FORDHAM UNIVERSITY SCHOOL OF LAW

FORDHAM LAW REVIEW

FORDHAM CENTER ON LAW AND INFORMATION POLICY

October 31, 2008

When Worlds Collide Keynote Lecture

Harmless Boundary Crossings: Their Role in Comparative Institutional Analysis

Introduction

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PROF. KATYAL: Hello, everyone. I'm Sonia Katyal. I teach here at Fordham.

I want to thank all of you for coming today and for spending time with us today and tomorrow. I want to specifically acknowledge the incredible work that our conference

organizers have done. Katherine Strandburg, Brett Frischmann, and Jay Kesan have done such a wonderful job in putting together this incredibly groundbreaking program, with so many interesting and wonderful papers and participants.

Today I actually have the distinct honor of introducing someone who, quite literally, needs no introduction. We have all read, cited, admired, and have been enriched by the person that I'm about to introduce to you.

All of you know that Wendy Gordon is one of the most cited women in intellectual property today. All of you also know that her work has brought us consistently to a new level of thinking in terms of blending the insights of philosophy, economics, and political theory into rethinking some of the foundational presumptions that explain the design and the enforcement of intellectual property. Her article, "Fair Use as Market Failure,"[1] which was on the Sony decision in the Supreme Court,[2] ranks as one of the most cited articles in intellectual property history. She has been cited in three Supreme Court opinions,[3] and I'm sure she has influenced dozens more in the process.

You also probably know that Wendy Gordon holds a

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[1] Wendy J. Gordon, Fair Use as Market Failure: A Structural and Eco[n]omic Analysis of the Betamax Case and its Predecessors, 82 Colum. L. Rev. 1600 (1982).

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[3] See, e.g.,

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distinguished chair at Boston University. She has also served as a Fulbright Scholar, a fellow at Oxford, St. John's College, a resident at the Rockefeller Foundation, and also as the recipient of a New Jersey Governor's Fellowship in the Humanities. In the spring, we are delighted to have her with us here at Fordham.

We know most of these incredible qualities and accomplishments, but perhaps one thing that we particularly want to draw attention to is something that so many of us in the room have benefited from.

As most of you know, intellectual property law is a relatively new field. It is populated by some extremely successful men and women who occupy very influential positions in the scholarly literature and also in the judiciary. But one of the reasons why intellectual property as a discipline is so special is because of the hard work that our world of senior scholars and so many people in this room, like Pam Samuelson, Rochelle Dreyfuss, Jonathan Zittrain, Graeme, Joel Reidenberg, Keith Aoki, Jay Kesan, Mike Madison – and there are so many others – have done in making sure that younger generations of scholars get mentored and supported and looked after as they develop.

So while you may know Wendy Gordon's incredible accomplishments, I actually want to draw your attention to some

of the reasons for why the world of intellectual property – and particularly because of her – is such a special and such a supportive field. She has been referred to by Pam Samuelson as "pioneer in the field of intellectual property" in many ways, including by bringing important insights from other disciplines to bear on fundamental issues in copyright law. She draws not just from economics, but also from philosophy, art, literature, and psychology.

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"What exuberance," Pam says, "she also brings to our field. It makes copyright law that much more fun to have her with us."

Her dean, Maureen O'Rourke, has said of Wendy, "It has been a wonderful gift to be on the same faculty with Wendy Gordon," and notes that Wendy is not only generous with her time, but has also served as a terrific mentor for junior faculty, both in the intellectual property field and outside.

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Feminist law Professor and intellectual property maven Ann Bartow says, "In addition to being brilliant and funny, Wendy is also a truth teller. She does not tell social lies to stroke egos. She says exactly what she thinks, and that's a great attribute in a person." Bartow explains, "She's never mean, but she's always direct and forthright. For that reason, when she gives you a compliment, it really means something special."

If you have seen Wendy interact with her students or other scholars, or if you have seen her run down the hall after someone insisting that they wear a hat on a rainy day (which actually happened to me), you know precisely what I'm talking about. You know how warm, how special, and how generous she can be with others.

So I wanted to introduce Wendy not just by talking about her accomplishments, which we all know, but by emphasizing how much her time and generosity to others, on its own and by simply serving as an example, has really transformed the way that intellectual property scholars relate to one another.

As Stacey Dogan from Northeastern explained to me, "When I first met Wendy, I knew her only by her fearsome reputation as a copyright superstar. The first couple of times I saw her at workshops, I sort of cowered. Her comments seemed so intellectual and philosophical and robust and intimidating. In fact, I don't even think I dared to speak to her for several months after joining the Boston area intellectual property community. But one day just out of the blue, she invited me to lunch. I was surprised and delighted to find her warm, disarming, and eager to talk to me about my just-budding scholarly agenda. Since then, I have had countless lunches with Wendy, working through her ideas and mine, shooting most of them down, but honing, developing, and strengthening many others."

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I just want to end with an observation: What makes intellectual property law such a special field is precisely people like Wendy, people who spend time with junior folks working through intellectual property ideas and helping you develop them. Jessica Sobey from Suffolk reminds us that, "Wendy thoroughly engages with your work and she responds with a deep structural critique and genuine enthusiasm, both signs of respect. For a junior scholar like myself, the attention Wendy provides is humbling. And because she knows no status in her comments or attention, anyone can be the beneficiary of it. In this way, she is a true intellectual, but she is also a model citizen."

I want to draw attention to this aspect of Wendy's work because, in the eyes of myself and so many others here, that is what makes her special and it is what makes intellectual property law as a field so special—that she knows no status in her comments or attention, as Jessica says, and that is what makes not just a true intellectual, but also a model citizen for us to follow.

Let's all give a warm welcome to the charming, humble, and inestimably generous Wendy Gordon, and to thank her for sharing her views with us.

PROF. GORDON: That was actually the nicest introduction I have gotten in my entire life. Thank you, Sonia. Thank you, of

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Deleted: I always say, I wish my mother had been in the audience. Actually, they're taping this, and guess who's going to get a copy? She'll play it for all her friends. She'll memorize it.¶

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course, to Bill Treanor and Joel Reidenberg for their kindness, and Kathy Strandburg and her cohorts for putting this thing together.

I also thank this morning's panelists. What I'm going to do is, first, say a little bit of an overview about what brings us all together and then talk about a particular project that many of you already have heard about, but it is something that has bothered me ever since I entered the field. It is the problem of harmless use, or what you might call a beneficial spillover that causes no loss to the person who is causally responsible for it, either in whole or in part.

One of the things that unifies many of the scholars in IP generally, and in this room in particular, is an interest in what you might call noncommercial models – cooperative sharing, peer-to-peer creativity–a yearning for a different kind of life, perhaps, one that's less commercial, more focused on dialogues, both democratic and personal, and a mode of life that emphasizes the process and product of work rather than its monetary payoff.

We all know from the work of Teresa Amabile and Alfie Cohen and our own experience that if you are keeping your eye on a monetary goal or getting an A or getting ahead, you very often do not do as good work as those occasions when the work itself is the focus of your attention. To what extent can we make the work the focus of people's attention without them starving to

Deleted: You may have noticed that I disappeared, because I got some new ideas and I had to go reorganize. When I came back, Graeme said, "Have you ever published 'The X'?," a talk I gave at Kathy's school, DePaul, a few years ago.¶
I said, "No, I never published that talk. Why?"¶
He said, "Well, didn't it sound a lot like Himmelman [Grimmelmann?]?"¶
Himmelman, this is a compliment, believe me.¶
He said, "I kept saying, Wendy's talk, Wendy's talk."¶
The person I ran downstairs to incorporate was Himmelman.¶
So, no, we are not saying the same things. We are saying somewhat complementary things. It was just very helpful and clarifying.¶
Where is Mr. Himmelman? Hi. It was really cool. Thank you.¶

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death because we are denying them some sort of recompense? It's that dilemma, I think, that many of us are trying to reconcile — a sort of noncommercial life that still provides the benefits the commercial life gives.

We are all exploring alternatives, and our paths are many. Some see these new patterns in legal IP scholarship as reaching critical momentum when Jessica Litman issued her invitation to see the public domain as more than a default category and to see copyright, the legislative version, as a product of less-than-reasoned decision making. That is my particular landmark.

Others might attribute the takeoff point to Pam Samuelson, particularly that conference on computers at Columbia that you organized, or maybe Becky Eisenberg's work on sharing in science, or Lowry's (phonetic) popularization, which has been so powerful and, on occasion, very deep, and Yochai Benkler's work.

But whoever we nominate as our person who marked the shift—Jenny Barlow (phonetic) comes to mind; half the people in this room come to mind; the Internet comes to mind as a candidate, speaking of nonhuman characters—we come to a place where we are all looking at the same thing from a thousand different angles. It is a lot like the old elephant in the room joke. When the blind man comes, he can't quite figure out what

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is what.

So many of the current projects, including the commons project by the tri-wizard team, which is Kathy, Brett, and Mike — they are doing a paper on commons. Many of you probably have seen it in draft, where they are saying, "We are looking for contributions. We're trying to build models and draw people together to compare what work, what does not work."

So one of the things I will be doing today is talking about a small incremental question that I think can play a role in virtually all of our investigations.

One of the things that I also wanted to mention about this shift, though I think the conceptual discussion I'm about to conduct won't have a whole lot to add to it, is the way new institutions are being formed. We are not just writing scholarship anymore. I guess it probably began with Richard Stallman, of course not a lawyer, who created the GPL to institutionalize the norms of the community he respected and loved and to honor some principles that he lived by. Since then, we have had Creative Commons, Wikipedia; there is this wonderful new set of standards for fair use for documentary filmmakers that Peter Jaszi and Pat Aufderheide did, which is inspiring; follow-on efforts by people like Lewis Hyde, who is doing an inquiry into fair use standards for academics. In other words, we are trying now to influence not only judges and

lawyers and legislators, but also ordinary people, in how they do their daily business. And that's a very exciting new dimension for legal scholarship generally.

Getting back to the little incremental thing that I'm hoping to add to your palette, it's the question of harmless use. You may know the old saying about reaping without sowing. Back in what my rabbi says I can't call the Old Testament -- I don't know what I'm supposed to call it, if not the Old Testament; I guess I'm supposed to just say the Torah -- the institution of gleaning is required. That is, if you have a field, when you gather up your sheaves, you are supposed to leave some wheat standing in the corners for the poor people, and they are supposed to come and glean. It's your obligation as a property owner; it's their right as a member of the community. It's pretty harmless. You get the bulk of your profit.

I once edited an article saying, "And gleaning is where Ruth met Boaz." Do you know how many people knew what that reference meant?

Ruth and Boaz were the grandparents of King David, and King David supposedly was the great-grandfather of Joseph -- Mary's husband? Something like that. Anyway, I know the Torah part. They were the ancestors for King David.

So gleaning -- that is, the poor woman in the corners

of the field meets her husband, the rich landowner who is allowing her to glean, and from their union comes King David and the Kingdom of Israel – and Christianity, if the rest of it is right, in terms of my memory.

In any event, gleaning is good.

So when you talk about the reaping and sowing metaphor, we know it got most famous in International News Service v. Associated Press (INS).[4] We know that in most of the cases where it has been recognized, like INS,[5] the situation isn't simply one where the defendant has benefited without paying, but the benefit is taken at the expense of the plaintiff. It's harmful, usually not only to the plaintiff, but to the society as a whole. In those cases where there is a reaping by someone who is doing something unexpected, a new market that doesn't interfere with the preexisting person's plans, it's much rarer to find that instinct respected.

Just to illustrate how important the harm element is to these cases that purport to be about reaping and sowing, I would like to talk about an aspect of the INS case that I have never seen anybody write about. Many of us have written that in INS v. AP, we notice that the majority opinion says, we have to stop INS from copying AP's news, because they are doing it

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[4] 248 U.S. 215 (1918).

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"precisely at the point where profit is to be reaped," and if they are allowed to continue, both INS and AP go down the tubes, and the public will be left without the service.[6]

Some of us have doubted whether, in fact, those two parties would really fail to reach an agreement about what was acceptable practice. The harm that would have been much more obvious, immediate, and, I think, irremediable was the harm to the organization's internal structure. If you are The Miami Herald or the New Haven Register or The Hartford Courant, how likely are you to pay fees to an AP or an INS if you know you can copy the news for free? You would just drop your subscription. That would be particularly true of the West Coast people, who would even get early access to the news.

So in INS v. AP, for all of its language about thou shalt "reap where it has not sown,"[7] the real rule seems to be, if borrowing a certain kind of product is going to make it impossible to get that product to the public, because no one is going to be able to collect enough fees from the member newspapers to send out the overseas correspondents, we're going to stop that kind of copying.

Just as a hypothesis, I would say, if you look at the granddaddy of the "reap without sow" cases, it's not about

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[6] Id. at 240. [Footnoters: try to find pages where the entire proposition is.]

[7] Id. at 239.

prohibiting somebody like Naomi from taking the grain she didn't plant; it's about prohibiting a whole crowd of people from taking the entire field. In other words, in an instance where the society as a whole, and perhaps the plaintiff in particular, isn't being harmed, the argument for allowing the defendant to keep what he or she has made of the spillover is a pretty strong one. In fact, you could think of a plaintiff who would be able to sue a defendant for the creative use of their work, a creative use the plaintiff wouldn't have thought of or in a market plaintiff couldn't reach, as just seeking to get a windfall.

One of the reasons I find this an attractive thing to think about is that, when you do social experiments, you need money. It seems to me at least possible that the amount of money that one could classify as windfalls is the kind of stuff that is more easily taxed.

When James talked about good institutions — and we might wonder why something is a good institution, like a library or a Girl Scout troop or certain educational institutions that get special treatment under the copyright law — one of the things that may be going on is a sense that there is so much surplus generated by this kind of copyright activity that we should take some of it and redirect it to the good institutions that we might otherwise have to subsidize directly by tax

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revenues. That is, I am trying to examine a bunch of money that I do not think the plaintiff has a good claim on, and I'm not sure the defendant has all that good a claim on either, so maybe the government can play with it. But in any event, my first thought is that perhaps the defendant – if they are the ones who are exploiting the work in the interesting new way, maybe it's best to let them keep it, in terms of giving them the most direct incentives.

I'm not sure about this. It's just a thought experiment. I want to tell you a little bit more about the background. The more I tell you about it, the more you may see some corner in which it might help or intersect with your work.

First of all, you probably want me to define things. Any mention of harm will initiate an hours-long definitional discussion in any self-respecting circle, and we don't have that time. In the compass of a short luncheon talk, not a luncheon lecture, thank you – that was supposed to be a joke, to make you realize this is modest – I mean modest in the true sense.

In the short course of a luncheon talk, let me simply sketch some observations and define "harmless," provisionally, in this way: A use of an intangible is harmless if the only injury the plaintiff feels is a sense of offense. By "intangible," of course, I mean a work of authorship, an invention, a symbol.

I follow Mill and Feinberg and many others in attempting to distinguish "offense" from "harm." In fact, I'm inspired to a large degree by Mill's defense of liberty by saying the government should only interfere where harm is caused. Admittedly, he was talking only in the context of criminal law, and he was defending sexual privacy, sexual liberty, where we shouldn't prohibit certain behaviors just because they give offense to the prudes on the other side of town. But I think that the guideline of "be wary of enacting laws that inhibit harmless behavior" is one that can be spread beyond that.

Why do we have in ordinary tangible property a rule that does contradict the "go and glean" rule? John Stuart Mill supported private property.[8] I don't claim he didn't. But private property, at least since 1936 – and the common law before that is a little bit ambiguous – has the following rule, at least in this country: If somebody makes a harmless trespass, the plaintiff can not only get nominal damages – in order to figure out where the boundary is, sometimes they brought these harmless-trespass suits – but, in addition, can get a share of whatever profits the plaintiff made by the harmless entry or whatever money the defendant saved by not paying a license fee, not planning an alternative route.

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Let me just give you two examples to make it vivid.

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Two landowners side by side. This guy has a little hole on his property; this guy has a farm and no hole on his property. One day some kids go down the hole. It turns out to lead to a long passage, ends up in this gorgeous cave filled with stalactites and stalagmites. Property owner A opens up a business conducting people through tours. It doesn't disturb anything up here. They can't hear anything. They can't see anything. But the guy next door knows his friend is making money. He sues.

The defense is, "It's totally harmless, what I'm doing."

The response, in a much-contested case – this is sort of what set the rule in the United States – was, "You've got to pay a portion of your profits to the person who owns" – the vertical conception of property – "the cave from which you are making a lot of your money."

That shouldn't shock us too much in the real property context, because, as Justice Holmes said (I think it was Justice Holmes; I've been unable to pin down the cite) Justice Holmes, as I recall, justified the right to sue for harmless trespasses – that is, where not even a blade of grass was disturbed, a trespass that lacked what he called a temporal harm – he justified those sorts of lawsuits as being a way, under then-

current procedural practice, for people to try boundary disputes, so they could get some court somewhere to say where the boundary line lay.[9]

Once you have a rule – you know how the law works – that says you can bring a trespass suit, it then looks like it's a wrong to trespass, even if you cause no harm. Once you have a wrong, people are always saying wrongdoers shouldn't profit. So you can see how the sort of unjust-enrichment argument may have snowballed from an accidental procedural device.

Then the next expansion was into personal property, personal tangible property. That's pretty surprising, too. You may remember from first year – and if you are a first-year property teacher and I have it wrong, tell me afterwards, please. Don't tell me now. I have to live up to this characterization. But I think the following, again, is true: That for personal property, a harmless touching isn't actionable. If I step on your land, you sue me, you get the actual cloister[?] controversy. I lean on your car, you had better gently ask me to leave. That's all you can do. You have to have a substantial interference before you can get a trespass to chattels or conversion claim.

Nevertheless, in a case called Olwell v. Nye &

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[9] Holmes case?

Nissen,[10] a case occurred where the harmless user was nevertheless forced to pay. It was a situation involving egg-washing machines. Some people are nodding; they know the case. Because of a World War II embargo, the egg-washing machines were in Europe and the owner was in the United States. Someone in Europe used the egg-washing machines, lo and behold, to wash eggs — lots and lots of eggs. At the end of the war, he got sued by the person who owned the machines, saying, "Pay me for the use."

As I recall, it was stipulated that there was no harm to the machine. It was just as durable, no more goopy — perfect shape. Nevertheless, he got a license fee.

So here we have this thing that may have started from a procedural gimmick to try title. It becomes this larger thing of a wrong, giving right to an unjust-enrichment claim, even though what the defendant did was harmless for real property, and then it gets extended to personal tangible property.

Copyright and patent, we all know, and harmless use of somebody else's invention or copyrighted work needn't be harmful to be enjoinable. If we earn profits from our harmless use, we are going to have to pay for it. But in my view, that's a very ill-explained rule that may be best explained by the habit that all began with this little accident.

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[10] 173 P.2d 652 (Wash. 1946).

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Let me go back again. What I am doing is exploring the possibility that there is a lot of richness to be found in distinguishing uses that are harmful in a concrete way from uses that don't cause concrete harm, that just cause offense — "You're using my thing; I don't like that," or "I want to profit from it all," or, "It hurts my dignity." If — Kathy, who is your colleague who is the moral rights fanatic?

PROF. STRANDBURG: Bobbie Kwall?

PROF. GORDON: All right, if Bobbie Kwall were here, she'd say dignity is everything. I don't think dignity is everything. Partially that's because audiences have dignity just as much as authors do, as James so well pointed out, and there is a kind of standoff between the two. I would rather use actual temporal, concrete harm as my measure.

By the way, there is a new article coming out, which some of you, I'm sure, have read, by Shyam Balganesh, using foreseeability as a test. Although I don't think it does everything it could, it's really interesting. I recommend it.

You may ask why I don't consider being offended part of the harm. John Zittrain clearly thinks being offended matters. John called it being a "chump," if you give something away and somebody else makes profitable use of it.

I have a couple of responses. One is, even if it is a bad feeling to be a chump, it is a worse feeling to lose your

livelihood, and it's worthwhile to distinguish between the two.

Second, I think that feeling like a chump is usually the product of frustrated expectations. Expectations, because they depend on institutions, can be changed and altered by institutions. To the extent that it's hardwired, it's a great subject for some experiments. There have been some experiments done which show that people do go out of their way to punish what they think of as wrongdoers, even if it hurts them. If they are feeling like chumps in some hardwired way, then that might be an explanation for why even harmless uses are recoverable.

But, just to continue with my theme, I think we should play with what happens if they weren't.

I also want to remember that the first famous essay about being a chump concerned harmful uses. This was the famous "Tragic Commons" article by Garrett Hardin.[11] He talked about the frustration of restricting your own behavior – only having two kids when you really wanted three, not driving your car very much because you don't want to pollute, et cetera – restricting your behavior, only to find that other people aren't similarly restricting their behavior.[12] So you have fewer kids, but the

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[11] Garrett Hardin, The Tragedy of the Commons: the Population Problem Has No Technical Solution; It Requires a Fundamental Extension in Morality, 162 SCIENCE 1243 (1968).

[12] Id. at [FootNoters: Find pincite please].

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schools are still overcrowded. You have less mobility, but the place is still polluted.

He said that kind of fear of being a chump would motivate people not to participate in the conservation efforts. That's the kind of fear of being a chump that motivates in the prisoner's dilemma, when people defect. But that kind of being a chump involves fear of really being hurt. That is, I'm really not having the kids I want. I'm really not driving as much as I want.

I remind you, I'm talking about harmless uses. I think the reactions are different.

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It makes perfect sense that it is different. Just think about human psychology. We have risk aversion. I think it's not only a fact of life, but it makes a lot of sense. Most of us have a very complicated set of interrelated structures in our lives. Where we live depends on who we know, depends on where we work. You disrupt any one of those elements and there is a cascade of distress that follows, the things Calabrese once called secondary costs.

So we may spend insurance money of 105 to avoid an expected harm of 100, because that expected harm of 100, when a particular thing is lost, really is going to cost us a lot more. It's going to cost us all of those embedded relations. The house burns down; they give you the money to rebuild the house.

But if you didn't rebuild the house, you wouldn't only lose the house; you might lose your job, you might lose your friends, you might lose your network.

So there are really good reasons to be risk-averse. When I say risk-averse, that means that, given the chance of making a hundred bucks and the chance of losing a hundred bucks, you would be more eager to avoid the loss than you would to achieve the gain. Lots of psychological experiments have shown this. Opportunity costs – that is, the costs you don't get by doing something productive – the loss of opportunity costs matters to people a whole lot less than what you might call actual loss.

I started extemporizing. Now I have to figure out exactly where I am.

Let me just summarize and then take questions. I think that would make a lot more sense.

First of all, just very briefly, why might this rule that the common law has and which copyright and patent, I argue, blindly follow about liability for harmless use – why might it make more sense for tangibles than for intangibles? In the tangibles situation, where someone with lots of alternatives nevertheless chooses to make an intentional and unconsented use of another's property, and where that use typically generates a harm, because that's what tangible property is – usually you

can't step on it without bending it, you can't take it without the other guy losing it – it may make some sense to make a harmless entry unlawful.

In addition, if you make a harmless entry capable of generating lots of money for the plaintiff because of the defendant's activity, like the defendant who goes under your land or uses your egg-washing machine, that may make sense because we believe that, for tangible property at least, centralized control is an economically efficient way of getting the thing to a high-valued use, but for ourselves and for the community at large – centralized control of all the uses, the good ones and the bad ones. If you can collect for the good ones, you may have more incentive to exploit for the good ones.

"Intellectual property" is a misnomer. It's not property and it's not all the same thing, so let's say copyright and patent.

Copyright and patent don't necessarily benefit from centralized control. Somehow we got the opposite notion early, I think probably because of Kitch's article on prospect theory[13] and Judge Posner's sort of natural pro-centralized, Chicago School view of property.[14]

But I think it is absurd. In our everyday law, we

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recognize that there is a whole category of productions which are so best utilized in a decentralized way that we don't get protection in them at all. That's ideas. But even for the things that are more limited, like a particular sequence of notes or scenes, it is very likely that complete centralization of the invention of work of authorship will not be the best.

Another economic comment. As Calabrese mentioned ages ago, the cheapest thing of all is to let losses lie where they fall, because then you don't have to have transaction costs to shift them back and forth.[15] Sometimes it makes sense. That's why plaintiffs have the burden of proof, because letting things lie where they fall is cheaper for society. If it's a harmless beneficial thing you are doing, why not let you keep the profits where they fall – namely, in your pocket? It may save us some money. And it may be a good incentive thing to do. It may not. All this is very empirical when you get down to the consequential side of it.

I was talking about centralization of property, and it made sense from an economic perspective, I said, if it's tangible. If it's not tangible, I said Posner and Kitch are probably wrong, or at least not as right as they think they are. A lot of intellectual things, intangible things, can be well exploited decentralized, and there is less money that has to be

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wasted on transaction costs if we allow benefits to fall where they sit.

I would also remind you economics types of Pareto superiority, the sole criterion of ethics under welfare economics. What does it say? A situation where one person is made better off and nobody else is made worse off is a better situation.

In the truly perfect world where there is a perfect machinery of justice and no transaction costs, if you were made better off and I wasn't made worse off, it would make sense, if you are using some spillover from my efforts to get where you are going, that maybe you should share with me. But in the real world with real transaction costs, it's not so clear that that should always be necessary.

In another example of the way our usual instincts don't work about harmless uses, let me talk about Aristotle and James, Aristotle first, in time – age before beauty.

Aristotle talked about his model of corrective justice as the central model for private law. The notion was, I lose X; you gain X. Why? You stole it from me. We correct the situation. You return the X to me. You have lost. I'm restored to the status quo ante. Everybody is happy.

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In a harmless-use case, of course, I have X and you gain some Y as a causal result of your effort, mixed with what I

have done. There is no way to restore the status quo ante. We have a total mystery about what to do. Our instincts are failing us.

Let's go over to James's notions. When James went through his discussion of the rhetoric, particularly on the deontological side and where it led, he had two models. One of the models was, exchange for money is okay. The other model was, roughly speaking, sharing for free is better. What unites both of those models underneath is reciprocity. That is, most of us who share do so in the expectation that in the long run we will live in a better world. Those of us who defend the market also do so on the notions of reciprocity and in the long run we will live in a better world.

When you have a situation of harmless use with reciprocity, it's just a puzzle. It's just this extra money lying around as to which there is no strong claim.

I know that the economists have several models for determining what to do with the output that is the joint product or two or more people. Mike Meurer, my colleague, who was here yesterday talking about his wonderful book, Patent Failure,[16] has written an article about the various mathematical treatments that can tell you what to do with a jointly ordered product.

Deleted: – my colleague – everybody should read it

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[16] JAMES BESSEN & MICHAEL J. MEURER, PATENT FAILURE: HOW JUDGES, BUREAUCRATS, AND LAWYERS PUT INNOVATORS AT RISK (2008).

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But there is no one answer. There are things that can be said for this model or that model, but none simultaneously serve all goals, all normatively applicable goals, such as equality or proportionality. It just can't be done – again, raising the question that we should have a little more flexibility than we currently do with the harmless use.

I think I have said more than enough, even though it wasn't as well-rounded as I anticipated originally. If there are questions, that would be the most helpful way to go.

PROF. KATYAL: Let's take a few questions.

PROF. GORDON: Or challenges or disagreements.

QUESTION: Do you see the harmless-use project as something which might be doctrinally usefully as in providing a robust de minimis defense or in strengthening fair use or changing how we should understand the scope of some of the exclusive rights? I realize that that's kind of doctrinal, but –

PROF. GORDON: That's no longer a dirty word. So yes, yes, and yes. Let me just say a little bit about it.

Clearly, part of my agenda was sparked by the circularity problem in the fair-use cases when they try to decide whether a defendant who has caused no harm to plaintiff should nevertheless be denied fair use because one of the harms, quote/unquote, he has caused is failing to pay license fees, and

these forgone license fees should be considered a harm to plaintiff, suggesting that if this analysis works, we have a lot of latitude for saying those things shouldn't cause a harm.

As far as the de minimis defense, I thought that, except for samples, the de minimis defense was loud, strong, and healthy. And I think the sampling opinion is going to disappear. It just has to. If it doesn't, I'm wrong.

I could use this argument to say one of the reasons why the de minimis defense should definitely be around. That's Bridgeport.

As far as exclusive rights generally, you can tell from the tenor of my talk when I was discussing joint products that I'm interested in the creative user, primarily. We are talking about variations on the derivative-work right. What I'm talking about is a limitation on the scope of what we consider an actionable derivative work.

History is against me on this one. As you all know, the derivative-work right came into being because of Harriet Beecher Stowe, just like we have the right of publicity because of her grandfather. But that's another story.

Anyway, Harriet Beecher Stowe, when she wrote Uncle Tom's Cabin, was upset when other people started translating it. I think the first translation was in German. She brought a lawsuit, and she was told, "The copyright statute doesn't give

you a right over this other market, this other language. It's not your words." So the statute put in the first of the famous derivative works, the right against translations. And it gradually grew bigger and bigger — the right against translations, abridgements, motion picture adaptations. Eventually, it became a general derivative-use right.

What I'm talking about is shrinking the derivative-use right. Very tentatively, what I was thinking might come from my observations is something like the following.

In the rare case of a premeditated use of a copyrighted work in a solely commercial context, like when somebody is making a movie, I definitely think they should be paying a license fee, because that's a situation where their activity is not going to be discouraged by the need for paying the license fee, and the possibility of a big payoff from something like movies probably will be part of the writer's expectations. In that situation I would allow the general, ordinary copyright to prevail — that is, the right to use for a harmless use, subject to fair-use defenses. But a great many of the projects that most of us are concerned about aren't preplanned and large and commercial in that fashion. They do suffer from being taken by surprise by copyright claims.

Also you hear some artists say things like, "You get imprisoned by your new inspiration. You can't do anything else

but work on it, and you have to grab it when it comes because it's like a gift." Sometimes your inspiration, like for an artist named J.S.G. Boggs, is a work that somebody else did, or your inspiration may be what you can do with prior people's work, like that artist who re-creates famous paintings by putting on makeup. His best is Frida Kahlo. He's a little Japanese guy.

So what if your inspiration is to make use of other people's works? There are lots and lots of situations in which the need to buy a license is going to get in the way of what you are doing. As to those uses, I would change the structure of the derivative-work right to demand proof of the kind of harm that is going to be socially deleterious in the long run — basically, put them to an INS-type showing.

You may remember in Motorola v. SportsTrax,[17] more recently, they took the core of INS and said, "Look, most of the INS stuff is preempted, but we might not preempt you if you can show us that protection is necessary for the continuation of your service."

Now, I think the logic of preemption would preempt that, too. But you can understand why the court said that some things may be important that the feds haven't thought to do yet and maybe we should give a common-law right.

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[17]

Thank you, Pam, for those suggestions.

QUESTION: What about translation, the right you mentioned? Is translation a harmless use? It seems to me that it wouldn't go away. Translators would still translate, because there would be a market for translations in other languages.

PROF. GORDON: Let me think out loud about that one.

Right now I'm using as my working definition of harm anything that interferes with the plaintiff's prior plans. If the plaintiff, when he began, thought he would be licensing translations, then it's not harmless if it interferes with her.

But that only begs the question, why do I define it in that way? I guess it's because I can't think of any other way to define it. Let me just say that in a way that doesn't sound so question-begging.

In our usual "but for" tests of tort law, we say, take out the allegedly tortious interaction by the defendant, and how would you have fared? If, without getting run over, I would have been healthy for twenty years, but instead I got run over and I died, the amount of money my heirs could collect would be the twenty years of life. If I only had two years of life expectation because I was 93 and had emphysema, then they would only collect for two.

So our standard "but for" inquiry is to remove the contested interaction and say how the plaintiff would have

proceeded or felt, or what the level of well-being would have been, in a world without the contested interactions.

That's basically what I'm suggesting here. Without the contested interaction – that is, without Joe Blow doing the unauthorized translation – our guy would have done a translation, and Joe Blow means that our guy isn't going to be able to get any license fees, which he was planning on. I would call that harmful.

QUESTION: In the exact style of Brett's question, but in patent law, a non-practicing – i.e., a patent troll –

PROF. GORDON: Oh, patent trolls, I have them in here.

I'm sorry, Frank. Keep going. I'm going to look up my reference.

QUESTIONER: If I embody what the patent trolls claim recites, is that a harmless use? We are not in the market.

PROF. GORDON: I'm not sure I understand your question.

QUESTIONER: If I sell a product and it's an infringement on –

PROF. GORDON: Let me say what little I was thinking, and then you can ask me. Is that all right?

QUESTIONER: Yes, and it relates, perhaps, to Kathy's user innovation stuff.

PROF. GORDON: This is a little thing. Under my

proposed rule, for everything except absolutely large-scale, conscious decisions to use a copyrighted or patented thing, you couldn't succeed without proving harmful to the public if I don't get paid.

In all of the patent troll cases that I know of – and I'm not very educated in this – the only one I can think of which would count as deliberate use, and therefore not be subject to this heavy burden of proof on the plaintiff, is the situation where the big car companies took the intermittent windshield wipers. They knew there was a patent, they knew who claimed the patent, and nobody – this is what I think is the truth, from reading the accounts – they could have done a license, and they didn't. I think in that kind of case, as I did when I divided up deliberate versus non-deliberate infringements, I would say that's deliberate. Ordinary rules apply. That guy isn't really a patent troll. He just looks like one, because nobody admitted he existed.

The true patent troll is the one who takes you by surprise. In my analysis, again which is tentative, the patent troll who is truly taking everybody by surprise would have a very hard burden, if he was making no use, had no plans to make use, and just suddenly noticed, "Oh, they're doing something cool. I'll wait until they have a lot of money invested and then I'll sue them."

That person would be helped by the scheme I have in mind.

QUESTION: That actually leads me to ask another question from the one I was going to ask, so I'll ask that one first. Would that lead you to say that there should be an independent invention defense –

PROF. GORDON: Oh, absolutely, but that's because I'm a Lockean. I'll explain that in a minute.

QUESTIONER: The original question I was going to ask probably relates to the foreseeability. I haven't read that paper, although I will. When I have a patent, because I don't have an actual thing, what do I have? All I really have is an expectation of being able to make some money based on my idea. One way to look at the harmless-use point is to say that it sounds an awful lot like the obviousness standard. If it would have been non-obvious to do this other thing, to make this new use or derivative use or whatever –

PROF. GORDON: Now we're talking about the defendant out there making an improvement patent, essentially.

QUESTIONER: Exactly. That was going to be my question. This is sort of like saying, "Here's something non-obvious. I didn't anticipate this. It was not obvious." Normally, we say, if somebody does a non-obvious thing but it's still within my claims, we have a blocking patent situation.

I guess what I'm wondering is —

PROF. GORDON: Would I change Rule 203? Yes.

QUESTIONER: Yes, would you change the blocking patent rule?

PROF. GORDON: Absolutely — no, no, excuse me. I'd change the copyright rule to look like the patent rule.

Let me just explain both things that I just said, which sounds like code.

Yes, I'm in favor of an independent-inventor defense when I'm being my deontological, Lockean self. Why? That says that you look at who deserves reward, against whom the person deserves a reward. It's always very relational. You deserve more reward from someone who hasn't benefited from you, under such a perspective. It makes no sense, under that kind of perspective, for a patentee to be able to restrain an independent inventor.

However, from an economic perspective, it may be necessary to have a winner-take-all approach. Some people have suggested that there is a mutual consent among persons in the business that it is a winner-take-all rule, because they know, otherwise, the race isn't worth running. That may be an alternative justification for the independent-inventor defense.

But from a pure fairness, interpersonal model, it doesn't work for me.

Second, about the blocking patents, I always found it funny that they are called the blocking patents. I would call them mutually supportive patents. I make something; you make something that uses my invention, but does something more with it than I could. I can sell my invention without your improvement, but, boy, would I love to use your improvement. You have a patent, I have a patent, we get together, and we sell the improved gizmo. Why is that blocking? To me, that's great. It's an interrelated thing.

Even though there are all these mathematical problems about how you jointly divide joint product, et cetera, if they are together, we can just sort of hatch it out, throw the dice, figure it out.

What I would do is make copyright work like that. I think one of the absolutely worst rules we have — and I have no idea what the historical genesis was — is the rule that says if you intermix an unlawfully used copyrighted work with your own, you can't get copyright in the resulting mixture. That means if I write a book, under current law, and you translate it without my permission and then you come to me and say, "Can I have a license?" I might be able to reply that your making of the translation was itself a copyright infringement.

You will say, "Oh, no, it was a fair use." But we could get into this debate.

I will say, "Making the translation itself was a copyright infringement of my derivative work. Therefore, you have no copyright in it. Thank you so much for showing me. I will now publish it, and you can't get a penny."

Even if you have a plausible fair-use claim, your position is much weakened.

One of the things I would say is that the copyright world should allow the people who make unauthorized derivative works to get copyright in the creativity they added – not the underlying stuff, but the usual rule, the creativity they added. If the person they used wants to take advantage of that new thing, they have to mutually agree.

QUESTIONER: But in patent law, in order to do that, we have this barrier that it has to be non-obvious. It seems to me that kind of fits well with this idea of – I'm just wondering whether you would want to have something like that in the copyright context, too. I might be able to make a movie that's exactly the movie you would have made, and now all of a sudden you force me to split the profits from it with you, despite – well, I got "you" and "me" mixed up, but you know what I mean.

PROF. GORDON: I'm on overload. Let me deliver myself of my responses and then you tell me if I got everything. A very intriguing question, but it has so many parts.

First of all, the non-obviousness inquiry is very much

a part of where I'm coming from, because I was very much inspired years ago by the article by Merges and Nelson, in which they argued that the scope of the patent right should be tied to who the better exploiter is, who the better person is to make good uses of it. That's part of the reason why I doubt that we should have a harmless-use liability for most inventions and most copyrights. I think they are not best exploited by it.

But, yes, that component of the history of the obviousness justifications did play a role in my thinking.

Second, against an argument like mine, Posner has already said very much what I hear you saying: If you didn't have a derivative-work right, then you would have a rush of everybody else to make a derivative-work right. If you allowed the copyright owner to get the copyright first, if he was first, where there is a natural lead-time advantage, maybe that would be enough, but on the other hand, maybe he would be rushed.

Those are legitimate concerns. They strike me as overblown. But that's because I'm cynical about anything he says about that sort of thing. He's very pro-centralization; I'm not. So his stories don't ring to me — Posner's.

So my bottom-line response is, there could be problems in a rule like mine and having a chaotic market for derivative works and having no one exclusive right. That might be, like in patent, a bad thing. It might be that we need to have only one

German translation at a time. I'm not equipped to handle that further.

Is that responsive to everything?

QUESTIONER: Yes, I think so.

QUESTION: I really like the metaphor you led off with. I'm curious what you think of the proposed Google book search settlement?

PROF. GORDON: What was the metaphor?

QUESTIONER: The gleaning, to think of it as a kind of institutionalized gleaning by which Google and the authors split most of the harvest and the public comes in to get gleaned search things.

PROF. GORDON: I'm not sure it works completely. You know the article by Oren Bracha? I think that's his name. He's at Arizona.

PARTICIPANT: Texas.

PROF. GORDON: Texas – someplace hot. He talks about indirect relationships, three-way markets, multisided markets. In gleaning, we have the sower and the reaper. The unauthorized poor person is the reaper. In the Google thing – and I have not read the settlement agreement yet (I've read news reports, but that's not the same thing) – in the settlement agreement, we have at least three or four parties. We have Google and the publishers, or Google and the authors, or Google and the

libraries all benefiting.

I'm not sure how to handle that. There is a kind of indirect network effect. I have to think about that more. That's really intriguing.

QUESTION: Can I just ask one question about whether or not the doctrine of whether or not an exploitation right is foreseen? Doesn't that sort of penalize the naïve creator –

PROF. GORDON: Oh, absolutely. That's one of the difficulties with the notion that Shyam is using. That's part of why I'm using actual.

Years ago, I tried using this kind of a tort model for copyright and published a little bit on it. Jane Ginsburg – I think it was – said, "But this is so impractical. All that's going to happen is that there will be a form book and in the form book there will be a form that says, 'My expectations include, dah-dah-dah, including the planet Pluto.'"

So that's one reason why I don't think foreseeability is workable. Maybe current plans could be.

Second, in terms of the equity issue, it seems unfair to penalize the naïve. But, remember, copyright is about expectations from the consequentialist perspective, and from deontological perspective, it's about giving people the rewards they anticipate. In both cases you might have some kind of justification.

By the way, the "rewards they anticipate" line is well argued by Lawrence Becker. I find it persuasive. I can see why someone would say you should be entitled to even more.

Finally, the only foreseeability limit we really have right now is copyright and patent duration. That is, one of the ways I defend limited duration in one of my published pieces is by saying it's a little bit like foreseeability. If a harm isn't foreseeable, then there is no way to incentivize you to take reasonable precautions to avoid it. That's the origins of the doctrine that says, for first-year torts, no liability for unforeseeable harms.

Similarly, the amount of revenues you get after twenty years for a patent – far short of what copyright now allows – those revenues are so small that the extra revenues would not be necessary to induce you to take the relevant – not precautions here, but relevant productive behavior. If you have enough incentives in that period, then the extra stuff is like the unforeseeable harm and would motivate you to do more.

Before we leave your question, though – because it was interesting – there's one more thing I want to say.

We don't have foreseeability. We don't have my plan. We, instead, have sort of a strict liability approach.

I'm sorry, I can't remember. There was one more thing that you raised that I can't quite capture. Do you know what it

was?

QUESTIONER: No. There is one other thing, in addition to duration. I think there's technology. There's another area which might be difficult to foresee.

PROF. GORDON: If my model were adopted – remember, we do two things. First, we divide the whole world into premeditated infringers and non-premeditated infringers. Among the premeditated infringers, plaintiffs can still win if they can show socially deleterious harm. It might be that a new technology so cannibalizes an old technology that we are going to have destructive effects that will meet the conditions of the plaintiff's burden of proof under my system.

That may not be a good idea. There are all these Schumpeterians going around saying, "Creative destruction, creative destruction. Don't force the new technology to buy out the old technology. You'll never get anything new."

But we are not talking about a clash of technologies. We are talking about a clash between two different media for copyrighted work and payments to the people who do the media. So it might be that the Schumpeterian argument doesn't work very well, and, in fact, the plaintiff could make a good case that by completely destroying his markets in, let's say, vinyl, just because the statute didn't give him a right in CDs, maybe he should get a right in this new thing.

I realize this actually gives rights to them both. I'm trying to strain for an example.

PROF. KATYAL: One last question. Jay?

QUESTION: Your harmless-crossings idea has a lot of explanatory force. But here's something I would like you to think about. How about the cumulative effect of a lot of harmful crossings —

PROF. GORDON: Harmless or harmful?

QUESTIONER: Harmless crossings. For example, in the patent context, a lot of research uses are seen as sort of a de minimis kind of infringement that we don't care about. But industry has never accepted that kind of broad research exception, because they see all these little research exceptions, even though they don't want to enforce their patent rights, as cumulative, cutting off the economic life of a patent by preempting innovation. So you have all these little research pieces, all of which are individually harmless, but are going to cut off the life of a prior existing patented product.

PROF. GORDON: It seems to me you just gave me the rebuttal. You said they don't enforce any of their patents. They let the research go forward. There is a de facto research exemption. It sounds like the people who are most experienced in the field think that allowing these harmless things to go forward really is harmless and isn't going to cut off

innovation, or they would sue.

QUESTIONER: What I'm interested in is, they have never wanted to have a research exemption in law.

PROF. GORDON: I can understand that, but their behavior is still relevant in assessing whether the law is a good idea or not, if it has some bad effects. There are some people who are compulsive about obeying the law. Sonia Katyal has outlaws – and Eduardo Penalver. I don't want to shortchange your coauthor. Her creative outlaws may require more strength and courage than the typical businessperson has. If you are told by your lawyer you are doing something you shouldn't, maybe you'll stop. That's an important cost to be weighed against the maybe of the big company, who at the moment doesn't think it's worth paying a penny of litigation cost to stop the behavior complained of.

PROF. KATYAL: Thank you so much. That was wonderful.

[Applause]