken from the underlying work remain protected by the underlying work's copyright.[349]

The court disagreed, however, with Greene's argument that the co-authors owned only the specific contributions each had personally added to the second work, observing that

> [N]othing about the limited scope of a derivative work copyright upsets the ownership regime that normally arises when more than one author contributes to a work. When the authors of a derivative work

[346] Geller, *supra* note 19, at 45.
[347] *See supra* Part III.A.2.
[348] Greene v. Ablon, 794 F.3d 133, 154–56 (1st Cir. 2015).
[349] *Id.* at 152 (first quoting 17 U.S.C. § 103(b); then quoting Gamma Audio & Video, Inc. v. Ean-Chea, 11 F.3d 1106, 1112 (1st Cir. 1993)).

> are joint authors, they share equally in the copyright to the derivative work, regardless of who penned the new material.[350]

Ablon was thus liable for infringement only when he used material in his presentation slides from Greene's earlier book (i.e., material he did not co-author). In the jury's estimation, the damages from use of the non-co-authored material in Ablon's presentation slides amounted to $19,000, which the district court thought was "situated comfortably in the statutory range of $750 to $30,000."[351]

Despite basing *Greene* in part on § 103, the court did not use that section to invalidate Ablon's interest in the slides or prevent their further use. Indeed, the district court denied the requested injunctive relief because the jury's determination of infringement "was limited to a finite set of presentation slides that can be easily changed."[352] Although the First Circuit affirmed the damages award against Ablon, the court's ruling, viewed as a whole, averted an overbroad application of § 103(a), instead reflecting the collaborative relationship of the parties and avoiding inequitable results for both.

Similar outcomes should have happened in *Gracen* and *Cooley*, which were also "collaborations" of a sort, whose later circumstances led to disputed claims over the ownership and control of its output.[353] The reasonable application of § 103 in these cases approximates equitable apportionment, avoiding unjust enrichment and prioritizing the public interest in the ongoing circulation of works.

G. Third-Party Infringers Should Be Precluded from Raising § 103(a) Invalidity Defenses

Third-party infringers, such as Hars in the *Keeling* case, sometimes raise § 103(a) invalidity defenses to evade liability for misappropriating expression from an unauthorized derivative work.[354] This is especially troubling when the author of the source work is not a party to the litigation and has not otherwise complained about the plaintiff's work. Courts should not allow § 103(a) to be used in this way. The defensive use of § 103(a), which is usually asserted against plaintiffs who are not the source work's copyright owners, is orthogonal to that provision's purposes, which are to prevent unjust enrichment and to

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[350] *Id.* at 152–53 (citing 17 U.S.C. § 201(a)).

[351] *Id.* at 157. Neither court disturbed this award. But the district court denied Greene's request for an accounting of profits from Ablon's speaking engagements. In denying the requested accounting, the court said that Greene would have to show that "Ablon's compensation [for his speaking] would have [to] be[] tied to his use of expression from [the joint work] as opposed to, for example, the underlying ideas." *Id.* at 156. This Greene could not do.

[352] Greene v. Ablon, No. CIV 09-10937, 2013 WL 4714344, at *7 (D. Mass. Aug. 28, 2013), *aff'd in part*, 794 F.3d 133 (1st Cir. 2015).

[353] *See supra* Part IV.C (discussing disputes surrounding implied licenses in derivative works).

[354] *See supra* II.B.2 (discussing fair use defenses).

apportion the benefits of copyright between source authors and derivative work authors.

For a court, in effect, to reward third-party infringers by allowing them to raise a defense aimed at invalidating a derivative work's copyright under § 103(a) would be unjust as against the plaintiff-derivative work author relative to its ownership interests in the work at issue and would fail to thwart opportunism by the third-party infringer.

The court avoided such an outcome in *JBJ Fabrics, Inc. v. Brylane, Inc.* Recall that the defendant Brylane tried to evade liability for infringement by arguing that JBJ's work was itself an unauthorized derivative work.[355] It mattered that the source author of the plaintiff's work was not a party to the lawsuit.[356] The U.S. District Court for the Southern District of New York rejected Brylane's defense, treating § 103(a) as unavailable as a shield to be wielded by infringers.[357]

In addition to being guided by the purposes of § 103(a), the court in *JBJ Fabrics* could have decided that only the source work's copyright owner has standing to raise § 103(a) against infringers of their rights, which would mean this was a defense that Brylane was not entitled to raise. The equitable doctrine of unclean hands would have been another potential basis for rejecting Brylane's § 103(a) invalidity defense. Thus far, courts faced with § 103(a) invalidity defenses have not invoked the venerable equitable doctrine of unclean hands, but perhaps they should in future cases.[358]

When authors of potentially unauthorized derivative works accuse others of infringing their copyrights, the temptation to raise § 103(a) invalidity defenses may be hard to resist.[359] But Congress did not intend § 103(a) to enable opportunists to weaponize copyright law. For this reason, courts in cases such as *JBJ Fabrics* have properly rejected such defenses, enabling derivative work authors to enforce their copyright against third-party infringers, in keeping with the pre-1976 Act rulings in *Belcher* and *Davis*.[360] Such cases may raise complicated equitable issues on both sides. But the purposes of copyright are best served by maintaining copyright validity when the source author is not a party to the lawsuit and avoiding unjustly enriching defendants who infringe.

[355] *See supra* Part II.B.3 and accompanying text (discussing JBJ Fabrics, Inc. v. Brylane, Inc., 714 F. Supp. 107, 110 (S.D.N.Y. 1989)).

[356] *JBJ Fabrics*, 714 F. Supp at 109.

[357] *Id.* at 110.

[358] Smith, *supra* note 222, at 1120–31.

[359] *See supra* Part II.B (compiling cases).

[360] *See supra* Part I.A; *see also supra* notes 70–71 and accompanying text (discussing how the *Anderson* court thought that the plaintiff might be able to enforce his rights against third parties, even if not against Stallone).

CONCLUSION

Courts and commentators have largely overlooked the potential implications of § 103(a) when assessing fair use and other defenses in derivative work infringement cases. Given that *Warhol v. Goldsmith* has surfaced the potential invalidating consequences of § 103(a) in close fair use cases, this issue may become more salient to litigants and courts. It is thus time to closely consider § 103(a) and clarify how it can be applied in a manner that serves its dual purpose: preventing unjust enrichment and preserving derivative work authors' copyrights when doing so would serve the larger constitutional purposes of copyright law.

This Article has identified several types of good faith authors of unauthorized derivative works whose copyright interests should be respected. It has also offered several examples of opportunistic owners of source work copyrights, their agents, and third parties who have overreached (or in some cases, could have) by asserting § 103(a) to invalidate the derivative work copyright or claim it as their own.

We recognize that § 103(a) invalidations may sometimes be appropriate, as in the turnaround cases or other willful derivative work infringement cases. But the overall purposes of § 103, the case law interpreting it, and copyright policies should guide courts to draw upon equitable principles to protect the legitimate interests of good faith creators and to constrain opportunistic uses of § 103(a).