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## Modified to Fit Your Screen: DVD Playback Technology, Copyright Infringement or Fair Use

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# MODIFIED TO FIT YOUR SCREEN: DVD PLAYBACK TECHNOLOGY, COPYRIGHT INFRINGEMENT OR FAIR USE?

## I. INTRODUCTION

In recent years, the trajectory of technology has been geared toward improving and strengthening consumer control over in-home viewing of television and movies.<sup>1</sup> A stream of new digital video disk (“DVD”) playback technologies, which lately has flooded the home theater market,<sup>2</sup> now empowers viewers to *sanitize* their DVDs.<sup>3</sup> This new and widely available software temporarily masks offensive content, including nudity, violence, and profanity.<sup>4</sup> The video cassette recorder (“VCR”) was the first device which allowed consumers to control how and when they viewed recorded programs. Today, digital video recorders, like TiVo and ReplayTV, enable viewers to digitally record their television programs in order to watch them at a more convenient time, and also to skip commercials with a *super-fast-forward* remote control feature.<sup>5</sup> Although there are certain items consumers cannot skip or fast-forward through, generally the DVD player allows consumers the freedom and control to

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1. See Patrick Goldstein, *The Big Picture: This Dad Demands Final Cut*, L.A. TIMES, Oct. 29, 2002, at E1. This article asserts that the advancement in technology toward consumer control will be difficult to take away and advising the Directors Guild of America that “if you tell parents they’re lawbreakers when they try to do right by their kids, you’re going to find a lot of people daring you to rip those family-friendly filters out of their cold, dead hands.” *Id.* at E6.

2. See Press Release, IDC, Global DVD Market Continues to Expand and Mature Rapidly, According to IDC (Oct. 27, 2003), [http://www.broadcastnewsroom.com/2003/10\\_Oct/news/idcreport1026.htm](http://www.broadcastnewsroom.com/2003/10_Oct/news/idcreport1026.htm).

3. For clarification, this comment will discuss how the software functions only in terms of the DVD format even though some software works in conjunction with video cassette tapes.

4. Goldstein, *supra* note 1, at E1.

5. See Mark S. Lee, *Clean Cut*, 26 L.A. LAW. 46, 48 (May 2003) (discussing the technology trend toward giving the consumer more control over how and when they watch their programs); see also Joseph P. Liu, *Copyright Law’s Theory of the Consumer*, 44 B.C. L. REV. 397, 409–11 (2003) (explaining how TiVo and ReplayTV permit consumers to manipulate how and when they consume broadcast television by enabling them to exercise a strong degree of control over recording, fast-forwarding, and skipping commercials).

watch movies out of sequence with the scene selection feature.<sup>6</sup> As a logical step in the field of consumer-gearred technologies, the newest DVD playback software encourages consumers to further customize their viewing experience by giving them the option to omit aspects of films which they find personally offensive or inappropriate.<sup>7</sup>

The primary software manufacturers of this specific breed of DVD playback software have recently been dragged into an ongoing lawsuit.<sup>8</sup> Allegations against the manufacturers include copyright infringement and other various causes of action.<sup>9</sup> One may initially respond hesitantly when, at first glance, one senses elements of censorship. However, upon closer inspection of the underlying facts and legal issues, it appears that these software companies are arguably not doing anything *legally* wrong—at least within the realm of copyright law. The case that now pends against these software manufacturers revolves around two distinct breeds of companies: (1) retail video and DVD editors, and (2) DVD playback software manufacturers.<sup>10</sup> The retail editors rent or sell videocassettes and DVDs, which the company has permanently altered by removing offensive content.<sup>11</sup> By contrast, the software companies distribute software that temporarily filters the DVD and masks offensive content.<sup>12</sup>

Initially, these editing procedures and technologies appear to fall into the same category. However, they are functionally and legally distinct. Both breeds of companies may share a common goal of providing films that are “family friendly” and excised of their offensive content.<sup>13</sup> However, the functional difference in how each group achieves its alterations—making actual cuts in a copy of the film versus temporarily filtering out specific content in the film—suggests opposite legal conclusions. As will be addressed in the text of this Comment, software

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6. See Lee, *supra* note 5, at 48.

7. See Katie Dean, *Much Ado About Smut-Free DVDs*, WIRED.COM (June 30, 2003), at <http://www.wired.com/news/digiwood/0,1412,59071,00.html>.

8. Huntsman et al. v. Soderbergh et al., Civil Action No. 02-M-1662 (D. Colo. Aug. 29, 2002).

9. See *id.*

10. See Drew Clark, *Sanitizing Hollywood: Why American Directors Have No Moral Rights to Their Movies*, MSNBC.COM (Jan. 20, 2003), at [wysiwyq://46/http://www.msnbc.com/news/861899.asp?0s1=-1](http://www.msnbc.com/news/861899.asp?0s1=-1).

11. See *Rent Movies*, CLEANFLICKS.COM, at <http://www.cleanflicks.com/company/index.php?file=buy> (last visited Feb. 12, 2004) [hereinafter *CleanFlicks' Movie Rental*]. CleanFlicks gives the consumer the option of sending a VHS/DVD movie that the company will edit and return to the consumer or having CleanFlicks purchase and edit the VHS/DVD movie and ship it to the consumer. *Id.*

12. See Clark, *supra* note 10 (contrasting two different ways of editing).

13. See *id.*

manufacturers should not fall into the same legal category as the retail editors because, unlike those retailers, the software does not generate a derivative work. Furthermore, even if the court makes a copyright infringement determination, these software manufacturers should arguably be entitled to a fair use defense. This Comment will not discuss the possible violations committed by the retail editors. However, on its face, it seems that the core of the discrepancy between permanent edits versus transitory masking is an important one that separates the software manufacturers from the retailers. Although the software manufacturers face multiple allegations, including violations of the Lanham Act, trademark dilution, unfair competition, and copyright infringement,<sup>14</sup> this Comment will focus only on the copyright infringement counterclaims against the DVD playback software manufacturers.

Part II of this Comment discusses *Huntsman v. Soderbergh*,<sup>15</sup> a pending case that presents the first legal challenge to the DVD playback software. Part III addresses background issues surrounding DVD playback technology, including a discussion of the technology itself, relevant statutes, and case law. Part IV addresses whether the software infringes on one of the five enumerated rights exclusive to copyright holders in the audiovisual works whose playback is altered. Regardless of whether this new software creates a copyright infringement, Part V asserts that these software manufacturers should be protected by a fair use defense. Part VI addresses policy considerations implicated by the fair use determination, including the potential impact on consumer rights. Part VII explores potential future technology and speculates as to copyright lines that may be crossed in the future. Finally, Part VIII concludes that the software companies should be granted their motion for summary judgment. However, if the court denies the motion by the software companies, this DVD playback software, in its present state, should not be found in violation of copyright laws. Alternatively, in the event the court finds there has been copyright infringement, the manufacturers should be able to assert the affirmative defense of fair use.

## II. THE CLEANFLICKS CASE: HUNTSMAN V. SODERBERGH<sup>16</sup>

In August 2002, Robert Hunstman<sup>17</sup> and CleanFlicks of Colorado,

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14. See Defendants' Motion For Leave To Join Third Parties as Counterdefendants at 8–9, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. Filed Sept. 20, 2002).

15. *Huntsman et al. v. Soderbergh et al.*, Civil Action No. 02-M-1662 (D. Colo. Aug. 29, 2002).

16. *Id.*

LLC<sup>18</sup> (collectively “CleanFlicks”) filed suit against sixteen well-known members of the Directors Guild of America (“DGA”), including Martin Scorsese, Steven Soderbergh, Robert Altman, Sidney Pollack, and Steven Spielberg (collectively “Defendant Directors”).<sup>19</sup> CleanFlicks is a video rental chain that rents altered videos that have been edited for offensive content.<sup>20</sup> CleanFlicks’ suit was a preemptory move against a likely action by these directors.<sup>21</sup> Plaintiffs sought to have a federal judge uphold CleanFlicks’ right to rent and sell sanitized versions of motion pictures directed by the named Defendant Directors.<sup>22</sup>

In September 2002, the Defendant Directors filed an answer to the Plaintiffs’ complaint.<sup>23</sup> At the same time, the DGA responded by filing a motion for leave to intervene as a representative of not only the sixteen named DGA members, but its entire membership.<sup>24</sup> The DGA also filed a motion to compel joinder of a number of studios as copyright holders of the films being edited, because they were necessary and indispensable parties.<sup>25</sup> The DGA filed counterclaims against the originally named plaintiffs, but also sought to join as counterdefendants additional retail

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17. Robert Huntsman is an inventor with a movie editing technology patent pending. Peter Kiefer & Chris Marlowe, *CleanFlicks Fires First Shot in Suit Against Top Directors*, HOLLYWOOD REPORTER, Aug. 30, 2002, at 1.

18. CleanFlicks is a video rental chain that rents videos that the company has permanently altered by editing out offensive content. See *CleanFlicks’ Movie Rental*, *supra* note 10.

19. See *Huntsman et al. v. Soderbergh et al.*, Civil Action No. 02-M-1662 (D. Colo. Aug. 29, 2002). The other named directors are Michael Apted, Taylor Hackford, Curtis Hanson, Norman Jewison, John Landis, Michael Mann, Phillip Noyce, Brad Silberling, Betty Thomas, Irwin Winkler, and Robert Redford. *Id.* See also *Lawsuit Against Hollywood Directors*, VIEWERFREEDOM.ORG (Sept. 6, 2002), at <http://www.viewerfreedom.org/print.php?sid=55>.

20. See *CleanFlicks’ Movie Rental*, *supra* note 11.

21. Kiefer & Marlowe, *supra* note 17, at 1. The plaintiffs filed a preemptive strike upon discovering via the DGA’s website that the DGA had been planning a suit against them. *Id.* By filing first, CleanFlicks has ensured its choice of venue in Colorado and forum selection, and prevented itself from having to defend a case that probably would have been filed in California by the DGA. See *id.*

22. See *Huntsman et al. v. Soderbergh et al.*, Civil Action No. 02-M-1662 (D. Colo. Aug. 29, 2002). CleanFlicks also asserted its First Amendment right to edit videos and DVDs for private home use. *Id.*

23. See Defendant Director’s Answer to Amended Complaint, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Sept. 20, 2002).

24. Defendant Directors Guild of America’s Motion for Leave to Intervene at 3, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Sept. 20, 2002).

25. See Defendant Directors’ Motion To Compel Joinder of Third-Party Copyright Holders As Necessary Parties Pursuant To Federal Rule of Civil Procedure 19 and 17 U.S.C. § 501(b) at 2, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Sept. 20, 2002); see also Press Release, Directors Guild of America, DGA Responds and Counterclaims Against Robert Huntsman and CleanFlicks; Adds Motion Picture Studios to Suit (Sept. 20, 2002), [http://www.dga.org/news/pr\\_expand.php3?281](http://www.dga.org/news/pr_expand.php3?281).

editors resembling CleanFlicks, that engaged in similar editing and distribution of videocassettes or DVDs.<sup>26</sup> Moreover, the DGA sought to join manufacturing companies that produce DVD playback software that filters out offensive content during playback, including ClearPlay, Inc., Trilogy Studios, Inc., and Family Shield Technologies, LLC (collectively “Counterdefendants”), on the grounds that the Counterdefendants engaged in similar conduct as CleanFlicks and therefore, implicated common questions of law and fact.<sup>27</sup> The DGA’s counterclaims against both the retail editors and the software manufacturers alleged violations of the Lanham Act, trademark dilution, unfair competition, and copyright infringement.<sup>28</sup>

In December 2002, the eight major studios (collectively “Defendant Studios”), which the DGA sought to bring in as co-defendants, joined the lawsuit.<sup>29</sup> Most importantly, as copyright holders of the films, the studios had standing to assert copyright infringement claims against the retail editors and software manufacturers.<sup>30</sup> The studios also sought an injunction to stop the distribution of the sanitized films by the retail editors and the filtering technology by the software manufacturers.<sup>31</sup>

In early January 2003, ClearPlay, along with the other self-titled “Player Control Parties,”<sup>32</sup> filed a response to the studios’ allegations, and made a motion for summary judgment on behalf of the Player Control Parties.<sup>33</sup> The studios filed a response to ClearPlay’s allegations in early

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26. See Defendant Directors’ Motion For Leave To Join Third Parties as Counterdefendants at 1–2, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Sept. 20, 2002). Other named retail editors making up the Counterdefendants include Video II, Glenn Dickman, J.W.D. Management Corporation, MyCleanFlicks, Clean Cut Cinemas, Family Safe Media, EditMyMovies, Family Flix, U.S.A., LLC, and Play It Clean Video. *Id.*

27. *Id.* at 2.

28. See *id.* at 8–9. See generally Scott W. Breedlove, *Clean Flicks v. Hollywood: Intellectual Property Owners Losing Control*, 15 INTEL. PROP. & TECH. L.J. 6 (June 2003) (providing background and discussion of the entire *CleanFlicks* case).

29. See Defendant Motion Picture Studios’ Answer and Counterclaims, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Dec. 13, 2002). The eight studios who have joined the suit are Disney, Dreamworks, Fox, Paramount, MGM, Sony, Universal, and Time Warner [hereinafter referred to collectively as “the studios”]. *Id.* See also Ray Richmond, *War Over Who Gets to Say “Cut!” Expands*, 27–5 DGA MAGAZINE, (Jan. 2003), [http://www.dga.org/news/v27\\_5/news\\_digitalpiracy3.php3](http://www.dga.org/news/v27_5/news_digitalpiracy3.php3).

30. See Defendant Motion Picture Studios’ Answer and Counterclaims at 5–6, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Dec. 13, 2002).

31. *Id.* at 5.

32. Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of their Motion for Summary Judgment at 2, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003). See Peter Kiefer, *Clearplay Files Response in Video Editing Lawsuit*, HOLLYWOOD REPORTER, Jan. 7, 2003.

33. Kiefer, *supra* note 32.

February 2003.<sup>34</sup> On February 14, 2003, a scheduling conference was conducted in Denver, Colorado—one that is surely to be followed by many similar events in 2004.<sup>35</sup> In response to requests by the court and by counsel for Plaintiffs and Counterdefendants, the studios filed a Statement Clarifying Claims on March 11, 2003.<sup>36</sup>

On May 30, 2003, the Counterdefendants filed a Motion for Summary judgment.<sup>37</sup> Thereafter, the Counterdefendants filed a Corrected Opening Brief in Support of Their Motion for Summary Judgment on June 5, 2003.<sup>38</sup> The studios then filed a Response Brief in Opposition to the Player Control Parties' Motion for Summary Judgment on August 8, 2003.<sup>39</sup> On December 15, 2003, ClearPlay,<sup>40</sup> Family Shield,<sup>41</sup> and Trilogy<sup>42</sup> each individually filed reply briefs in support of their collective Motion for Summary Judgment. The Defendant Directors filed a Motion for Leave to File Surreply to address new cases raised by the reply briefs of ClearPlay and Trilogy that had been decided after the Defendant Directors had already filed their Opposition to the Motion for Summary Judgment.<sup>43</sup>

Since the beginning of this lawsuit, there have been several unnamed parties who have voiced their opinions about the suit. Most notably, the

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34. See *Studios Reject ClearPlay's Allegations*, HOLLYWOOD REPORTER, Feb. 4, 2003, at 6.

35. See Ray Richmond, *CleanFlicks Update: The Battle Continues*, 27–6 DGA MAGAZINE, Mar. 2003, at [http://www.dga.org/news/v27\\_6/news\\_digitalpiracy4.php3?section=news](http://www.dga.org/news/v27_6/news_digitalpiracy4.php3?section=news).

36. Defendant Motion Picture Studios' Statement Clarifying Claims, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Mar. 11, 2003).

37. See Defendant Director Parties' Motion For Leave To File Surreply, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Jan. 7, 2004).

38. See Counterdefendant Player Control Parties' Corrected Opening Brief in Support of Their Motion for Summary Judgment, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).

39. See Defendant Motion Picture Studios' Response Brief in Opposition to ClearPlay, Inc.'s, Trilogy Studio, Inc.'s and Family Shield Technologies, LLC's Motion for Summary Judgment, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

40. ClearPlay filed two reply briefs, one to address the directors' claims and a separate one to address the studios' claims. Counterdefendant ClearPlay Inc.'s Reply Brief in Support of the Player Control Parties' Motion for Summary Judgment on the Studios' Copyright Claims, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Dec. 15, 2003); Counterdefendant ClearPlay Inc.'s Reply Brief in Support of the Player Control Parties' Motion for Summary Judgment on the Directors' Copyright Claims, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Dec. 15, 2003).

41. See Counterdefendant Family Shield's Consolidated Reply in Support of Its Motion for Summary Judgment, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Dec. 15, 2003).

42. See Counterdefendant Trilogy Studios, Inc.'s Reply to the Briefs Filed By the Studios and Director Parties in Opposition to the Player Control Parties' Motion for Summary Judgment, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Dec. 15, 2003).

43. See Defendant Director Parties' Motion For Leave To File Surreply, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Jan. 7, 2004).

Screen Actors Guild, the Writers Guild of America, and The Film Foundation have each released press statements supporting the DGA's counterclaims.<sup>44</sup> Intel Corporation<sup>45</sup> and Electronic Frontier Foundation<sup>46</sup> have filed amici curiae briefs on behalf of ClearPlay and other named software manufacturers who sell similar software.<sup>47</sup>

### III. BACKGROUND

#### A. DVD Playback Technology

Although there are differences between the various sanitizing software programs, playback technology generally works by altering how the consumer experiences an unedited version of the original copyrighted film.<sup>48</sup> While there are already future plans to release DVD players embedded with the filtering technology,<sup>49</sup> the software is primarily available via computer downloads.<sup>50</sup> Presently, the consumer-downloaded software runs simultaneously with the DVD (or videocassette),<sup>51</sup> and

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44. See Press Release, Screen Actors Guild, Screen Actors Guild Supports DGA Members (Sept. 11, 2002), at [http://www.dga.org/news/pr\\_sagsupportsdgastance.php3](http://www.dga.org/news/pr_sagsupportsdgastance.php3); Press Release, Writers Guild of America, WGA News: WGAW Condemns Lawsuit Targeting Directors Guild President Speaks Out Against CleanFlicks Federal Lawsuit Against 16 Directors (Sept. 3, 2002), <http://www.wga.org/pr/0902/speaks.html>; Press Release, The Film Foundation, The Film Foundation Supports DGA Countersuit Against Unauthorized Editing of Films (Sept. 20, 2002), <http://www.film-foundation.org/news/detail.cfm?QID=1255>.

45. Brief of Amicus Curiae of Intel Corporation in Support of Counterdefendant ClearPlay Inc.'s Motion for Summary Judgment, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed July 11, 2003); see also Dave McNary & Paul Sweeting, *Intel Backs ClearPlay Against Suit*, VARIETY.COM (Aug. 12, 2002), at [http://www.variety.com/index.asp?layout=print\\_story&articleid=VR1117890710&category=20](http://www.variety.com/index.asp?layout=print_story&articleid=VR1117890710&category=20) (quoting an excerpt from the filing: allowing directors and studios to prevail "would chill innovation and stifle the development of new generations of products, including products designed to empower the individual and enhance the consumer's lawful and reasonable enjoyment of lawfully acquired entertainment content"). *Id.*

46. Brief of Amicus Curiae of Electronic Frontier Foundation in Support of Counterdefendant Player Control Parties' Motion for Summary Judgment, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 18, 2003).

47. See Edward C. Baig, *Four on the Floor at Electronics Show*, USA TODAY, Jan. 9, 2003, at D3.

48. See *id.*

49. See *id.*

50. See *id.*

51. At this time, MovieShield is the only software which works with both DVD and videocassettes. See Counterdefendant Player Control Parties' Corrected Opening Brief in Support of Their Motion for Summary Judgment at 6-12, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).



instructs the DVD to skip the visuals or mute the audio of offensive content.<sup>52</sup> The software works by referencing the time codes, which are already embedded in the DVD when it is produced by the studios, and instructing the DVD where to skip according to the time codes.<sup>53</sup> The filter files are the downloaded time-coding instructions used to direct the DVD player when to skip or mute content.<sup>54</sup> “If decapitation and bullets tearing through flesh are shown from 00:48:49:00 to 00:48:58:00 on a DVD, the Filter File will identify that nine-second segment to be skipped.”<sup>55</sup> The original film visuals and content are not embedded in the software in any detailed fashion, nor are there any interim copies made of the DVD in order to create the masking instructions.<sup>56</sup> The software only works in conjunction with authentic, i.e. not bootleg, DVDs and the software manufacturers only license its software for private home use.<sup>57</sup>

As described on ClearPlay’s website, ClearPlay refers to the filter files as the “ClearPlay Filters.”<sup>58</sup> The ClearPlay Filters are determined by the ClearPlay staff who view each film and program the software to instruct the DVD to filter out selected offensive content.<sup>59</sup> The employees use four criteria to determine offensive content: (1) blood and gore; (2)

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52. *Id.* at 10.

53. *Id.* at 11 (providing a detailed example of how the timing instructions work); see Brief of Amicus Curiae of Intel Corporation in Support of Counterdefendant ClearPlay Inc.’s Motion for Summary Judgment at 6–7, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed July 11, 2003) (explaining the playback technology and likening the playback command via time coding to referring to a book by page); see also McNary & Sweeting, *supra* note 45.

54. Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of Their Motion for Summary Judgment at 11, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).

55. *Id.* (providing a detailed example of how the timing instructions work).

56. See *id.*

57. See *id.* at 6, 9.

58. *ClearPlay: The Technology of Choice!*, CLEARPLAY.COM, at <http://www.clearplay.com/what.asp> (last visited Feb. 19, 2004) [hereinafter *ClearPlay: The Technology of Choice!*].

59. See *id.*; see also Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of Their Motion for Summary Judgment at 11, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003) (describing how “ClearPlay employees review movies that have been released on DVD and create timing data for offensive segments that occur on the different DVDs.”). Although the software manufacturers are distinguishing themselves from CleanFlicks by arguing that their technology is like fast forwarding via remote control, the DGA is asserting the opposite. Regardless of whether any permanent edits are made by the software manufacturers, the DGA argues that the fact that human beings have to program the software in order to instruct the DVD to skip over offensive content makes the software the legal equivalent of CleanFlicks and other retail editors who make hard cuts in the films and distribute them. See Ray Richmond, *Battle Lines Drawn in War Over Who Gets To Say “Cut!”*, 27–4 DGA MAGAZINE, Nov. 2002, at [http://www.dga.org/news/v27\\_4/feat\\_digitalpiracy2.php3?section=news](http://www.dga.org/news/v27_4/feat_digitalpiracy2.php3?section=news).

violence, drug use, and other crude behavior; (3) profanity; and (4) sex and nudity.<sup>60</sup> After downloading the filter application, the consumer also downloads a filter file specifically developed to work in conjunction with a specific motion picture DVD.<sup>61</sup> The downloaded filter file then communicates with the DVD decoder software and instructs it to skip pre-determined offensive content using the timing data gathered by ClearPlay employees.<sup>62</sup> ClearPlay's website provides consumers with a website link for each film where the company indicates the extent of filters used on each film.<sup>63</sup>

Family Shield Technologies, LLC, offers software titled MovieShield that allows the consumer to customize the playback by selecting from eight screening categories containing content which Family Shield employees have pre-screened and deemed offensive.<sup>64</sup> The consumer downloads software files containing timing instructions that correspond to skip portions of a film containing any content which falls into MovieShield's eight screening categories.<sup>65</sup> The MovieShield software files consist of time templates and do not contain any copies or displays from the motion pictures.<sup>66</sup> The third named software Counterdefendant, Trilogy Studios, Inc., functions similarly to the other software manufacturers. Trilogy offers the MovieMask Player software with three different rating categories.<sup>67</sup> Within those three categories, MovieMask provides the viewer with four different rating levels to choose from, ranging from M8, the general level,

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60. Counterdefendant Player Control Parties' Corrected Opening Brief in Support of Their Motion for Summary Judgment at 11, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).

61. *See id.* at 9.

62. *See id.* at 10.

63. *Movielist*, CLEARPLAY.COM, at <http://www.clearplay.com/list.asp> (last visited Nov. 26, 2003) [hereinafter *ClearPlay Movielist*]. On ClearPlay's website, each movie title has its own link where the film is rated by the "ClearPlay Factor." *Id.* According to blood and gore, profanity, sex and nudity, and violence, ClearPlay rates the film on a scale from mild to heavy for the film both before and after sanitizing. *Id.*

64. *See* Counterdefendant Player Control Parties' Corrected Opening Brief in Support of Their Motion for Summary Judgment at 6-7, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003) (detailing MovieShield's eight screening categories viewers can select to skip during playback of a DVD or VHS, including disturbing visuals, immodesty, minor language, major language, nudity, religious references, sexual situations and violence).

65. *See id.*

66. *See id.* at 7.

67. *See What is MovieMask?*, MOVIEMASK.COM, at <http://moviemask.com/what.php> (last visited Feb. 21, 2004) [hereinafter *What is MovieMask?*]; *see also* Counterdefendant Player Control Parties' Corrected Opening Brief in Support of Their Motion for Summary Judgment at 12, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).

to M19, the adult level.<sup>68</sup>

The aforementioned technologies appear to provide distinctive functions. However, they have critical elements in common—all of the DVD playback software function using time-coding instructions and none of the DVD playback software makes any permanent alterations to the DVD nor makes an interim copy of the DVD.<sup>69</sup>

### B. Statutory Background

There are five fundamental rights that section 106 of the Copyright Act of 1976 enumerates as exclusive rights of copyright holders.<sup>70</sup> A copyright holder has the exclusive authority over: (1) reproduction; (2) derivative works; (3) distribution and sale; (4) public performance; and (5) public display.<sup>71</sup> These exclusive rights are, however, subject to certain exceptions delineated in sections 107 through 122.<sup>72</sup> The legislative history of the Copyright Act of 1976 provides further insight into the definitions of this “bundle of rights.”<sup>73</sup> Congress defined a reproduction of a work to be

68. See *What is MovieMask?*, *supra* note 67 (outlining the three available categories of language, violence and adult themes and suggesting a rating level depending on the age of the viewer); see also Gary Gentile, *Content-Cleaning Software Angers Some*, SILICONVALLEY.COM (Feb. 3, 2003), at <http://www.siliconvalley.com/mld/siliconvalley/news/editorial/5094390.htm> (describing how MovieMask technicians scan films frame by frame and then create templates that mask frames according to the filtering selections made).

69. See Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of Their Motion for Summary Judgment at 6, 11–12, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003). It is interesting to note here that similar technology already exists to filter television content, such as the TVGuardian, which works by monitoring the closed captioning and “bleeping out” profanity. ClearPlay and similar software are more advanced because they have the ability to filter out more than just profanity. See Mick Lockey, *Review: ClearPlay, DVD-Filtering Software Joins Growing List of Parental Control Tools*, TECHTV.COM (Feb. 7, 2003), at <http://www.techtv.com/products/software/story/0,23008,3371044,00.html>; see also *TVGuardian: “The Profanity Filter,”* EDITMYMOVIES.COM, at <http://www.editmymovies.com/tvguardian.html> (last visited Feb. 21, 2004) (detailing the features of the TVGuardian).

70. 17 U.S.C. § 106 (2003).

71. *Id.*

72. See 17 U.S.C. §§ 106–122 (2003). Section 107 of the Code—the fair use doctrine—is the only limitation relevant to this discussion of DVD playback technology. While it may seem at first glance that section 109—the first sale doctrine—would be applicable here, it is not. The first sale doctrine governs the effect of transfer of a particular copy on the copyright holder’s rights. The gist of the doctrine is as follows: after the first sale, the purchaser may sell his individual copy or dispose of it without the consent of the copyright holder. Because neither consumers nor ClearPlay and other DVD playback software manufacturers are selling DVDs or disposing of them, the first sale doctrine is not at issue. The consumers are watching an altered playback of the original DVD, which is outside the purview of section 109. See 17 U.S.C. § 109 (2003).

73. See 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5674.

where “its fixation in tangible form must be ‘sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.’”<sup>74</sup> As an example of conduct that would not constitute reproduction, Congress cites showing images on a “screen or tube.”<sup>75</sup> However, Congress indicated that while these images may not constitute a reproduction under clause (1), such images could fall under the exclusive right of clause (5), the right of public display.<sup>76</sup>

With respect to the right to prepare derivative works, the legislative history distinguishes between the right of reproduction under clause (1) and the right to prepare derivative works under clause (2).<sup>77</sup> Section 101 of the Copyright Act defines a “derivative work” as follows:

[A] work based upon one or more preexisting works, such as translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship . . . .<sup>78</sup>

Although a reproduction must be fixed, there is some dispute as to whether a derivative work requires fixation.<sup>79</sup> Fixation, according to Congress, “would exclude from the concept purely evanescent or transient reproductions such as those projected briefly on a screen, shown electronically on a television . . . or captured momentarily in the ‘memory’ of a computer.”<sup>80</sup> Therefore, while the above reproductions may not create true reproductions because they do not fulfill the fixation requirement, such works may still constitute derivative works as “[a] derivative work . . . may be an infringement even though nothing is ever fixed in tangible form.”<sup>81</sup>

It is also important to note what is noticeably absent from these rights.<sup>82</sup> Sections 106(4) and 106(5) of the Copyright Act protect the right

74. *Id.* at 5675; *see also* 17 U.S.C. § 101 (2003) (defining “fixed”).

75. 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5675.

76. *See id.*

77. *See id.*

78. 17 U.S.C. § 101.

79. 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5675. Congress included “fixation” in its definition of a “reproduction” but not a “derivative work.” Circuits have interpreted the requirements for a derivative work differently. *Id.*

80. 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5666.

81. *See id.* at 5675.

82. *See* Brief of Amicus Curiae of Electronic Frontier Foundation in Support of Counterdefendant Player Control Parties’ Motion for Summary Judgment at 3, *Huntsman et al. v.*

of public performance and the right of public display, meaning only public uses are protected rights.<sup>83</sup> Because the Copyright Act refers to the rights named in section 106 as enumerated rights, this suggests that any rights not named are not covered by the protection of the Copyright Act.<sup>84</sup> Under the legislative history of the Copyright Act of 1976, the term “public” is partially defined as “outside of a normal circle of a family . . . .”<sup>85</sup> As Congress stated, “[t]he term ‘a family’ in this context would include an individual living alone, so that a gathering confined to the individual’s social acquaintances would normally be regarded as private.”<sup>86</sup> Therefore, by inference, a performance or display that is within the private domain, such as, within a person’s home, is not one of the enumerated rights.

Even if there has been an infringement of one of the enumerated rights under section 106, the fair use doctrine serves as a defense and limitation on those exclusive rights.<sup>87</sup> Section 107 provides a list of four criteria a court should consider when determining whether there has been fair use of a copyrighted work:

- (1) [T]he purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>88</sup>

The doctrine must be applied on a case-by-case basis rather than as a strict rule of law.<sup>89</sup> Thus, the fair use analysis is a balancing test wherein the “factors do not represent a score card that promises victory to the

Soderbergh et al. (No. 02-M-1662) (D. Colo. filed June 18, 2003) (arguing that, while included in the enumerated rights under the Copyright Act are the rights to public performance and public display, “notably absent are any rights to *private* performance or *private* display”) (emphasis added).

83. See 17 U.S.C. § 106(4)–(5).

84. Section 106 states that, “[s]ubject to sections 107 through 121, the owner of copyright . . . has the exclusive rights to do and to authorize any of the following [enumerated rights].” 17 U.S.C. § 106.

85. 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5677.

86. *Id.* at 5678. A substantial number of people outside a family might be considered to fall within the scope of the public performance or public display. See *id.*

87. See generally 17 U.S.C. § 107 (2003) (laying out the fair use defense to an infringement claim).

88. *Id.*

89. See 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5679; see also *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (stating “[t]he task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis.”).

winner of the majority.”<sup>90</sup> However, subsequent cases have weighed certain factors over others.<sup>91</sup> For instance, some courts have weighed factor (1), whether the new work was “transformative” of the old work, over the rest of the factors.<sup>92</sup> On the other hand, other courts have held that the last factor of the fair use doctrine—the effect on the market—is the most important factor in determining whether there has been fair use.<sup>93</sup>

### C. Case Law

It is imperative to look at case precedent surrounding similar technological and copyright issues in order to follow the trajectory toward the right of the consumer. While there are no cases directly addressing the exact issues presented by the DVD playback technology, cutting and pasting reasoning and policies from similar cases creates a legal quilt for courts to apply.

In *Sony Corp. of America v. Universal City Studios, Inc.*,<sup>94</sup> the Supreme Court crossed a major threshold for the advancement of playback technology by determining that copyright owners did not have complete control over how consumers use their copyrighted works.<sup>95</sup> In *Sony*, also known as “the Betamax case,” several copyright holders of television programs brought an action for contributory copyright infringement against manufacturers of Betamax home video tape recorders.<sup>96</sup> These Betamax machines enabled consumers to record copies of television programs for later viewing, an act the Court called “time-shifting.”<sup>97</sup> The Court did not address the issue of whether the videocassette containing a copy of an

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90. Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1110 (1990).

91. See, e.g., *Harper & Row Publishers v. Nation Enters.*, 471 U.S. 539, 566 (1985) (arguing fair use is the most important factor); see also *Stewart v. Abend*, 495 U.S. 207, 238 (1990).

92. See *Campbell*, 510 U.S. at 579 (stating that transformative works “lie at the heart of the fair use doctrine’s guarantee of breathing space within the confines of copyright . . . and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.”).

93. See *Harper & Row Publishers*, 471 U.S. at 566 (saying the fourth factor is “undoubtedly the single most important element of fair use”); see also *Stewart*, 495 U.S. at 238 (weighing the fourth factor as “the most important”). But see Leval, *supra* note 90, at 1124–25 (criticizing the Court’s emphasis on the fourth factor’s effect on the market).

94. 464 U.S. 417 (1984).

95. See generally *id.* (holding that Copyright law does not bar private individuals from taping a certain television program for later viewing).

96. See *id.* at 420. In *Huntsman*, the studios allege direct infringement, not contributory infringement. See *supra* Part II.

97. *Sony*, 464 U.S. at 421. Time-shifting is the consumer practice of using a VCR to record a program the consumer cannot watch at the time it is aired, and then watching it at a later, more convenient time. *Id.* at 421.

earlier program constituted a reproduction and proceeded directly to the fair use analysis.

In holding that the fair use doctrine protected the Betamax machine, the Court in *Sony* considered the four fair use criteria—especially the noncommercial purpose, and the lack of demonstrable impact on the market.<sup>98</sup> In view of section 107(1) of the Copyright Act—the purpose and character of the use—the Court reasoned that, “[i]f the Betamax were used to make copies for a commercial or profit-making purpose, such use would presumptively be unfair.”<sup>99</sup> However, in this case, the purpose of using the Betamax was for time-shifting for private home use and therefore constituted a noncommercial use.<sup>100</sup> While the Court declared commercial use “presumptively unfair,”<sup>101</sup> *Sony* also inferred that noncommercial use was presumptively a fair use.<sup>102</sup> While conceptually the presumption of noncommercial use as fair use still holds, it has since been contradicted by *Campbell v. Acuff-Rose Music, Inc.*,<sup>103</sup> which disagreed in the application of a bright-line presumption in an analysis that was designed to consist of weighing factors.<sup>104</sup> Thus, since *Campbell*, noncommercial use exhibits an inclination toward fair use rather than a presumption.<sup>105</sup>

Furthermore, because the purpose of the use was time-shifting, a non-infringing purpose, the fact that the entire work was reproduced “does not have its ordinary effect of militating against a finding of fair use” under section 107(3).<sup>106</sup> As for the fourth factor in the fair use analysis—the effect on the potential market—*Sony* held that the plaintiffs failed to prove their burden of demonstrating either a real or threatened “demonstrable effect upon the potential market . . . .”<sup>107</sup> Although the copyright holders expressed fear that time-shifting would adversely effect the ratings or the amount of persons watching television, they failed to offer any evidence of potential decrease in television watching by Betamax users or that there

98. *See id.* at 447–56.

99. *See id.* at 449.

100. *Id.*

101. *See id.*

102. *See id.* at 451. “A challenge to a non-commercial use of a copyrighted work requires proof . . . that the particular use is harmful . . . .” *Id.* Thus, the presumption favors noncommercial use. *Id.*

103. *See* 510 U.S. at 584–85.

104. *Id.* at 577; *see also* Matthew W. Bower, *Replaying the Betamax Case for the New Digital VCRs: Introducing TiVo to Fair Use*, 20 CARDOZO ARTS & ENT. L.J. 417, 433 (2002).

105. Bower, *supra* note 104, at 433; *see also* Pierre N. Leval, *Nimmer Lecture: Fair Use Rescued*, 44 UCLA L. REV. 1449, 1464–65 (1997) (observing that the *Campbell* opinion “kills the canard that commercial use is presumptively unfair.”).

106. *Sony*, 464 U.S. at 449–50; *see also* 17 U.S.C. § 107(3) (2003).

107. *Sony*, 464 U.S. at 450.

was any market harm.<sup>108</sup> *Sony* continues to be a premiere case in the field of copyright law for many reasons, but especially because it determined that a copyright holder did not have absolute control over how and when a consumer consumed its copyrighted work.<sup>109</sup>

More recently, *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*<sup>110</sup> addressed whether technology that altered the playback of a videogame, without making permanent alterations to the game cartridge itself, was a violation of copyright law.<sup>111</sup> Nintendo brought a copyright infringement suit against Lewis Galoob Toys, manufacturer of the "Game Genie."<sup>112</sup> The Game Genie device attached to the actual Nintendo video game cartridge and allowed players to enter codes to alter their playing capabilities or gain special strengths in the videogame.<sup>113</sup> Although the codes were not specific to each individual game, it was necessary for the player to enter the codes provided by the Code Book or a variation on those codes before playing the game.<sup>114</sup> In asserting its claim, Nintendo relied on *Midway Manufacturing Co. v. Artic International, Inc.*<sup>115</sup> where a manufacturer of a computer chip was found to have created a derivative work because the computer chip substantially copied and replaced the original chip.<sup>116</sup> In *Midway*, the computer chip was inserted into the pre-existing videogames, Galaxian and Pac-Man, and used to speed up the rate of play to make it more difficult.<sup>117</sup>

The Game Genie's method of altering the Nintendo games proved to be an important factor for *Galoob* because, unlike the computer chip in *Midway*, the Game Genie device did not create an audiovisual display on its own.<sup>118</sup> In other words, the Game Genie only worked once a Nintendo

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108. *Id.* at 452-54. See also Bower, *supra* note 104, at 436-38 (discussing the major theories advanced by the studios to show potential impact on the market).

109. See *Sony*, 464 U.S. at 456.

110. 964 F.2d 965 (9th Cir. 1992).

111. *Id.*

112. *Id.*

113. *Id.* at 967. Examples of alterations allowed by the Game Genie include increasing the amount of lives given to the character and altering how the character moves by either speeding it up or enabling the character to float above obstacles. *Id.*

114. *Id.*

115. 704 F.2d 1009 (7th Cir. 1983).

116. See *id.* at 1013. It is notable that the court in *Midway* found that the market demand for speeding up video games aided in concluding a derivative work was created. The court used the analogy between the demand for 33 RPM records played at an excessive speed of 78 RPM, and the demand for speeding up a video game, thus making the video game more challenging and exciting for the player. *Id.* *Galoob*, 964 F.2d at 969 (discussing Nintendo's reliance on *Midway*).

117. See *Midway*, 704 F.2d at 1011, 1013.

118. *Galoob*, 964 F.2d at 968.



game cartridge generated an audiovisual display for the Game Genie to temporarily alter.<sup>119</sup> Once the player was finished using the game, the Nintendo game cartridge was left intact.<sup>120</sup> Concluding that the transitory audiovisual displays created by the Game Genie did not constitute derivative works, *Galoob* emphasized the fact that the Game Genie only enhanced the game's output and was, in fact, useless by itself.<sup>121</sup> The court also recognized that the examples given by the Copyright Act described infringing work that incorporated a portion of the copyrighted work in some form.<sup>122</sup> The court cited *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*,<sup>123</sup> where a derivative work was found when the defendant cut copyrighted artwork out of a book, adhered the artwork to individual ceramic tiles, and sold the tiles.<sup>124</sup> Although not in a digital form, the tiles provided basic examples of incorporating a portion of the copyrighted work.<sup>125</sup> In contrast, the altered output created by the Game Genie "[did] not contain or produce a Nintendo game's output in some concrete or permanent form, nor [did] it supplant demand for Nintendo game cartridges."<sup>126</sup> Moreover, in response to Nintendo's assertion that the court should focus on the audiovisual displays generated rather than the source of the displays, the court concluded that it could not ignore the source of the display because the source of the display was not embedded within the Game Genie.<sup>127</sup>

*Galoob* also addressed the hypothetical issue of whether the Game Genie created a derivative work, and if that work should be protected by

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119. *Id.*

120. *Id.*

121. *Id.* at 969.

122. *Id.* at 967.

123. 856 F.2d 1341 (9th Cir. 1988).

124. *Id.* at 1343-44.

125. *Id.* Note that the court in *Galoob* acknowledges that the outcome of *Mirage* would have been different had the defendants "distributed lenses that merely enabled users to view several artworks simultaneously." *Galoob*, 964 F.2d at 968.

126. *Galoob*, 964 F.2d at 969. The court does note, however, that even if it were to accept Game Genie's displays as fixed, the display would not meet section 101 of the Copyright Act's definition of "embodied" because none of the audiovisual displays are embodied in the Game Genie. *Id.* at 968.

127. *Id.* at 968. *But see* Thu M. Nguyen, *The Devil and the Genie: Revisiting Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 7 U. BALT. INTELL. PROP. L.J. 23, 52-53 (Fall 1998) (criticizing *Galoob* for focusing on the hardware rather than the audiovisual display because the display is the essence of how a player experiences a game, "[t]hus, in assessing any copyright infringement claim, it is more accurate to ground an analysis on the audiovisual imagery and sounds, as opposed to concentrating on whether the offending hardware can produce an audiovisual experience on its own . . ."). *Id.*

the doctrine of fair use.<sup>128</sup> Instead of focusing on the commercial use by Galoob as the seller of the Game Genie, the court in *Galoob* focused on whether consumers were using the Game Genie for commercial or noncommercial use.<sup>129</sup> Like the Court in *Sony*, the court in *Galoob* based its fair use analysis on the consumers as noncommercial users, even though the manufacturer was acting in a commercial market.<sup>130</sup> Although the court discussed each of the four fair use criteria, *Galoob* focused its fair use analysis on the fourth factor—the impact on the present and potential market for the copyrighted works.<sup>131</sup> Because the Game Genie could not function independently of the Nintendo game cartridge, it could not have an adverse impact on Nintendo's videogame market.<sup>132</sup> Consumers still must purchase a Nintendo cartridge in order to use the Game Genie.<sup>133</sup> Furthermore, even though Nintendo asserted that it may, in the future, want to release similar technology or altered versions of the games, the Ninth Circuit cited the district court's findings that Nintendo had not considered manufacturing altered versions of the games and that Nintendo had failed to demonstrate the potential for such a market.<sup>134</sup>

Unlike *Galoob*, *Micro Star v. FormGen, Inc.*,<sup>135</sup> found that “Nuke It,” a compact disk (“CD”) of three-hundred user-created game play levels compiled by Micro Star to be used in conjunction with FormGen's computer game “Duke Nukem 3D,” was a direct infringement by Micro Star because it created a derivative work.<sup>136</sup> The derivative work was the audiovisual display generated when the MAP file, which contained the exact descriptions of the user-created levels without actually containing any of the copyrighted art itself, were used in conjunction with the original game.<sup>137</sup> The MAP file instructs the game engine as to which image to display and where it should be displayed.<sup>138</sup> “The MAP file describes the level in painstaking detail, but it does not actually contain any of the

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128. See *Galoob*, 964 F.2d 965.

129. *Id.* at 970; see 17 U.S.C. § 107(1) (2003).

130. *Galoob*, 964 F.2d at 970; see also *Sony*, 464 U.S. at 450–51.

131. See *Galoob*, 964 F.2d at 970–72.

132. *Id.* at 969.

133. *Id.* at 967.

134. *Id.* at 971–72.

135. 154 F.3d 1107 (9th Cir. 1998).

136. See *id.* at 1110, 1113–14. FormGen's computer game already came with the ability to create customized user levels. Micro Star took this a step further and downloaded 300 user-created levels and distributed them in a packaged CD form. *Id.* at 1109.

137. *Id.* at 1110.

138. *Id.* The court gave an example to illustrate how the MAP file functions: “the MAP file might say scuba gear goes at the bottom of the screen. The game engine then goes to the source art library, finds the image of the scuba gear, and puts it in just the right place on the screen.” *Id.*

copyrighted art itself; everything that appears on the screen actually comes from the art library.”<sup>139</sup>

Calling the statutory definition of a derivative work “hopelessly overbroad,”<sup>140</sup> *Micro Star* reiterated the criteria that *Galoob* had dictated as necessary to qualify as a derivative work—a derivative work must “exist in a ‘concrete or permanent form’ . . . and must substantially incorporate protected material from the preexisting work.”<sup>141</sup> Applying these two factors, *Micro Star* contrasted the Game Genie to the MAP file on Nuke It.<sup>142</sup> Unlike Nuke It, the images displayed by the Game Genie were never in “any concrete or permanent form” in the Game Genie itself.<sup>143</sup> However, the audiovisual displays created by Nuke It and stored in MAP file assumed a concrete form because the MAP file contained detailed descriptions of which images from the art library should be selected and where to put those images.<sup>144</sup> *Micro Star* reasoned that under *Galoob*, the exact description of the audiovisual display programmed into Nuke It satisfied the concrete form requirement, even if pieces of the original work were not incorporated.<sup>145</sup>

The court also concluded that *Micro Star* was not entitled to a fair use defense.<sup>146</sup> With respect to the fourth factor, the court reasoned that *Micro Star*’s program trespassed on *FormGen*’s potential market for new versions of the Duke Nukem 3D game.<sup>147</sup> Moreover, the court concluded that

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139. *Id.*

140. *Id.*

141. *Micro Star*, 154 F.3d at 1110 (internal quotation marks omitted) (citing *Galoob*, 964 F.2d at 967 and *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984)).

142. *Micro Star*, 154 F.3d at 1110–11.

143. *Id.*

144. *Id.* at 1111–12. In a footnote, the court distinguishes *Game Genie* from *Nuke It* by analogizing the *Game Genie* to a fictional product called the “Pink Screener.” As the court explains, this product is a piece of pink cellophane that is stretched over a frame and placed in front of a television, as a result of which the images displayed on the television screen appear pink. These pink images, although altered versions of the original, do not constitute infringing derivative works because they do not alter the image in any concrete form. Once the frame is removed, the pink images cease to exist. However, if someone were to record the pink displays, then they would have created a derivative work because then a concrete version of the modified image would have been created. The court suggests that the “*Game Genie* might be described as a fancy *Pink Screener* for video games, changing a value of the game as perceived by the current player, but never incorporating the new audiovisual display into a permanent or concrete form.” *Id.* at 1111 n.4.

145. *Id.* at 1111.

146. *See id.* at 1113. *Micro Star* notes that because *Galoob* had already determined that the *Game Genie* was not a derivative work before arriving at the fair use analysis, the fair use analysis is dicta. *Id.*

147. *Micro Star*, 154 F.3d at 1113.

whether or not FormGen actually took advantage of that market in the future was irrelevant, because “[o]nly FormGen has the right to enter that market; whether it chooses to do so is entirely its business.”<sup>148</sup> It is important to note that this conclusion is in stark contrast to both *Sony* and *Galoob* in which both courts held that the lack of demonstrable impact on the potential market weighed in favor of finding fair use.<sup>149</sup> Alternatively, *Micro Star* seems to protect the potential market even if the plaintiffs exhibit no showing of adverse effect on the market, because marketing new versions of the Duke Nukem story was possible.<sup>150</sup>

In deciding issues of copyright infringement, courts have had to consider the facts in light of the guiding principle of the Copyright Act.<sup>151</sup> *Sony* articulated the general purpose of the Copyright Act by citing Article I of the Constitution: “The Congress shall have Power . . . To Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”<sup>152</sup> *Sony* recognized the dynamic between the author and the public—“this task involves a difficult balance between the interests of authors . . . in the control and exploitation of their writings and discoveries on the one hand, and society’s competing interest in the free flow of ideas, information, and commerce on the other hand . . .”<sup>153</sup> Thus, when technology seems to have burst the seams of the statutory realm, the application of the Copyright Act must be made with the underlying purpose of the act in mind, to “stimulate artistic creativity for the general public good.”<sup>154</sup>

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148. *Id.* at 1113.

149. *Sony*, 464 U.S. at 417; *Galoob*, 964 F.2d at 965.

150. *See Micro Star*, 154 F.3d at 1113.

151. *See Galoob*, 964 F.2d at 969–70. *See also* Paula Samuelson, *Fair Use For Computer Programs and Other Copyrightable Works in Digital Form: The Implications of Sony, Galoob, and Sega*, 1 J. INTELL. PROP. L. 49, 84 (1993) (discussing cases following *Sony* in which the purpose of the Copyright Act was considered and applied as a “regulatory regime in which the public interest must be taken into account in the balancing of interests among participants in commercial markets.”).

152. *See Sony*, 464 U.S. at 428 (quoting U.S. CONST. art. I, § 8, cl. 8).

153. *Id.* at 429.

154. *See Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975); *see also Campbell*, 510 U.S. at 578, 586 (recognizing that fair use analysis, specifically factor two, necessitates a “recognition that some works are closer to the core of intended copyright protection than others,” and that all factors are to be considered in light of the purpose of the Copyright Act).

#### IV. DOES DVD PLAYBACK TECHNOLOGY CONSTITUTE A VIOLATION OF COPYRIGHT LAW?

In order for the DVD playback software to infringe on the studio's copyrights, the software must tread upon one of the exclusive rights enumerated in section 106 of the Copyright Act.<sup>155</sup> This Comment will focus on the counterclaims advanced by the studios. According to the Motion Picture Studio Defendants' Statement Clarifying Claims and their Response Brief in Opposition to the Player Control Parties' Motion for Summary Judgment, the studios only assert claims of direct, not contributory, copyright infringement.<sup>156</sup> Although initially the Defendant Studios appeared to assert that the Player Control Parties had infringed on their right to prepare derivative works, the right to distribute copies, and possibly the right of reproduction,<sup>157</sup> they have since focused the allegation solely on their right to prepare derivative works.<sup>158</sup>

Although the Defendant Studios do not allege violations of any of their other enumerated rights, it is helpful to quickly touch on why these rights are not applicable. As detailed in the Copyright Act of 1976, the software would have to actually reproduce an original work in order to constitute a reproduction.<sup>159</sup> Fixation is an essential element of reproduction.<sup>160</sup> In the legislative history of the Copyright Act of 1976, Congress gives the example of images shown on a television or computer as images that would fail to meet the fixation requirement.<sup>161</sup> An altered image on the screen is not "sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of *more than transitory duration*."<sup>162</sup> In the most superficial sense, ClearPlay,

155. See 17 U.S.C. § 106 (2003).

156. Defendant Motion Picture Studios' Statement Clarifying Claims at 2-3, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Mar. 11, 2003); Defendant Motion Picture Studios' Response Brief in Opposition to ClearPlay, Inc.'s, Trilogy Studio, Inc.'s and Family Shield Technologies, LLC's Motion for Summary Judgment at 8, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

157. Defendant Motion Picture Studios' Statement Clarifying Claims at 4, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Mar. 11, 2003). This clarifying statement was filed pursuant to direction of the United States District Court of Colorado and at the request of Plaintiffs and Counter-defendants. *Id.* at 2.

158. See Defendant Motion Picture Studios' Response Brief in Opposition to ClearPlay, Inc.'s, Trilogy Studios, Inc.'s and Family Shield Technologies, LLC's Motion for Summary Judgment at 2, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

159. See 17 U.S.C. § 106(1).

160. 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5675.

161. *Id.* at 5666.

162. 17 U.S.C. § 101 (2003) (emphasis added) (defining "fixed").

MovieMask and MovieShield do not make actual copies of the DVDs.<sup>163</sup> Instead, the software acts like a filter that skips over specific time sequences of the DVD during playback.<sup>164</sup> Regardless of whether the software contains time coding which correlates to the motion picture, the software would not constitute a reproduction because it is not an exact copy of the copyrighted work. Furthermore, the audiovisual display generated by using the DVD playback software in conjunction with a DVD is not a reproduction because the filtration software alters the playback so that the audiovisual display would no longer be a reproduction of the copyrighted work. Thus, it is no stretch to conclude that the altered audiovisual displays created by the DVD playback software would easily fall within the scope of the non-reproduction examples named by Congress.

Similarly, the fundamental right of distribution and sale is not at issue as it pertains to the DVD playback technologies.<sup>165</sup> As the Defendant Studios are well aware, the software companies are not distributing or selling the copyrighted DVDs; the companies are selling software that works *in conjunction* with the copyrighted works.<sup>166</sup> In asserting that the Player Control Parties are selling Edited Motion Pictures, which are the result of the use of filter files with the correlating motion picture DVD, the studios allege that the Player Control Parties are preparing and distributing derivative works, not distributing the copyrighted work.<sup>167</sup> Therefore, the right of distribution and sale is inapplicable in this suit.

The enumerated rights of public performance and public display are also inapplicable in the instant case. The Defendant Studios make clear they are not concerned with the consumer's private use of the software in

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163. See Press Release, ClearPlay Fires Back to Latest Legal Moves from DGA, Studios: Hollywood Still Seeking Ban on DVD Parental Controls (Feb. 3, 2003), <http://www.clearplay.com/3feb2003.asp> (asserting that ClearPlay does not make copies of the DVD and that the software is downloaded or incorporated into DVD players and filters graphic violence, profanity, or explicit sex); See *MovieMask Products*, MOVIEMASK.COM, at <http://moviemask.com/products.php> (last visited Feb. 12, 2003) (describing that the software works directly with the DVD via a buffering system).

164. See Press Release, ClearPlay Fires Back to Latest Legal Moves from DGA, Studios: Hollywood Still Seeking Ban on DVD Parental Controls (Feb. 3, 2003), <http://www.clearplay.com/3feb2003.asp>.

165. See Defendant Motion Picture Studios' Statement Clarifying Claims at 4, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Mar. 11, 2003).

166. Counterdefendant Player Control Parties' Corrected Opening Brief in Support of Their Motion for Summary Judgment at 10–11, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).

167. See Defendant Motion Picture Studios' Response Brief in Opposition to ClearPlay, Inc.'s, Trilogy Studios, Inc.'s and Family Shield Technologies, LLC's Motion for Summary Judgment at 3–4, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

conjunction with the motion picture DVDs.<sup>168</sup> Under the Copyright Act, the DVD playback software manufacturers are not publicly performing or displaying the copyrighted DVDs. The software is geared toward private home use and does not fall under the Copyright Act's definition of "public," which is defined as "outside of a normal circle of a family."<sup>169</sup> Regardless of whether the DVD is being performed or displayed, the key distinction is that the performance or display of the copyrighted work is taking place in the private domain of the consumer, and therefore, does not fall under the purview of section 106.<sup>170</sup>

With the rights of reproduction, distribution and sale, and public performance and public display eliminated, the only enumerated right at issue in the lawsuit is whether audiovisual display generated by the DVD playback software being used in conjunction with the motion picture creates a derivative work of the copyrighted work.<sup>171</sup> In the Response Brief to the Player Control Parties' Motion for Summary Judgment, the Defendant Studios assert that, "[i]t is [the] Edited Motion Picture, created by the Electronic Editing Party, not the consumer, which is the infringing derivative work."<sup>172</sup> The studios describe the Edited Motion Picture as a combination of the filtering application, the filter file, and the authentic DVD.<sup>173</sup> The Defendant Studios allege the Edited Motion Picture is "functionally equivalent" to what a consumer would watch if he or she viewed the same motion picture prepared by the third party editors like

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168. *See id.* at 8 n.5 (calling the consumer's in-home use irrelevant).

169. *See* 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5677.

170. *See* Brief of Amicus Curiae of Electronic Frontier Foundation in Support of Counterdefendant Player Control Parties' Motion for Summary Judgment at 3-4, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 18, 2003). Electronic Frontier asserted that the "unauthorized 'versions' to which the studios object are really just unauthorized 'performances' over which the Copyright Act grants them no control . . . Private performances and the technology that enables them, cannot infringe the studios' copyrights." *Id.* at 6.

171. *See* Defendant Motion Picture Studios' Statement Clarifying Claims at 4, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Mar. 11, 2003).

172. Defendant Motion Picture Studios' Response Brief in Opposition to ClearPlay, Inc.'s, Trilogy Studios, Inc.'s and Family Shield Technologies, LLC's Motion for Summary Judgment at 3, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003). In the Opposition Brief, the Studio Defendants focused their allegation on one combined derivative work, the Edited Motion Picture. *See id.* However, it is interesting to note that the Studio Defendants had alleged in their Statement Clarifying Claims that there were two derivative works created: (1) the edited version of the film and (2) the products, e.g. filtering software. *See* Defendant Motion Picture Studios' Statement Clarifying Claims at 5, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Mar. 11, 2003).

173. *See* Defendant Motion Picture Studios' Response Brief in Opposition to ClearPlay, Inc.'s, Trilogy Studios, Inc.'s and Family Shield Technologies, LLC's Motion for Summary Judgment at 4, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

CleanFlicks.<sup>174</sup> In order to support this contention, the Defendant Studios conclude that a derivative work does not require fixation in order to be deemed infringing.<sup>175</sup> They rely on the Copyright Act and case precedent to form this conclusion.<sup>176</sup> The Copyright Act reads, “[a] derivative work . . . may be an infringement even though nothing is ever fixed in tangible form.”<sup>177</sup> Furthermore, *Galoob* stated that fixation is not required, although the court did continue on to say the work must be embodied in “permanent or concrete ‘form.’”<sup>178</sup> The Defendant Studios rely on *Micro Star v. FormGen, Inc.*<sup>179</sup> to clarify the “concrete or permanent form” standard.<sup>180</sup> In *Micro Star*, the Ninth Circuit held that a CD containing detailed software instructions that instructed the game engine what object to display and where to display it on the screen, constituted an infringing derivative work.<sup>181</sup> The Defendant Studios liken the Edited Motion Pictures to the audio visual displays generated by the CD in that they assert the Edited Motion Pictures “would be considered ‘permanently and concretely’ embodied in the individual motion picture-specific Filter Files, and would be deemed infringing derivative works.”<sup>182</sup>

On the opposing side, the Player Control Parties clearly assert that the edited motion picture resulting from the combination of an authentic DVD and the corresponding filter file does not produce an infringing derivative work.<sup>183</sup> According to the analysis in *Galoob*, a work will be found to be an infringing derivative work if it incorporates the copyrighted work and embodies it in some “concrete . . . ‘form.’”<sup>184</sup> Also relevant to the analysis

174. *Id.*

175. *Id.* at 5.

176. *Id.*

177. 1976 U.S.C.C.A.N. (5 Stat.) 5664, 5675.

178. *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 964 F.2d 965, 967 (9th Cir. 1992).

179. 154 F.3d 1107 (9th Cir. 1998).

180. See Defendant Motion Picture Studios’ Response Brief in Opposition to ClearPlay, Inc.’s, Trilogy Studios, Inc.’s and Family Shield Technologies, LLC’s Motion for Summary Judgment at 6, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

181. See generally *Micro Star v. Formgen, Inc.*, 154 F.3d 1107 (9th Cir. 1998) (This statement reflects the holding of the case.).

182. Defendant Motion Picture Studios’ Response Brief in Opposition to ClearPlay, Inc.’s, Trilogy Studios, Inc.’s and Family Shield Technologies, LLC’s Motion for Summary Judgment at 6, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

183. See Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of Their Motion for Summary Judgment at 27–33, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).

184. *Galoob*, 964 F.2d at 967; see also Edward G. Black & Michael H. Page, *Add-On Infringements: When Computer Add-Ons and Peripherals Should (and Should Not) Be*



is whether the derivative work supersedes the demand for the original work.<sup>185</sup> Although these criteria tend to overlap in application, this Comment will address them individually.

Taking the first of these criteria and applying it to the Edited Motion Picture, the displayed version does not incorporate the work in some concrete form. The Defendant Studios may assert that the movie displayed through the filtration system is substantially similar to the original work and that display embodies the original DVD in some concrete form. In fact, only a few minutes are skipped out of a two-hour movie.<sup>186</sup> However, this argument is superseded by two factors. Although the studios will represent that the displayed version is in fact a closely similar display of the original DVD, the altered display is not embodied in some concrete form. This lack of permanence will overshadow the transitory “incorporation” the consumer sees when the viewer watches a filtered DVD playback. Furthermore, the court in *Galoob* refused to separate the audiovisual display from the software itself because the software was the source of those displays.<sup>187</sup>

Moreover, even if the studios are able to successfully assert that the derivative work must be fixed, the “embodiment” contained in the filter file is still not a derivative work. The filter file which instructs the DVD to skip and mute offensive content, “consist[s] solely of timing codes and skip/mute instructions that affect the playback of a motion picture DVD.”<sup>188</sup> The filter file *does not* contain any content from the original motion picture nor does it contain any descriptive instructions.<sup>189</sup> The DVD playback software may be similar to the MAP file in *Micro Star* in

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*Considered Infringing Derivative Works Under Lewis Galoob Toys, Inc. v. Nintendo of America, Inc., and Other Recent Decisions*, 15 HASTINGS COMM. & ENT. L.J. 615, 621 (1993) (breaking down the derivative works analysis in *Galoob* to four restrictions, including incorporation of the original work, embodiment in some concrete form, substantially similar to the original work, and supplanting the market demand for the original). The requirement of some embodiment in a concrete form may seem counterintuitive to the Congressional intent that derivative works need not be fixed. However, the Ninth Circuit in *Galoob* concluded that the examples of derivative works included examples where the derivative work embodied portions of the copyrighted work in some form. *Id.* at 625.

185. *See Galoob*, 964 F.2d at 969.

186. *See* Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of Their Motion for Summary Judgment at 11, *Huntsman* (No. 02-M-1662) (giving as an example, “if profanity is heard from 00:12:59:00 to 00:12:59:20 on a DVD, the Filter File will identify the nine-second segment to be skipped”). *Id.*

187. *See Galoob*, 964 F.2d at 968.

188. Counterdefendant ClearPlay Inc.’s Reply Brief in Support of the Player Control Parties’ Motion for Summary Judgment on the Studios’ Copyright Claims at 14, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Dec. 15, 2003).

189. *See id.*

the respect that both contain instructions that direct the DVD player or game engine.<sup>190</sup> However, the execution of those instructions is the key distinction between the filter files and the MAP file. Although the MAP file in *Micro Star* did not contain any content from the copyrighted work, the MAP file did contain exact and detailed descriptions that instructed the game engine to choose certain images from the art library and then instructed the game engine on where to place those images.<sup>191</sup> In stark contrast, the DVD playback software contains time-codes and instructs the DVD to skip or mute certain scenes, but not to selectively exchange specific content in a scene to something else.<sup>192</sup> For example, if the filter file instructed the DVD player to substitute an object in a scene for another, then the filter file would be similar to the MAP file. However, the filter files created by the software companies in this suit—as they stand now—are incapable of substituting objects.<sup>193</sup> The filter files contain only time-coding instructions, and not descriptions of what content is being skipped. Initially, employees creating the time-coding instructions may generate a list which describes the content to be omitted. Or, in the future, technology may include a list detailing the content of skipped scenes. For now, however, the filter file only consists of time coding instructions with no description of the omitted content.

Additionally, for the same reasons the court in *Micro Star* distinguished *Nuke It from the Game Genie* in *Galoob*, the DVD playback software does not incorporate substantial versions of the original work.<sup>194</sup> Here, the DVD, not the software, generates the audiovisual displays.<sup>195</sup> The studios may represent that the original “Duke Nukem” game in *Micro Star* also provided the actual images. However, the DVD playback software does not contain the extent of instructions that the MAP file does. While the software references the time-coding on the DVDs to instruct the player where to skip, there is no content or sequential visuals described in

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190. See *Micro Star*, 154 F.3d at 1110.

191. *Id.*

192. See Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of Their Motion for Summary Judgment at 6, 8, 12, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003) (specifying how the software only skips or mutes offensive content).

193. See discussion *infra* Part VII (discussing implications of future technology capable of substituting objects).

194. See *Micro Star*, 154 F.3d at 1111.

195. See Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of Their Motion for Summary Judgment at 11, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).

the software itself.<sup>196</sup> Like the Game Genie, the software does not incorporate the original film, but only acts as a filter through which the DVD plays.<sup>197</sup> In contrast, the MAP file is “smarter” in that it contains exact descriptions that instruct the game engine which images to choose from the art library and then instructs the game engine where to place those images.<sup>198</sup> Additionally, *Galoob* accorded some weight to the fact that the Game Genie was useless in itself, in that it had to be used in conjunction with an authentic Nintendo game cartridge in order to function.<sup>199</sup> Similarly, the DVD playback software cannot generate images on its own and is useless by itself.<sup>200</sup>

No permanent modifications are made and the alterations are transitory because once the DVD is finished being played, the alterations cease to exist.<sup>201</sup> The DVD playback software is similar to the Game Genie videogame alteration device in *Galoob* in that its alteration is transitory.<sup>202</sup> The Defendant Studios assert that the filtered motion picture is not a transitory alteration because any consumer who combines the authentic DVD and corresponding filter file with the same viewing options will view the exact same film.<sup>203</sup> In fact, the Defendant Studios assert that the Edited Motion Picture is “functionally equivalent” to the edited film created by the retail editing parties who make physical changes to the films.<sup>204</sup> However, as ClearPlay responded in its Reply Brief, “[c]opyright law does not impose liability on the creation of mere ‘functional equivalents’ of infringing works.”<sup>205</sup> Although consumers may view sanitized films under either method of alteration, the transitory alterations triggered by the filter files are legally distinct from the physical edits made by the retailers. Thus,

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196. See discussion *supra* Part III.A.

197. See discussion *supra* Part III.A.

198. *Micro Star*, 154 F.3d at 1110.

199. See *Galoob*, 964 F.2d at 969.

200. See discussion *supra* Part III.A.

201. See discussion *supra* Part III.A.

202. See discussion *supra* Part III.C.; see *Galoob*, 964 F.2d at 967.

203. Defendant Motion Picture Studios’ Response Brief in Opposition to ClearPlay, Inc.’s, Trilogy Studios, Inc.’s and Family Shield Technologies, LLC’s Motion for Summary Judgment at 7 n.4, 12, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

204. *Id.* at 4.

205. Counterdefendant ClearPlay Inc.’s Reply Brief in Support of the Player Control Parties’ Motion for Summary Judgment on the Studios’ Copyright Claims at 1 n.1, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Dec. 15, 2003). However, ClearPlay also states, “[w]hile ‘functional equivalence’ arguments may be relevant later if the case does not conclude with this [summary judgment] motion—they work *in ClearPlay’s favor* on questions of fair use—they are not relevant to the present dispute over the scope of the ‘derivative works’ right.” *Id.*

the DVD playback software also fails to meet the requirements of incorporation and embodiment.

Additionally, the Edited Motion Picture cannot supplant the market for the copyrighted work because consumers need the authentic DVD to utilize the corresponding filter file. The software could never supersede the demand for the original DVD because the display cannot be generated without the DVD.<sup>206</sup> In order to use the filtering software, a DVD must first always be purchased or rented.

#### V. EVEN IF IT IS A VIOLATION, CAN THE TECHNOLOGY BE PROTECTED UNDER FAIR USE?

Should the court conclude that DVD playback software used in conjunction with authentic DVDs creates an unauthorized derivative work, the Player Control Parties may have a viable fair use defense. In order for the DVD playback technology to find protection under the fair use doctrine, the court must apply and balance the factors delineated in 17 U.S.C. section 107 in favor of finding fair use.<sup>207</sup>

Section 107(1) of the Copyright Act involves a consideration of the purpose and character of the use.<sup>208</sup> Although the noncommercial aspect of the use no longer creates a presumption of fair use, the fact that it is for noncommercial use within the private domain of the home lends itself toward an inclination of finding fair use.<sup>209</sup> DVD playback software is not for commercial use, but rather for the use of the consumers for private performance in their homes.<sup>210</sup> On the other hand, the studios may point to the fact that the software manufacturers are participating in a commercial market by manufacturing and selling the DVD playback technology to consumers. However, both *Sony* and *Galoob* focused on the in-home use of the device once purchased, rather than the original commercial transaction that took place between the manufacturer and the consumer.<sup>211</sup> Thus, the noncommercial use of the DVD playback software leans toward

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206. See *Galoob*, 964 F.2d at 969.

207. See 17 U.S.C. § 107 (2003).

208. *Id.* § 107(1).

209. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 584–85 (1994).

210. See Counterdefendant Player Control Parties' Corrected Opening Brief in Support of their Motion for Summary Judgment at 23, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003). The software is presently only licensed for in-home use. See *id.*

211. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 450 n.33; see *Lewis Galoob Toys, Inc. v. Nintendo of America, Inc.*, 964 F.2d 965, 970 (9th Cir. 1992). Cf. *Castle Rock Entm't, Inc., v. Carol Publ'g Group, Inc.*, 150 F.3d 132, 142 (2d Cir. 1998).

an inclination of fair use.

Section 107(1) also warrants a consideration of whether the new work is “transformative.”<sup>212</sup> To be deemed transformative, the court must consider whether the new work supersedes the original work or instead transforms it by “add[ing] something new, with a further purpose or different character, [thus] altering the first with new expression, meaning, or message . . . .”<sup>213</sup> The DVD playback software manufacturers will assert that the character of the use is transformative since, while the software may only skip small portions, the film viewed without the offensive portions creates a sanitized film. As one article suggests, “arguably, removal of graphic language, sex, and violence gives these [sanitized] films a different character.”<sup>214</sup> This sanitized film is a result of careful considerations and choices made by employees of the software companies to remove certain content they deem would be offensive to purchasers of the software.<sup>215</sup> Thus, there are creative choices being made when the employees determine which portions should be skipped in order to transform the film into its sanitized, transitory version.<sup>216</sup> Some critics of the software have commented that the filter files are so transformative that they actually change the film’s message. For example, in the film “Proof of Life,”<sup>217</sup> the ClearPlay Filters mask the entire opening sequence involving the kidnapping and rebel brutality that sets up the film, thus, excising information that leaves holes in the plot.<sup>218</sup> Or, from a technical point of view, the skips in the film have been criticized as being so disjointed that the filtering software changes the character and pace of the movie.<sup>219</sup> While these may be criticisms of the execution of the filter files, these comments reflect that the sanitized film is transformative.

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212. *Campbell*, 510 U.S. at 579.

213. *Id.* at 579.

214. *Lee*, *supra* note 5, at 50.

215. *See* Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of their Motion for Summary Judgment at 11, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003) (describing the process by which software employees review films and create filter files).

216. *See id.*

217. *PROOF OF LIFE* (Castle Rock Entm’t 2000).

218. *See* Richmond, *supra* note 35 (describing how the ClearPlay filters adversely impacted the plot line of the film “Proof of Life.”).

219. Shannon Starr, *New Business Offers “Sanitized” Movies*, *PRESS-ENTERPRISE*, Aug. 30, 2003, at A1 (quoting Robert Rosen, dean of the UCLA School of Theatre, Film and Television, who has submitted his criticism of the altered versions to the United States District Court in Colorado, and declared that the edits in “Proof of Life” mutilated the movie and that the ClearPlay edits in “The Hurricane” skipped over necessary scenes and language and “essentially create[d] a different movie for the viewing audience than that intended by the director . . .”).

On the other hand, the studios may counter that the use is non-transformative because the software ultimately filters out a small portion of the film. Depending on the extent of the objectionable content of the film, a very small number of segments could be skipped, thus leaving the film's message in tact. The Defendant Studios may further assert that regardless of the amount of film skipped during playback, the film that remains still encapsulates the film's message and expression.<sup>220</sup> However, as one court stated, "a secondary work need not necessarily transform the original work's expression to have a transformative purpose . . . ."<sup>221</sup> Therefore, even if the original film's expression remains in tact, the choices made to excise the film of offensive content are transformative enough to satisfy this factor.

Whether the use is deemed to be noncommercial, the studios will assert that the character of the use is not transformative enough to weigh in favor of finding fair use. The software manufacturers' transformative argument is debatable especially in the situation where there is very little objectionable content to be skipped.<sup>222</sup> Therefore, this factor may be divided. It is likely that the transformative consideration will weigh in favor of the studios. However, the fact that this DVD playback software is licensed solely for in-home use, rather than commercial use, will likely weigh in favor of finding fair use.

The court must next look at the nature of the copyrighted work under section 107(2) in its fair use balancing analysis.<sup>223</sup> The nature of the work analysis "determines whether the work is the type of material that copyright was designed to stimulate, and whether the secondary use proposed would interfere significantly with the original author's entitlements."<sup>224</sup> The Court in *Sony* gave little discussion to this aspect of the fair use analysis; *Sony* simply recognized that consumers originally had been invited to watch the television programs without paying for them so that time-shifting did not interfere with the copyright owner's entitlements.<sup>225</sup> However, the Defendant Studios will most likely distinguish the filtering of films here from the time-shifting of televised programs in *Sony*. Furthermore, the studio will probably direct attention to the nature of the copyrighted work,

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220. Lee, *supra* note 5, at 50 (theorizing that "[n]o new purpose, meaning, or message is intended in the edited films, which seem to remain as close to the original as possible . . . .").

221. *Castle Rock Entm't*, 150 F.3d at 143.

222. Lee, *supra* note 5, at 50.

223. 17 U.S.C. § 107(2) (2003).

224. Leval, *supra* note 90, at 1119.

225. See *Sony*, 464 U.S. at 449 (giving a brief discussion of the nature of television as a copyrighted audiovisual work).

the motion picture, as one that is recognized as creative, which will most likely weigh against a finding of fair use. As one article recognizes, “the nature of the copyrighted motion pictures, would likely weigh against fair use, since the more creative a work is, the less likely unauthorized copying will be permitted.”<sup>226</sup> Although this factor weighs against finding fair use because motion pictures are heavily protected works, it will ultimately be outweighed by the other fair use factors.

The third factor of the fair use analysis requires a consideration of the “amount and substantiality of the portion used in relation to the copyrighted work as a whole.”<sup>227</sup> The fact that the films are displayed with little filtered content will weigh in the studios’ favor. The studios will most likely argue that almost the entire copyrighted work is used because the DVD playback software only filters out offensive content, which in some films constitutes very little of the film. Thus, the DVD playback technology actually allows the display of the entire film, save for the select pieces which are filtered out during playback. For example, in a ClearPlay filtered version of *Spiderman*,<sup>228</sup> ClearPlay only filtered out “a single f-word, 15 ‘profane references to a deity’ and some violence.”<sup>229</sup> With a running time of one hundred and twenty-one minutes, these filtered portions probably do not even equate to ten percent of the entire film.<sup>230</sup> This factor will likely weigh in favor of the studios.

The fourth factor, which focuses on the effect on the potential market, must also be considered, and potentially carries more weight than the other factors.<sup>231</sup> As stated in *Sony*, if the use has no “demonstrable effect” upon the market or potential market for the copyrighted work, then the use is protected under the fair use doctrine.<sup>232</sup> Theoretically, the availability of the DVD technology could actually improve the market for sales and rentals of DVDs rather than adversely impact the market.<sup>233</sup> By allowing

226. Lee, *supra* note 5, at 50.

227. 17 U.S.C. § 107(3).

228. SPIDERMAN (Columbia Pictures 2002).

229. Baig, *supra* note 47, at D3 (detailing the ClearPlay filtered version of *Spiderman*).

230. SPIDERMAN (Columbia Pictures 2002).

231. See *Harper & Row Publishers v. Nation Enters.*, 471 U.S. 539, 566 (1985).

232. See *Sony*, 464 U.S. at 450–51.

233. See Jan Laitos, *Is It Illegal To Sanitize Video Rentals?*, 9NEWS.COM (Jan. 31, 2003), at <http://www.9news.com/storyfull/issue.asp?id=10786> (suggesting software companies will argue that sanitizing movies will enlarge the market and that all parties will receive an economic benefit from the software); see also David Stevenson, *Hollywood Shines Spotlight on Censoring Software*, TECHTV.COM (Aug. 23, 2002), at <http://www.techtv.com/news/culture/story/0,24195,3397205,00.html> (quoting Breck Rice, co-founder of Trilogy Studios, as stating that the technology will benefit the studios in the long run because, “[w]e’re personalizing movies now . . . which would broaden their market.”). *Id.*

films with an R or PG-13 rating to become G rated so that all audiences may view them, this software will expand the consumer base for films that originally might not have been purchased by families with young children.<sup>234</sup>

Conversely, the studios could counter that the playback technology adversely impacts the potential market for studios to market their own sanitized versions and that the potential for a beneficial affect is irrelevant.<sup>235</sup> Studios may assert an argument similar to the one held by the court in *Micro Star* that it was irrelevant whether FormGen in actuality took advantage of the potential market in the future.<sup>236</sup> As stated in *Micro Star*, “[o]nly FormGen has the right to enter that market; whether it chooses to do so is entirely its business.”<sup>237</sup> Although potential market share was unimportant to the finding in *Micro Star*, the studios are in a better position to assert harm to the potential market because they have begun the slow crawl into this market.<sup>238</sup> Studios have already begun to enter a similar market by adding extra features on DVDs like director commentary or interviews.<sup>239</sup> Therefore, it would arguably be simple for the studios to also add a sanitized version as yet another “value-added feature.”<sup>240</sup> Furthermore, the creation of a sanitized version will not be a heavy burden on the studios assuming they have already exerted time and money creating a censored version for network television and films shown on airplanes.<sup>241</sup> Also, the studios will attack the software manufacturers’ argument that the existence of software will improve the film sales and rentals market because the profit will go to the infringers rather than the copyright holders.<sup>242</sup>

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234. See Breedlove, *supra* note 28, at 8 (discussing arguments for CleanFlicks). Although this article specifically addresses the claims against CleanFlicks, the fair use effect on the market arguments made in favor of CleanFlicks also carry over to ClearPlay and other software manufacturers in the economic benefit sense. Breedlove notes that CleanFlicks will give studios the benefit of more viewers because individuals who may have been prevented (by their parents) to see an original, unaltered film will now be able to view it. *Id.*

235. See *Abend v. MCA, Inc.*, 863 F.2d 1465, 1482 (9th Cir. 1988) (demonstrating that it was irrelevant that an unauthorized motion picture based on a copyrighted book “will have no adverse effect . . . and may in fact have a beneficial effect . . .”).

236. See *Micro Star*, 154 F.3d at 1113.

237. *Id.*

238. See *id.*; see Clark, *supra* note 10.

239. See Clark, *supra* note 10.

240. Lee, *supra* note 5, at 52.

241. See Lee, *supra* note 5, at 48; see Clark, *supra* note 10.

242. See Richmond, *supra* note 59. The DGA’s website addresses the financial impact on directors: “it could be said that directors will lose money if these companies are put out of business, because they will not get the residuals they were getting when the companies purchased the original versions.” *Id.* In this statement the DGA essentially admits that there is financial



However, in the end, it is unlikely to harm the potential market for studios to distribute their own sanitized versions. The present DVD playback technology requires that the consumer necessarily purchase a DVD to run the filtering software. Only the profits from sales of the DVD playback software will go to the software companies, although the Defendant Studios argue that these are, in actuality, profits from Edited Motion Pictures derived from their copyrighted films.<sup>243</sup> Any increase in film sales necessarily will still go to the studios producing the original work.<sup>244</sup> There is no valid fear of a piracy issue because the software will not filter bootleg copies of a DVD.<sup>245</sup> Furthermore, if the criticism is true, that the software's edits are choppy and disjointed, consumers arguably will be more inclined to purchase studio-generated versions that are of better quality.<sup>246</sup>

## VI. POLICY CONSIDERATIONS

There are strong policy considerations surrounding the new sanitizing technology which must be examined. The DVD playback software manufacturers have compelling policy arguments for general consumer rights, the right of parental control, and the path of technology. Just as artists' interests are protected by the Copyright Act, consumers' interests are also protected.<sup>247</sup> Controlling how consumers watch DVDs in the privacy of their own home treads upon a consumer's right of autonomy to control how and when she views her legitimately purchased or rented DVD.<sup>248</sup> The DVD playback software is analogous to a Betamax or Game

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gain to be had by this market—specifically stating this gain in terms of the director. Although this argument is made directly against CleanFlicks, one could argue the same for the DVD playback software manufacturers and their beneficial impact on the studio's market.

243. See Defendant Motion Picture Studios' Response Brief in Opposition to ClearPlay, Inc.'s, Trilogy Studio, Inc.'s and Family Shield Technologies, LLC's Motion for Summary Judgment at 3, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003).

244. See generally Clark, *supra* note 10 (reasoning that because studios own the copyrights for the films, they receive any increase in profits).

245. Peter Kiefer, *ClearPlay Files Response in Video Editing Lawsuit*, HOLLYWOOD REPORTER, Jan. 7, 2003.

246. See Starr, *supra* note 219, at A1 (citing criticism of the technology); see Lee, *supra* note 5, at 48 (calling the family-friendly edits "crude in comparison to the original editing").

247. See generally Liu, *supra* note 5, at 406–21 (going so far as to refer to the consumer's "authorship").

248. See generally *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) (finding that the distributors of copyrighted works do not have a right to control how their works are enjoyed in the privacy of the consumers' homes); see also Liu, *supra* note 5, at 406 (defining "autonomy" as "freedom in choosing when, how, and under what circumstances to consume a

Genie in that it simply enhances the enjoyment of the copyrighted work without permanently altering the work. As recognized in the *Journal of Intellectual Property Law*, “[c]onsumers may use a Betamax to view copyrighted works at a more convenient time. They similarly may use a Game Genie to enhance a Nintendo Game cartridge’s audiovisual play in such a way as to make the experience more enjoyable.”<sup>249</sup> Furthermore, the door to this type of consumer control was opened in *Sony* when the Court held that a television viewer could record a program and watch it at a later time.<sup>250</sup> The holding in *Sony* “seemed to recognize implicitly a consumer interest in dictating when and where to view that particular work and, correspondingly, a limit on the ability of the copyright owner to dictate the circumstances of such consumption.”<sup>251</sup>

Besides the general consumer-control policy consideration, parents constitute a particularized consumer control consideration. The filters designed by DVD playback software manufacturers “simply deputize parents to be ratings board surrogates.”<sup>252</sup> As one article stated, “[i]t’s the digital equivalent to your mom slapping her hand over your eyes in the theater . . . .”<sup>253</sup> Ultimately, parents should have a right to protect their children from content offensive to their familial moral code.

It is also relevant to consider the direction of consumer-g geared technology because it shows a path towards customizing the in-home consumer experience. Andrew Bridges, attorney for ClearPlay, alleges that, “[i]f ClearPlay is illegal, then so is the remote control.”<sup>254</sup> One cannot avoid the obvious similarities between this technology and the remote control. As with a remote control, the consumer is making the decision to use the device to alter the playback of the copyrighted work. Furthermore, the remote control and software serve similar purposes: they allow consumers “who wish to participate in the mainstream of American cultural experience but do not wish to hear words or see things that are objectionable to them,” to do so.<sup>255</sup> On the other hand, the editorial control allowed by this DVD playback technology is arguably different from the remote control or the quickzap feature of ReplayTV because with the latter

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copyrighted work.”).

249. Samuelson, *supra* note 151, at 84.

250. *See Sony*, 464 U.S. at 456.

251. Liu, *supra* note 5, at 408; *see Sony*, 464 U.S. at 454.

252. Goldstein, *supra* note 1, at E6.

253. Benny Evangelista, *The Digital Censor: Utah Firm Locked in Legal Battle Over Software that Blocks Out Sex and Violence on DVDs*, S.F. CHRON., Jan. 20, 2003, at E1.

254. *Id.*

255. Lee, *supra* note 5, at 48.

types of controls, the consumer ultimately determines and selects which content will be skipped. However, while Bridge's statement may seem drastic and dramatic, it may not be far from the truth. In the case of ClearPlay, the purchaser is essentially handing the fast-forward control over to a technological device. Ultimately, the initial decision is the same—whether or not to exclude select portions, even though the execution of that alteration is different.

On the other hand, the directors and studios have competing policy arguments. To counter consumer control, the studios could assert that consumers are already given control: they can decide to watch or not to watch a film, or to fast-forward or mute the film during playback.<sup>256</sup> Furthermore, it is the parents who should be responsible for censoring what programming their children watch. There is no question that parents have the right to expose their children to whatever programs they see fit. If they object to a film, they simply should not show it to their children or they should manually fast-forward past any content they find inappropriate.<sup>257</sup> At its core, there is a distinct difference between manually fast-forwarding through objectionable content and having software that customizes the film for you. As one director named in the lawsuit stresses, "morality is still being programmed into a device that is claimed to be amorphous."<sup>258</sup> On the other hand, the software could be viewed merely as a time saver, faster and more accurate than a fast-forward button.

There is also the purpose behind copyright: to promote creativity and public access.<sup>259</sup> However, this purpose cuts both ways. By stopping this software technology, the studios will be blocking public access to films and stunting the advancement of consumer geared technology.<sup>260</sup> As stated in an Amicus Brief filed by Intel Corporation, finding for the directors and studios "would do more than remove a parent-friendly tool from the market; it would chill innovation and stifle the development of new

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256. See Press Release, Writers Guild of America, WGA News: WGAw Condemns Lawsuit Targeting Directors—Guild President Speaks Out Against CleanFlicks Federal Lawsuit Against 16 Directors (Sep. 3, 2002), <http://www.wga.org/pr/0902/speaks.html>.

257. Edward C. Baig, *Skipping the Bad Stuff Isn't Always So Good*, USATODAY.COM (Jan. 21, 2003), at [http://usatoday.com/tech/columnist/edwardbaig/2003-01-21-baig\\_x.htm](http://usatoday.com/tech/columnist/edwardbaig/2003-01-21-baig_x.htm).

258. Richmond, *supra* note 35.

259. See *Sony*, 464 U.S. at 429.

260. Defendant Motion Picture Studios' Response Brief in Opposition to ClearPlay, Inc.'s, Trilogy Studio, Inc.'s and Family Shield Technologies, LLC's Motion for Summary Judgment at 2, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed Aug. 8, 2003) (The studios directly discount that proposition by stating, the "copyright infringement claims are not an effort to halt innovative 'technologies' nor do they concern the legality of how consumers watch movies in their own homes.").

generations of products, including products designed to empower the individual and enhance the consumer's lawful and reasonable enjoyment of lawfully acquired entertainment content . . . ."<sup>261</sup> The counterargument is that a victory for the software companies would weaken the control studios have over their copyrights.<sup>262</sup> Allowing this sort of editing will open the doors to other, more objectionable customizing features.<sup>263</sup>

Ultimately, finding that the DVD playback technology infringes on the studios' copyrights will regress or even sacrifice the autonomy rights of consumers to watch their legitimately purchased or rented DVDs when and how they choose. These consumer interests are particularly critical and, therefore, must be given adequate consideration by courts, which tend to focus solely on legal analysis in copyright actions.<sup>264</sup>

## VII. IMPLICATIONS OF FUTURE TECHNOLOGY

While the ClearPlay, MovieMask, and MovieShield software should not be found to infringe on copyright law, the next generation of similar technology may be on the other side of the infringing fence. In fact, there are already indications that these and other software manufacturers are responding to an audible consumer demand to temporarily add content (rather than temporarily mask offensive content).<sup>265</sup> While software like ClearPlay only mutes obscene language or skips over scenes containing nudity and violence, other software companies are already experimenting with more extreme and advanced masking techniques. In a demonstration shown for MovieMask, instead of simply skipping over the nude Kate Winslet in *Titanic*, the software is programmed to instruct the DVD player to digitally insert a corset over her naked body.<sup>266</sup> Another promised innovation by MovieMask is demonstrated in the blockbuster movie *The Matrix*,<sup>267</sup> where "alien-like green goo" replaced blood when Keanu Reeves character shoots the building guards.<sup>268</sup>

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261. Brief of Amicus Curiae of Intel Corporation in Support of Counterdefendant ClearPlay Inc.'s Motion for Summary Judgment at 4, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed July 11, 2003).

262. See Lee, *supra* note 5, at 51.

263. See discussion *infra* Part VII.

264. See Liu, *supra* note 5, at 428 (suggesting that in the context of litigation, the court should also consider the consumer's autonomy rights).

265. See, e.g., Lee, *supra* note 5, at 48.

266. Clark, *supra* note 10 (discussing the difference between various software technologies).

267. *MATRIX* (Silver Pictures 1999).

268. Roy Santos, *First Look: Trilogy Studios MovieMask*, TECHTV.COM (Feb. 8, 2002), at <http://www.techtv.com/products/print/0,23102,3371490,00.html>.

Although replacing blood with green goo may not seem that drastic, it is the essence of the idea that is troubling. Many articles have already begun to theorize about potential developments in playback technology stemming from this sort of leeway.<sup>269</sup> For example, the technology that would allow a corset to cover Kate Winslet in *Titanic*<sup>270</sup> could also provide the ability to change the product placement in a film or provide interactive options.<sup>271</sup> Opening the door to this type of editing may, in the end, shift control away from consumers and toward marketers. There was a similar concern in the advent of digital video recorders like TiVo and ReplayTV where “the compromises [, such as disabling the commercial skipping capability,] may reach a point where the consumer’s interests are sacrificed to the need for deep-pocketed industry partners.”<sup>272</sup> As Jack Valenti, Motion Picture Association of America CEO has stated, “[t]here are those who would revise a film for what they claim to be benign reasons. But there are others who would alter for pornographic or obscene reasons.”<sup>273</sup> Similar to Valenti’s ideas, the DGA’s website projects that such technology could allow consumers to remove political opinions or other portions of the story that they may find personally undesirable.<sup>274</sup> Critics also suggest that giving consumers this sort of control could lead to more dramatic alterations to personalize the films, including changing the names of characters or superimposing images of family members.<sup>275</sup>

Implications of the potential future technology in the same vein as the DVD playback technology indicate possible violations of copyright law. At this stage, where the DVD playback software is simply skipping over offensive content, there is no copyright infringement. But, as the sampling of above theories suggests, there are already indications that the next generation of technological gadgets may potentially overstep its bounds. The line is crossed when software starts inserting content or images rather than just muting or skipping forward, like one would do with

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269. See, e.g., Evangelista, *supra* note 253, at E4. Some articles have also theorized about similar technologies for other medias. James Burger, one intellectual property attorney with Dow, Lohnes & Albertson of Washington D.C., asks, “What if I create a piece of software that allows each individual user to manipulate (a newspaper story) so they feel better about reading it?” *Id.*

270. *TITANIC* (20th Century Fox 1997).

271. See Santos, *supra* note 268 (discussing future interactive technology, the potential ability to change products in a film, or even provide internet connections detailing products in the film).

272. Bill Carter, *Personal Video Recorder: Will This Machine Change Television?*, N.Y. TIMES, July 5, 1999, at C1.

273. Baig, *supra* note 47 (quoting Jack Valenti).

274. See Richmond, *supra* note 59.

275. Lee, *supra* note 5, at 51.

a remote control. The extent of the alteration determines whether there will be a threat of copyright infringement because, as content is inserted or replaced, the new work enters the realm of derivative works and the fair use doctrine.<sup>276</sup> As some of the potential developments mentioned above suggest, the software would need to input or store information that would be detailed enough to replace and enter into the pre-existing work. For example, technology that could change product placement in films would need to be sophisticated enough to select the item to be replaced and then supply a detailed description of the new product.<sup>277</sup> This is the kind of use the courts in *Midway* and *Micro Star* found to be infringing.<sup>278</sup> Like in *Midway* and *Micro Star*, the enhanced software, by providing detailed descriptions that would replace existing content in the film, would become more like a computer chip or a MAP file.<sup>279</sup>

Software that deletes significant portions of a film may also begin to cross the line into copyright infringement because of the extent of the alteration. This aspect is exhibited by the choices these software companies make when deciding which films to filter. It would seem that some films should be left alone because running them through the software would annihilate any semblance of a story. As one news columnist reported after watching a filtered version of *Black Hawk Down*,<sup>280</sup> “[s]houldn’t a war movie depict war’s horrors?”<sup>281</sup> However, some of the software manufacturers are already sensitive to this concern. MovieShield acknowledges that it does not provide software for all motion pictures because “[i]f . . . the programming will compromise the integrity of the motion picture, it will not be programmed.”<sup>282</sup> Martin Scorsese has also pointed out that “not every picture is meant to be seen by everyone[,] especially children.”<sup>283</sup> Software manufacturers will need to take these concerns into account when choosing for which films to create filter files.

276. See 17 U.S.C. §§ 106(2), 107(1), 107(3) (2003). See generally *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965, 971 (9th Cir. 1992); *Midway Mfg. Co. v. Artic Int’l, Inc.*, 704 F.2d 1009 (7th Cir. 1983); *Micro Star v. Formgen Inc.*, 154 F.3d 1107, 1110–11 (9th Cir. 1998).

277. See Santos, *supra* note 268 (discussing future interactive technology, the potential ability to change products in a film, or even provide internet connections detailing products in the film).

278. See *Midway*, 704 F.2d at 1013; see also *Micro Star*, 154 F.3d at 1110–12.

279. See *Micro Star*, 154 F.3d at 1110 (describing a MAP file).

280. *BLACK HAWK DOWN* (Columbia Pictures Corp. 2001).

281. Baig, *supra* note 257.

282. Counterdefendant Player Control Parties’ Corrected Opening Brief in Support of their Motion for Summary Judgment at 8, *Huntsman et al. v. Soderbergh et al.* (No. 02-M-1662) (D. Colo. filed June 5, 2003).

283. Bruce Elder, *Artificial Indignation*, SYDNEY MORNING HERALD, Mar. 8, 2003, at 8 (quoting Martin Scorsese) (internal quotations omitted).

“It could potentially make ‘Scarface’ feel like an episode of the ‘Brady Bunch.’”<sup>284</sup> Or instead, it could skip so much content that there would be nothing left for the viewer to watch.

Rather than opposing these advancements, the studios should join forces with these software companies so that a profitable partnership could result. By working together, the studios and software companies could potentially arrive not only at a consensus as to how to maintain the integrity of the filtered films, but also how to profit financially from the software. The VCR, DVD player, TiVo, and ReplayTV have all proved to be a success for consumers, manufacturers, and the studios.<sup>285</sup> The DVD playback technology could easily be the next step.

### VIII. CONCLUSION

The Player Control Parties named in the *Huntsman* lawsuit should be granted their Motion for Summary Judgment. If the court denies the motion, then the court should find the software manufacturers not liable of copyright infringement. Or, conversely, the court should find the software companies have a viable defense under the fair use doctrine.<sup>286</sup> The potential future incarnations of DVD playback technology present situations which already seem to be crossing the line into copyright infringement.<sup>287</sup> This Comment is not meant to address or conclude that those future technologies should be allowed (or disallowed). In their present state, the ClearPlay, MovieMask, and MovieShield software should be permitted to continue to be manufactured and sold to the benefit of all parties involved.

*Ashley Kerns\**

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284. Santos, *supra* note 268.

285. See Lee, *supra* note 5, at 48.

286. See discussion *supra* Part V.

287. See discussion *supra* Part VII.

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