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## Intellectual Property in Experience

Madhavi Sunder

*Georgetown University Law Center*

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## INTELLECTUAL PROPERTY IN EXPERIENCE

*Madhavi Sunder\**

*In today's economy, consumers demand experiences. From Star Wars to Harry Potter, fans do not just want to watch or read about their favorite characters—they want to be them. They don the robes of Gryffindor, flick their wands, and drink the butterbeer. The owners of fantasy properties understand this, expanding their offerings from light sabers to the Galaxy's Edge®, the new Disney Star Wars immersive theme park opening in 2019.*

*Since Star Wars, Congress and the courts have abetted what is now a \$262 billion-a-year industry in merchandising, fashioning “merchandising rights” appurtenant to copyrights and trademarks that give fantasy owners exclusive rights to supply our fantasy worlds with everything from goods to a good time. But are there any limits? Do merchandising rights extend to fan activity, from fantasy-themed birthday parties and summer camps to real world Quidditch leagues? This Article challenges the conventional account, arguing that as the economic value of fantasy merchandising increases in the emergent “experience economy,” intellectual property owners may prove less keen on tolerating uncompensated uses of their creations. In fact, from Amazon's Kindle Worlds granting licenses for fan fiction, to crackdowns on sales of fan art sold on internet sites like Etsy, to algorithms taking down fan videos from YouTube, the holders of intellectual property in popular fantasies are seeking to create a world requiring licenses to make, do, and play. This Article turns to social and cultural theories of art as experience, learning by doing, tacit knowledge, and performance to demonstrate that fan activity, from discussion sites to live-action role-playing fosters learning, creativity, and sociability. Law must be attentive to the profound effects these laws have on human imagination and knowledge creation. I apply the insights of these theories to*

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*limit merchandising rights in imaginative play through fair use, the force in the legal galaxy intended to bring balance to intellectual property law.*

#### TABLE OF CONTENTS

INTRODUCTION.....	198
I. THE RISE OF PAY-TO-PLAY: FROM ACTION FIGURES TO THE GALAXY'S EDGE.....	206
A. <i>The Force Awakens: The Rise of Merchandising</i> .....	207
B. <i>A New Hope: The Rise of the Experience Economy</i> .....	209
II. THE TENUOUS MERCHANDISING RIGHT .....	212
A. <i>Trademark</i> .....	213
B. <i>Copyright</i> .....	222
1. 106(1): The Reproduction Right.....	222
2. 106(2): Derivative Works .....	224
3. 106(4): The Public Performance Right .....	226
C. <i>Battle Royale: Cease and Desist</i> .....	227
III. THEORIZING EXPERIENCE.....	231
A. <i>Art as Experience</i> .....	231
B. <i>Learning by Doing</i> .....	234
C. <i>Tacit Knowledge</i> .....	238
D. <i>Performance</i> .....	240
E. <i>Critiques</i> .....	243
IV. REFORMING MERCHANDISING RIGHTS IN EXPERIENCE .....	245
A. <i>Trademark Fair Use</i> .....	247
B. <i>Copyright Fair Use</i> .....	249
CONCLUSION.....	256

#### INTRODUCTION

*"Tell me one last thing," said Harry. "Is this real? Or has this been happening inside my head?"*

....

*"Of course it is happening inside your head, Harry, but why on earth should that mean that it is not real?"*

– Harry Potter and the Deathly Hallows<sup>1</sup>

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1. J.K. ROWLING, HARRY POTTER AND THE DEATHLY HALLOWS 723 (2007).

Yale psychologist Paul Bloom observes that American adults spend on average four minutes a day on sex and over four hours a day in imaginary worlds.<sup>2</sup> Today, entertainment and play extend well beyond reading and watching, to writing, doing, making, and performing. One does not just read *Harry Potter*—fans inhabit the virtual world of *Harry Potter: Hogwarts Mystery*,<sup>3</sup> make handmade Hogwart’s uniforms to sell on Etsy, and play Quidditch for their university. There are more than 300 real-world Quidditch teams at high schools and universities worldwide.<sup>4</sup> From the Wizarding World of Harry Potter to interactive gaming<sup>5</sup> to Comic-Con<sup>6</sup> to creating and viewing YouTube fan theories,<sup>7</sup> our lives are spent living in the imaginary worlds we love.<sup>8</sup> Indeed, we celebrate life’s most important moments with fantasy-themed parties, including birthdays and even weddings.<sup>9</sup>

As consumer researchers have become savvier about how to package and market the human need for fantasy, play, and imagination, areas of thought and expression once free as the air we breathe are increasingly becoming commodified and metered fare, regulated by licenses and royalties,

2. PAUL BLOOM, *HOW PLEASURE WORKS: THE NEW SCIENCE OF WHY WE LIKE WHAT WE LIKE* 155 (2010).

3. The latest *Harry Potter* interactive experience, *Harry Potter: Hogwarts Mystery*, is a narrative role-playing game in which players create their own characters who attend Hogwarts as students. The game allows players to make their own narrative choices and experience new and unique adventures in their favorite wizarding world. See HARRY POTTER: HOGWARTS MYSTERY, <http://www.harrypotterhogwartsmystery.com> [<https://perma.cc/K28X-NA6L>].

4. Marissa Fessenden, *Muggles, Rejoice: Quidditch Is Becoming a Serious Sport*, SMITHSONIAN.COM (July 30, 2015), <https://www.smithsonianmag.com/smart-news/quidditch-game-harry-potter-becoming-serious-sport-180956108/> [<https://perma.cc/WRA8-YXM7>].

5. This includes massively multiplayer online games (MMOGs), massively multiplayer online role-playing games (MMORPGs), and virtual reality games (VRs).

6. Comic-Con is an annual international convention held in San Diego where people make and inhabit elaborate costumes of their favorite fictional characters. See *generally About Comic-Con International*, COMIC-CON INT’L: SAN DIEGO, <https://www.comic-con.org/about> [<https://perma.cc/UF2S-B234>].

7. See, e.g., Brizzy Voices, *26 UNSOLVED Harry Potter Questions! ft Tessa Netting*, YOUTUBE (July 8, 2017), [https://www.youtube.com/watch?time\\_continue=428&v=boNc6PIUPpw](https://www.youtube.com/watch?time_continue=428&v=boNc6PIUPpw).

8. As the historian Michael Saler describes, today many people, both adults and children, are “living in imaginary worlds.” MICHAEL SALER, *AS IF: MODERN ENCHANTMENT AND THE LITERARY PREHISTORY OF VIRTUAL REALITY* 18 (2012).

9. See Emily Glazer & Erich Schwartzel, *Darth Vader, Your Presence Is Required at Our Star Wars Wedding*, WALL STREET J., (Aug. 1, 2018, 12:41 PM), <https://www.wsj.com/articles/wedding-cake-check-bouquet-check-darth-vader-to-officiate-thats-harder-1533141925> (on file with the *Michigan Law Review*) (“Since Walt Disney Co. bought Lucasfilm Ltd. for \$4 billion in 2012, demand for Vaders, stormtroopers and other Star Wars characters at weddings has grown so much, there’s now a shortage.”). Currently, nonprofit groups send volunteers to dress as *Star Wars* characters at weddings in exchange for the bride and groom making a donation to charity. See *id.* Will Disney seek to cash in on this craze, and claim an exclusive right to do so? In the meantime, Etsy vendors sell hand-made novelties, such as *Star Wars* themed wedding invitations. See *Star Wars Wedding Invitations*, ETSY, [https://www.etsy.com/market/star\\_wars\\_wedding\\_invitations](https://www.etsy.com/market/star_wars_wedding_invitations) [<https://perma.cc/Y7WA-89R5>].

requiring permission and payment. We are witnessing a shift in the nature of both consumption and entertainment. In today's economy, "[g]oods and services are no longer enough."<sup>10</sup> Today's consumers demand experiences.<sup>11</sup> From *Star Wars* to *Harry Potter*, fans do not just want to watch or read their favorite characters. They want to *be* them.<sup>12</sup> They want to don the robes of Gryffindor, flick their wands, and drink the butterbeer. As *The Economist* observes, consumers are made happier through "'experiences' over commodities, pastimes over knick-knacks, doing over having."<sup>13</sup>

These experiences are increasingly the stuff of intellectual property claims through the emergence of an expansive merchandising right that rests on both copyright and trademark. Until now, intellectual property holders have largely tolerated individuals who seek to bring their fictional worlds to life, on the theory that going after one's fans is not good for business.<sup>14</sup> But the emergence of an experience economy will lead many owners of cultural property to reconsider their laissez-faire attitude toward play. Indeed, we are already seeing the beginning of the commodification of some long-tolerated fan activity. Increasingly, owners of cultural properties are issuing cease-and-desist demands to third parties and offering their own official pay-to-play options. Amazon.com launched Kindle Worlds, a forum to write and sell fan fiction based on specific licensed media properties.<sup>15</sup> Twentieth Century Fox stopped the sale of handmade knit hats on Etsy inspired by the short-lived Joss Whedon TV series, *Firefly*, after Fox decided it would exclusively license the hats.<sup>16</sup> YouTube algorithms to protect copyright are wreaking havoc on *Game of Thrones* fan theory sites, where fans use video clips from the popular HBO series to discuss everything from character develop-

10. B. JOSEPH PINE II & JAMES H. GILMORE, *THE EXPERIENCE ECONOMY* ix (updated ed. 2011).

11. The rise of modern brands follows this logic—Starbucks is not about the coffee. Indeed, its new logo dropped the word coffee altogether. Julie Jargon, *Starbucks Drops Coffee from Logo*, WALL STREET J. (Jan. 6, 2011, 12:01 AM), <https://www.wsj.com/articles/SB10001424052748704405704576063940765196656> (on file with the *Michigan Law Review*).

12. Columbia Sportswear offers *Star Wars* coats resembling those worn by Luke, Han Solo, and Leia. See *Echo Base Collection Star Wars Jackets*, COLUMBIA, <https://www.columbia.com/starwars/> [<https://perma.cc/83NC-S6WC>].

13. *Economics Discovers Its Feelings*, ECONOMIST (Dec. 19, 2006), <https://www.economist.com/node/8401269> [<https://perma.cc/7R5Z-BYFT>].

14. See Tim Wu, *Tolerated Use*, 31 COLUM. J.L. & ARTS 617–20 (2008).

15. See KINDLE WORLDS, <https://kindleworlds.amazon.com/worldsAmazon> [<https://perma.cc/VN2U-KSDH>].

16. Leah Yamshon, 'I Almost Got Sued for Knitting a Firefly Hat': *The Legal Risks of Pop-Culture Fan Art*, PCWORLD (July 19, 2013, 3:30 AM), <https://www.pcworld.com/article/2044685/i-almost-got-sued-for-knitting-a-firefly-hat-the-legal-risks-of-pop-culture-fan-art.html> [<https://perma.cc/88Y7-7MXW>].

ment to symbolism in the World of Ice and Fire.<sup>17</sup> The Tolkein estate shut down an unlicensed *Lord of the Rings* summer camp.<sup>18</sup> Disney ordered bakers to cease and desist making “counterfeit edible cake[s]” featuring protected characters like Luke Skywalker.<sup>19</sup> Paramount Pictures and CBS claim a copyright in Klingon.<sup>20</sup> DC Comics enjoined a custom carmaker from making and selling real-life replicas of the Batmobile.<sup>21</sup> Disney filed a trademark suit against a game maker for creating a mobile version of the fictional card game from the *Star Wars* universe, “Sabaac,” the game in which Han Solo famously won the Millennium Falcon from Lando Calrissian.<sup>22</sup> Netflix sent a cease-and-desist letter to the owners of a pop-up bar in Chicago based on its popular new television series, *Stranger Things*, with the quip, “We love our fans more than anything, but you should know the Demogorgon is not always as forgiving.”<sup>23</sup> The Cartoon Network prevented fans from opening an unauthorized *Rick and Morty* themed pop-up bar in Washington, DC, claiming the move “wasn’t polite and aimed at profiting off of *Rick and Morty* fans.”<sup>24</sup> Fans responded that the bar would have been a labor of love and that the company was denying fans the freedom to “geek out.”<sup>25</sup>

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17. Chris Mills, *HBO Is Abusing Copyright to Take ‘Game of Thrones’ Fan Videos off YouTube*, BGR (May 10, 2016, 9:30 PM), <http://bgr.com/2016/05/10/game-of-thrones-youtube-theories-hbo/> [<https://perma.cc/QP2E-G52F>].

18. Mike Masnick, *Tolkien Estate Strikes Again: Forces Summer Camp to Change Name*, TECHDIRT (Apr. 20, 2011, 11:40 AM), <https://www.techdirt.com/articles/20110419/01104713954/tolkien-estate-strikes-again-forces-summer-camp-to-change-names.html> [<https://perma.cc/P3FM-2HXC>].

19. Eriq Gardner, *Disney Sues over Edible Cake Frosting Featuring Marvel, Lucasfilm Characters*, HOLLYWOOD REP. (Sept. 3, 2015, 6:47 AM), <https://www.hollywoodreporter.com/thr-esq/disney-sues-edible-cake-frosting-820032> [<https://perma.cc/P633-8ZFA>].

20. See David Post, *Copyright in Klingon*, WASH. POST: VOLOKH CONSPIRACY (Jan. 9, 2017), <https://www.washingtonpost.com/news/volokh-conspiracy/wp/2017/01/09/copyright-in-klingon/> [<https://perma.cc/BK42-NUGQ>]; *Paramount Pictures Corp. v. Axanar Prods., Inc.*, 121 U.S.P.Q.2d (BNA)1699 (C.D. Cal. 2017).

21. *DC Comics v. Towle*, 802 F.3d 1012, 1017 (9th Cir. 2015).

22. Gene Maddaus, *Disney Files Trademark Suit to Protect ‘Star Wars’ Card Game*, VARIETY (Dec. 21, 2017, 4:50 PM), <https://variety.com/2017/biz/news/sabacc-trademark-lawsuit-star-wars-disney-lucasfilm-ren-ventures-1202647603/> [<https://perma.cc/A74R-MHX4>].

23. John Lynch, *Netflix Asked a ‘Stranger Things’ Pop-up Bar to Shut Down with This Humorous Cease-and-Desist Letter*, BUS. INSIDER (Sept. 19, 2017, 10:34 AM), <http://www.businessinsider.com/netflix-stranger-things-pop-up-bar-funny-cease-and-desist-letter-2017-9> [<https://perma.cc/9NP2-QK4T>].

24. Sam Slaughter, *‘Rick and Morty’ Pop-Up Bar Shut Down by Cartoon Network*, MANUAL (Aug. 20, 2018, 2:30 PM), <https://www.themanual.com/food-and-drink/wubba-lubba-dub-pub-rick-and-morty-pop-up-bar/> [<https://perma.cc/ZFW3-FPZX>]. Hotels and bars regularly entertain guests with cleverly-named cocktails named after customers’ favorite shows. This author, for example, enjoyed sipping a Game of Thrones inspired drink, “The Red Keep,” at the Four Seasons in Silicon Valley. Is the Watergate Hotel in Washington, DC (free-)riding on Hamilton’s coattails with its “Hamilton Inspired Cocktail Menu”? The cocktails include:

The Hamilton Manhattan: Wild Turkey 101, Averna, Bitters

The Angelica: Spicy Tequila, Lime, Cane, P.O.M

This Article examines the phenomenon of living in imaginary worlds that are protected by copyrights and trademarks. Copyright and trademark have expanded from what we read to how we live.<sup>26</sup> While living in fantasy worlds is as old as child's play, "what is new . . . is that *experiences* represent the basis of *economic* activity."<sup>27</sup> To take a quotidian example, "[p]eople rarely if ever bought birthday parties . . . in previous economic eras; [but] today they do so regularly."<sup>28</sup> As leading scholars have noted, we are seeing the commodification of what had been the public domain as intellectual property marches into ever new corners of our lives.<sup>29</sup> The commodification of experiences, however, goes beyond the enclosure of speech into the enclosure of cultural practices.

The commodification of experience is built upon an ever-expanding legal "merchandising right" grounded in both copyright and trademark. Put simply: *Star Wars* would not be *Star Wars* without the Copyright Act of 1976, which expanded considerably from focusing on exact or substantially similar reproductions in the same medium, to ownership of derivatives in a wide range of media, even those far flung from the original work.<sup>30</sup> The derivative work right and *Star Wars* were born together. Today, the merchan-

The Eliza: Vodka Lime, Pineapple, Cassis, Granita

The Lafayette: Hardy VS Cognac, Bourbon, Balsamic Lavender, Bitters

My Shot: Vodka Island Punch Pucker, Lemon/Lime Soda, Grenadine, Cherry Vodka.

WATERGATE HOTEL, <https://www.thewatergatehotel.com/dine-and-drink/hamilton-in-dc> [<https://perma.cc/2MHJ-PHFS>].

25. *Id.*

26. This Article is part of my broader work on branding and the commodification of luxury, experience, and look and feel. See THE LUXURY ECONOMY AND INTELLECTUAL PROPERTY: CRITICAL REFLECTIONS (Haochen Sun, Barton Beebe & Madhavi Sunder eds., 2015); Mario Biagioli, Anupam Chander & Madhavi Sunder, *Brand New World: Distinguishing Oneself in the Global Flow*, 47 U.C. DAVIS L. REV. 455 (2013); Peter Lee & Madhavi Sunder, *Design Patents: Law Without Design*, 17 STAN. TECH. L. REV. 277 (2013); Peter Lee & Madhavi Sunder, *The Law of Look and Feel*, 90 S. CAL. L. REV. 529 (2017).

27. PINE & GILMORE, *supra* note 10, at xix.

28. *Id.*; see also JEREMY RIFKIN, THE AGE OF ACCESS: THE NEW CULTURE OF HYPERCAPITALISM, WHERE ALL OF LIFE IS A PAID-FOR EXPERIENCE 97 (2000) ("The Age of Access is defined, above all else, by the increasing commodification of all human experience. Commercial networks of every shape and kind weave a web around the totality of human life, reducing every moment of lived experience to a commodified status.").

29. JAMES BOYLE, THE PUBLIC DOMAIN: ENCLOSING THE COMMONS OF THE MIND (2008); Yochai Benkler, *Free as the Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain*, 74 N.Y.U. L. REV. 354 (1999); David Lange, *Recognizing the Public Domain*, L. & CONTEMP. PROBS., Autumn 1981, at 147; Jessica Litman, *The Public Domain*, 39 EMORY L.J. 965 (1990).

30. See Robert A. Gorman, Essay, *An Overview of the Copyright Act of 1976*, 126 U. PA. L. REV. 856, 866 (1978) ("[M]ost works presently known or contemplated by the mind of man fall within the list of works to which federal copyright extends under the new Act . . .").

dising right is being stretched to cover not just goods, but also the right to give fans a good time.

The assertion of an exclusive merchandising right over fan culture and activity should not be surprising. In today's economy, the value of merchandise, and merchandising experience, far surpasses the value of the underlying intellectual properties themselves. Merchandising is a \$262 billion-a-year industry.<sup>31</sup> Exclusive merchandising licenses drive cultural production, underwriting the costs of making films and directing which creative projects get pursued in the first place. The *Harry Potter* franchise has earned more than \$25 billion.<sup>32</sup> When Disney revived the *Star Wars* franchise with the release of *The Force Awakens*, the "real moneymaker for . . . Disney" was the associated merchandise.<sup>33</sup> Analysts noted that "Star Wars will make its real money in the mall, not the cinema."<sup>34</sup>

Given the economic and cultural importance of the merchandising right,<sup>35</sup> there is a surprising paucity of scholarship on this topic. Stacey Dogan and Mark Lemley chronicle the uneasy doctrinal foundations of the right under trademark law.<sup>36</sup> Irene Calboli defends the merchandising right under trademark law on the ground that it protects against confusion as to sponsorship.<sup>37</sup> Scholars have offered important critiques of the so-called

31. In 2016, global retail sales of licensed goods reached a record \$262 billion, boosted by the release of new *Star Wars* films, according to the Licensing Industry Merchandisers Association. Ryan Faughnder, *Year-Round 'Star Wars' Toy Sales Boost Entertainment Merchandise Revenue*, L.A. TIMES (May 22, 2017, 10:05 AM), <http://www.latimes.com/business/hollywood/la-fi-ct-licensing-star-wars-20170522-story.html> [<https://perma.cc/98DA-4PPP>]; Dave McNary, *'Star Wars' Movies Push Overall Licensed Merchandise Sales to \$262 Billion*, VARIETY (May 22, 2017, 9:00 AM), <http://variety.com/2017/film/news/star-wars-movies-licensed-merchandise-1202438161/> [<https://perma.cc/5PK7-6M6R>].

32. Nick Wells & Mark Fahey, *Harry Potter and the \$25 Billion Franchise*, CNBC (June 22, 2017, 11:29 AM), <https://www.cnn.com/2016/10/13/harry-potter-and-the-25-billion-franchise.html> [<https://perma.cc/8EDS-NJUC>].

33. Natalie Robehmed, *For Disney, Biggest Payday on Star Wars Won't Be at the Box Office*, FORBES (Dec. 16, 2015, 10:30 AM), <https://www.forbes.com/sites/natalierobehmed/2015/12/16/how-disneys-star-wars-merchandise-is-set-to-make-billions/> (on file with the *Michigan Law Review*) ("Though [*Star Wars: The Force Awakens*] is expected to earn big bucks at the box office—as much as \$500 million in its opening weekend—the real moneymaker for Walt Disney is *Star Wars* merchandise.>").

34. Maddison Connaughton, *Star Wars Will Make Its Real Money in the Mall, Not the Cinema*, VOX (Dec. 18, 2015, 2:30 PM), <https://www.vox.com/2015/12/18/10606300/star-wars-business-explained> [<https://perma.cc/3PTL-Q2FY>] ("[A] \$3999 Millennium Falcon kid's bed and toy lightsabers—these are the real force behind *Star Wars*.").

35. While the "merchandising right" usually refers to trademark rights, in this Article I use the term to also cover the complex set of copyright doctrines that protect rights in merchandise, from substantial similarity to look and feel protection, the derivative work right, and the right to public performance. Conflicts involving merchandise inspired by fantasy works usually involve claims of both trademark and copyright.

36. Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461 (2005).

37. Irene Calboli, *The Case for a Limited Protection of Trademark Merchandising*, 2011 U. ILL. L. REV. 865.

merchandising right, arguing that the law extends copyright and trademark beyond their traditional concerns, is built on circular reasoning, and has pernicious effects on competition and innovation.<sup>38</sup>

This Article considers the doctrine of merchandising rights in light of broader cultural practices that are founded on intellectual properties in fantasy worlds. Drawing upon cultural and social science theory, I seek to complement these earlier arguments by arguing that pay-to-play can extend a copyright and trademark holder's rights in ways that intrude excessively on other rights, in particular the ability to play, imagine, and learn with others, and to reference the cultural works that shape our lives and societies.<sup>39</sup>

Other important scholarship has sought to keep open a liberal space for individuals to engage in fan fiction—the practice of extending the fictional world through written stories.<sup>40</sup> In this Article, I explore efforts to extend stories through the material world. *Fan activity* and *fan activism* allow for critical modes of social and experiential learning and innovation that we must understand to regulate appropriately. Despite the noncommercial nature of much of this activity, intellectual property holders claim the right to control many of these activities; fan use continues only at the sufferance of trademark and copyright owners. Dale Nelson, Vice President and Intellectual Property Counsel for Warner Bros., says they “tolerate” fan uses of their brand properties but are ready to act if a fan is “running a business based on our properties,” or in situations where Warner Bros. believes it is protecting its derivative markets “or potential markets.” “We may not be in that market today,” Nelson says, “but we may be” in the future.<sup>41</sup>

But are there any limits?

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38. See Dogan & Lemley, *supra* note 36, at 464–65 (“[M]uch of the multi-billion dollar industry of merchandise licensing has grown around a handful of cases from the 1970s and 1980s that established merchandising rights with little regard for the competing legal or policy concerns at stake.”); Leslie A. Kurtz, *The Independent Legal Lives of Fictional Characters*, 1986 WIS. L. REV. 429, 524–25 (arguing that copyright law has been stretched beyond its traditional focus on substantial similarity).

39. Others have critically examined the role of excessive copyright on the freedom to play and imagine. See JULIE E. COHEN, *CONFIGURING THE NETWORKED SELF: LAW, CODE, AND THE PLAY OF EVERYDAY PRACTICE* (2012); David Lange, *At Play in the Fields of the Word: Copyright and the Construction of Authorship in the Post-Literate Millennium*, L. & CONTEMP. PROBS., Spring 1992, at 139, 146 (1992) (expressing concern that copyright threatens “our innate emotional hunger for creative play, and our considerable incapacity to resist indulging it”); Jed Rubenfeld, *The Freedom of Imagination: Copyright’s Constitutionality*, 112 YALE L.J. 1 (2002).

40. See, e.g., Sonia K. Katyal, *Performance, Property, and the Slashing of Gender in Fan Fiction*, 14 AM. U. J. GENDER SOC. POL’Y & L. 461 (2006); Rebecca Tushnet, *Legal Fictions: Copyright, Fan Fiction, and a New Common Law*, 17 LOY. L.A. ENT. L.J. 651 (1997). For my own work on this topic, see also Anupam Chander & Madhavi Sunder, *Everyone’s a Superhero: A Cultural Theory of “Mary Sue” Fan Fiction as Fair Use*, 95 CALIF. L. REV. 597 (2007).

41. Interview with Dale Nelson, Vice President and Intellectual Prop. Counsel, Warner Bros. Entm’t Inc., in L.A., Cal. (May 2, 2012) (on file with author).

In this Article, I seek to identify those limits, grounding them in social and cultural theory. Some may dismiss any discussion of wands, wizards, and YouTube videos as trivial. But much of the studies in the humanities and social sciences are dedicated to the study of experience, performance, embodiment, and learning by doing. Drawing on the scholarship of John Dewey, Kenneth Arrow, Michael Polanyi, and Peggy Phelan, I show that deep play with the art and stories of our time is a critical way to learn and engage with the world. This scholarship demonstrates why we must find limits to the merchandising right, preserving freedom of imagination and play.<sup>42</sup>

The argument proceeds in four parts. Part I chronicles the rise of pay-to-play, first with tangible merchandise and then expanding into licensed experiences inspired by fictional worlds—going metaphorically and literally from purchasing light sabers to visiting the Galaxy’s Edge, the new Disney *Star Wars* immersive theme park opening in 2019.

These expansions of the word into the material world are undergirded by law, the “merchandising right.” Part II turns to the tenuous foundations of the merchandising right in trademark and copyright law. Economics has been the main driver of merchandising law. Since the 1970s and 1980s, courts have recognized a right of intellectual property owners to exclusively license their characters and literary creations based on the circular and discredited reasoning of “if value, then right.”<sup>43</sup> Courts, recognizing exclusive licensing rights as lucrative, supported them. The results often steer far from their conceptual moorings in trademark and copyright law.

Part III turns to cultural and social science theory to better understand the role of haptic engagement in fantasy worlds. Perhaps the most influential American theorist of aesthetic experience is John Dewey. Dewey argued that aesthetic progress ought to be measured not by the creation of artistic works, but by the extent of human engagement and participation with cultural works.<sup>44</sup> Dewey’s insights are all the more poignant today in the wake of DIY (do-it-yourself), the Maker Movement, and User Generated Content (UGC) enabled by new technologies and the internet. Kenneth Arrow’s theory of “learning by doing”<sup>45</sup> and Michael Polanyi’s account of tacit knowledge, which reveals how scientific knowledge must be experimented with in labs

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42. Julie Cohen’s important work also explores the importance of play, made possible through legal affordances. See COHEN, *supra* note 39, at 32–104.

43. See, e.g., Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 403–12 (1990); Mark A. Lemley, *Ex Ante Versus Ex Post Justifications for Intellectual Property*, 71 U. CHI. L. REV. 129 (2004) [hereinafter Lemley, *Ex Ante Versus Ex Post Justifications*].

44. JOHN DEWEY, *ART AS EXPERIENCE* (1934); see, e.g., Barton Beebe, Bleistein, *The Problem of Aesthetic Progress, and the Making of American Copyright Law*, 117 COLUM. L. REV. 319, 343–46 (2017) (“[P]ragmatist aesthetics measures aesthetic progress (or regress) largely by the extent of popular, democratic participation in aesthetic practice.”).

45. Kenneth J. Arrow, *The Economic Implications of Learning by Doing*, 29 REV. ECON. STUD. 155, 155 (1962) [hereinafter Arrow, *Learning by Doing*].

with mentors and colleagues,<sup>46</sup> are also gaining new purchase in copyright scholarship and in the digital context as we increasingly recognize that cultural knowledge, too, must be actively experienced, repeated, held, touched, tasted, and practiced with others to be fully known and enjoyed. Finally, I turn to performance theory, which describes the development of individual agency through physical “embodiment” in the cultural worlds we love.<sup>47</sup>

As we shall see, fan activity—from discussion sites to live-action role-playing—fosters learning, creativity, autonomy, sociability, and sheer joy. Law must be attentive to the profound effects these laws have on human imagination and knowledge creation. As I argued in my book, *From Goods to a Good Life: Intellectual Property and Global Justice*, intellectual property law must lift its gaze from the mere promotion of more *goods*, to the promotion of a *good life*: that is, the ability of citizens to deeply engage, practice, experience, critique, learn, and create knowledge for themselves.<sup>48</sup>

In Part IV, I apply the insights of these theories to limit merchandising rights in imaginative play through fair use, the force in the legal galaxy intended to bring balance to the law. This Part argues that fair use ought to privilege three categories of transformative uses by fans: (a) works that promote learning by doing; (b) cases involving the creation of a new work; and (c) exploitation of derivative markets that plaintiffs are unlikely to exploit.

#### I. THE RISE OF PAY-TO-PLAY: FROM ACTION FIGURES TO THE GALAXY’S EDGE

Prior to the 1970s, children’s play was largely free of royalty payments, the stuff of homemade Cinderella ball gowns and unbranded toys. Today, we increasingly face pay-to-play. Child’s play is now serious business. Cultural play involves “officially licensed” cultural merchandise. This market only promises to grow in light of new media offerings of ever more elaborate modes of play, including virtual and augmented reality and detailed real-world renderings based on fictional accounts.

But the leap of fiction from the page, to television, and then to stuff has yet one more turn: to the realm of experience. And with each move, commodification follows.

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46. MICHAEL POLANYI, *THE TACIT DIMENSION* (Univ. of Chi. Press ed. 2009) (1966).

47. CARRIE NOLAND, *AGENCY AND EMBODIMENT: PERFORMING GESTURES/PRODUCING CULTURE 2* (2009).

48. MADHAVI SUNDER, *FROM GOODS TO A GOOD LIFE: INTELLECTUAL PROPERTY AND GLOBAL JUSTICE 22* (2012) [hereinafter SUNDER, *FROM GOODS TO A GOOD LIFE*].

### A. *The Force Awakens: The Rise of Merchandising*

“Merchandising! Merchandising! Where the real money from the movie is made! Spaceballs the t-shirt. Spaceballs the coloring book. Spaceballs the lunchbox. Spaceballs the breakfast cereal. Spaceballs the flame thrower—the kids love this one.”

– *Spaceballs*<sup>49</sup>

Any periodization of the new merchandising and experience economy will find at least two time periods, cleaved by *Star Wars*. Prior to the first *Star Wars* film’s debut in 1977, entertainment products based on shows such as *Howdy Doody* in the 1950s, *Star Trek* in the 1960s, and *The Six Million Dollar Man* in the 1970s were licensed for use on a variety of products, from toys, to lunch boxes, to T-shirts. But total retail sales for all merchandising products in 1977 were just under \$5 billion annually.<sup>50</sup> The release of *Star Wars* was “the watershed of modern merchandising,”<sup>51</sup> with the first trilogy itself accounting for about \$4 billion in merchandise sales, “nearly double the ticket revenues of the original movie trilogy.”<sup>52</sup> As a treatise on the emergent law of merchandising notes, “[a]fter *Star Wars*, merchandising grew exponentially.”<sup>53</sup>

Merchandising:

[R]efers to the licensing of “properties,” such as words, names, titles, symbols, designs, or fictional characters, for use on or in association with products. Such merchandise licensing aims to increase consumer demand for both the original property and the related product, and is an increasingly important marketing device. . . . A successful merchandising program may even be more profitable than the work from which the property is derived.<sup>54</sup>

Merchandising is a kin of branding, moving a business from simply producing goods to marketing them.

Mego Corporation helped start this growth industry by introducing a 3.75-inch action figure in the United States in 1976, relabeling a toy introduced by Takara originally in Japan.<sup>55</sup> With the launch of *Star Wars* in 1977,

49. SPACEBALLS (Metro-Goldwyn-Mayer Studios Inc. 1987).

50. RICHARD RAYSMAN ET AL., INTELLECTUAL PROPERTY LICENSING: FORMS AND ANALYSIS § 9.01 (2017).

51. *Id.*

52. James T. Madore, *Lego Banking Toy Line on ‘The Force,’* NEWSDAY (Feb. 9, 1999, 7:00 PM), <https://www.newsday.com/business/lego-banking-toy-line-on-the-force-1.413764> [<https://perma.cc/U6NP-AA9C>].

53. RAYSMAN ET AL., *supra* note 50, § 9.01.

54. *Id.*

55. Roddy BW, *This Is the Empty Box You’re Looking For: How the First Kenner ‘Star Wars’ Toys Came to Be*, GEEKS, <https://geeks.media/this-is-the-empty-box-you-re-looking-for-how-the-first-kenner-star-wars-toys-came-to-be> [<https://perma.cc/7JQ4-G548>]. Takara had introduced a 3.75-inch “Microman” line of action figures in Japan in 1974, released in the

Kenner Products (now part of Hasbro) introduced 3.75-inch *Star Wars* action figures.<sup>56</sup>

Another critical turning point came when the familiar Danish toy giant Lego joined the world of licensing. Prior to 1999, Lego built its own brand around generic “bricks” with which children could build anything their minds could imagine or what they saw around them. But as the company entered the new millennium and saw its fans leaving for video games and electronic entertainment, Lego faced its first economic losses in decades and “nearly went under.”<sup>57</sup> Its salvation? Licensed Legos.<sup>58</sup> Lego has since signed license deals for official play sets built around such mega properties as *Star Wars*, *The Lord of the Rings*, *Winnie the Pooh*, and *Harry Potter*.<sup>59</sup> On the strength of its licensing portfolio, Lego became the most valuable toymaker in the world.<sup>60</sup>

Today, cultural merchandising fuels cultural creation itself; licensing deals finance film production. Warner Bros. invested more than \$125 million in the motion picture version of J.K. Rowling’s first book in the *Harry Potter* series, *Harry Potter and the Sorcerer’s Stone*.<sup>61</sup> The studio underwrote its enormous investment with more than \$100 million in advances from about 90 domestic licensees and 200 international licensees related to the film’s characters and creations, from Quidditch brooms to wands to candy to costumes.<sup>62</sup> Most of the license agreements included the right to create products

United States under the “Micronauts” name in 1976. See *Takara Henshin Cyborg Series (1972-1975)*, MICRO HERITAGE, <http://www.microforever.com/henshinindex.htm> [<https://perma.cc/V6EC-5PKY>].

56. Kenner originally sold a cardboard display stand with a postcard allowing the owner to later receive four figurines because the toys were not ready by the holiday season. Roddy BW, *supra* note 55.

57. Sam Thielman, *How Lego Became the Most Valuable Toy Company in the World: A Bucketload of License Deals*, ADWEEK (Apr. 15, 2013), <http://www.adweek.com/brand-marketing/how-lego-became-most-valuable-toy-company-world-148578/> [<https://perma.cc/9V7M-SCGH>].

58. The company insists that users not describe the bricks as Legos, a reference to the company’s fear about genericide. See LEGO (@LEGO\_Group), *Replying to @RichardvReeves*, TWITTER (Aug. 20, 2014, 6:35 AM), [https://twitter.com/LEGO\\_Group/status/502086477652959232](https://twitter.com/LEGO_Group/status/502086477652959232) [<https://perma.cc/E46Q-94EP>]

(“@RichardvReeves Please go with ‘LEGO bricks’ or ‘LEGO sets.’ Doing so will help protect and preserve our brand. Thanks for checking!”).

59. Thielman, *supra* note 57.

60. Tom Metcalf & Robert LaFranco, *Lego Builds New Billionaires as Toymaker Topples Mattel*, BLOOMBERG (Mar. 13, 2013, 6:00 PM), <https://www.bloomberg.com/news/articles/2013-03-13/lego-builds-new-billionaires-as-toymaker-topples-mattel> (on file with the *Michigan Law Review*).

61. 1 GREGORY J. BATTERSBY & CHARLES W. GRIMES, *THE LAW OF MERCHANDISE AND CHARACTER LICENSING: MERCHANDISING LAW AND PRACTICE* § 2.8, at 78 (2017).

62. *Id.*

for the second *Harry Potter* movie, yet to be released.<sup>63</sup> Lucasfilm's deal with toy manufacturer Hasbro reportedly guaranteed the film company \$600 million in royalties.<sup>64</sup> George Lucas received warrants to purchase about 7.4 percent of Hasbro in the transaction.<sup>65</sup> Hasbro predicted that the "sale[] of licensed toys alone would top \$5 billion for the three prequel films."<sup>66</sup> Given these vast sums, it is not surprising that Hollywood chooses its projects with an eye to their potential for cultural merchandising.

The *Star Wars* films: \$8.2 billion.

The *Star Wars* merchandise: \$37 billion.<sup>67</sup>

### B. *A New Hope: The Rise of the Experience Economy*

In the 1970s, George Lucas put light sabers in children's hands. In 2019, Disney will open a new immersive theme park called *Star Wars* Galaxy's Edge in Orlando, Florida and Anaheim, California. Disney explains its revolutionary plan:

From the second you arrive, you will become a part of a *Star Wars* story! You'll immediately become a citizen of the galaxy and experience all that entails, including dressing up in the proper attire. Once you leave Earth, you will discover a starship alive with characters, stories, and adventures that unfold all around you. It is 100% immersive, and the story will touch every single minute of your day, and it will culminate in a unique journey for every person who visits.<sup>68</sup>

If 1977 marked the rise of merchandising, 2019 may mark the rise of experience. The galaxy once far, far away is now here.

*Star Wars* is hardly alone in having a large and enthusiastic fan base eager to bring the fictional world to life. Few fictional works have challenged the boundaries between real and unreal as *Harry Potter*. The intangible fantasy world created by J.K. Rowling has found a life in the real world, from the creation of a global Dumbledore's Army of young people dedicated to upholding the books' values in the real world,<sup>69</sup> to a real-world, online *Daily*

63. *Id.*

64. *Id.* at 73.

65. *Id.*

66. *Id.* at 72.

67. Lee Seymour, *Over the Last 20 Years, Broadway's 'Lion King' Has Made More Money for Disney than 'Star Wars,'* FORBES (Dec. 18, 2017, 5:13 PM), <https://www.forbes.com/sites/leeseymour/2017/12/18/the-lion-king-is-making-more-money-for-disney-than-star-wars/> [https://perma.cc/92CR-PTRS].

68. Jennifer Fickley-Baker, *Plans Unveiled for Star Wars-Inspired Themed Resort at Walt Disney World,* DISNEY PARKS BLOG (July 15, 2017), <https://disneyparks.disney.go.com/blog/2017/07/plans-unveiled-for-star-wars-inspired-themed-resort-at-walt-disney-world/> [https://perma.cc/D9Q4-TT3L]

(quoting Bob Chapek, Chairman of Walt Disney Parks & Resorts).

69. Lisa Granshaw, *The Harry Potter Alliance: A Real Dumbledore's Army Uses Their Passion to Make a Difference,* SYFY WIRE (Apr. 6, 2017), <http://www.syfy.com/syfywire/harry->

*Prophet* edited by children around the globe.<sup>70</sup> There are scores of unofficial *Harry Potter* parties, websites, books, and summer camps. Even the fictional pastime of the wizarding world, Quidditch, has been brought to life, with hundreds of real world Quidditch teams at high schools and universities around the globe competing for the chance to win the Quidditch World Cup.<sup>71</sup> Students run on the field with brooms between their legs, and a human runner personifies the enchanted Snitch ball.<sup>72</sup> It is not too fantastic to imagine that someday children enter college on a Quidditch scholarship.

The *Percy Jackson* series of Greek mythological adventures by Rick Riordan spurred the emergence of summer camps where children could act the part of demigods.<sup>73</sup> One of the most popular of such camps was initiated by the bookstore Book People in Austin, Texas.<sup>74</sup> Kids from around the world apply to attend the real-world Camp Half-Blood.<sup>75</sup> One camp director explained the goal of Camp Half-Blood: “We want [kids] to feel like they’ve lived inside their favorite book and have something to say as to what is happening in that world.”<sup>76</sup> Campers make decisions within the framework of the stories that affect the ways the story unfolds.<sup>77</sup> Though the camp has actors, a costume and wardrobe department, makeup and prosthetic effects, in the end, “[k]ids’ imaginations are their most important tool. Their ability to play and problem solve are their biggest assets out there.”<sup>78</sup>

Marketing experts observe that “millennials—and people around the world—want[] an experience rather than possessions.”<sup>79</sup> The goal of entrepreneurs today is to capitalize on this emerging experience economy.

potter-alliance-real-dumbledores-army-using-their-passion-jk-rowlings-series-make [https://perma.cc/YXW8-ZQDB].

70. See Manohla Dargis & A.O. Scott, *The Fans Own the Magic*, N.Y. TIMES (July 1, 2011), <https://www.nytimes.com/2011/07/03/movies/the-fans-are-all-right-for-harry-potter.html> (on file with the *Michigan Law Review*).

71. *About*, INT’L QUIDDITCH ASS’N, <http://iqaquidditch.org/about.html> [https://perma.cc/4764-LE64]; Chris Sosa, *Real-Life Quidditch: No Flying, but Lots of Strategy, Tackling and Athleticism*, CHI. TRIB.: REDEYE (Nov. 18, 2016, 9:52 AM), <http://www.chicagotribune.com/redeye/redeye-how-quidditch-works-in-real-life-harry-potter-20161108-story.html> [https://perma.cc/AD3Q-QPU7].

72. Sosa, *supra* note 71.

73. See, e.g., Topher Bradfield, *About Us*, CAMP HALF-BLOOD, <https://bookpeoplecamphalfblood.wordpress.com/about/> [https://perma.cc/68DC-6ML6].

74. See *id.*

75. See *id.*

76. Telephone Interview with Topher Bradfield, Children’s Outreach Coordinator & Literary Camp Dir., BookPeople (Aug. 19, 2012) (on file with author).

77. Bradfield, *supra* note 73.

78. Telephone Interview with Topher Bradfield, *supra* note 76.

79. Kim Slowey, *How Amusement Features in Mixed-Use Projects Are Driving the ‘Experience Economy’*, CONSTRUCTION DIVE (May 2, 2017), <https://www.constructiondive.com/news/how-amusement-features-in-mixed-use-projects-are-driving-the-experience-ec/441670/> [https://perma.cc/V8V5-Y8JP] (quoting Justin Beavis, co-founder of Urban Legacies).

Marketing experts Joseph Pine and James Gilmore first announced the emergence of the experience economy in the pages of the *Harvard Business Review* in 1998.<sup>80</sup> They described this new economic mode as the next stage in economic progress, which they exemplified through the evolution of a birthday cake: from baking from scratch, to purchasing a Betty Crocker cake mix, to ordering a cake from a baker, and now to outsourcing the entire event to Chuck E. Cheese.<sup>81</sup> They counseled businesses (and even cities) to remake themselves from offering goods and services to staging experiences that might engage all five senses.<sup>82</sup> The cover of Pine and Gilmore's subsequent book on the subject depicts tickets to experiences, suggesting the coming commodification of life events.<sup>83</sup> While Pine and Gilmore embrace the experience economy, the commodification raises questions: Will we have to buy tickets for everything we do? And who will control who can provide those experiences?

The move to experience reflects many simultaneous technological and economic developments, including the rise of communications and transportation technologies, as well as global supply chains that bring the raw materials needed for the experience within the reach of many. Pine and Gilmore observe that “[n]ew technologies . . . encourage whole new genres of experience, such as interactive games, Internet chat rooms and multi-player games, motion-based simulators, and virtual reality.”<sup>84</sup> Of course, the technological basis of the modern experience economy goes beyond processing power. While it is easy to imagine enthusiasts offering homemade experiences to bring fantasies to life, even such experiences often are undergirded by contemporary technologies. Do-it-yourself (DIY) is empowered by obsessed and creative individuals who learn from YouTube instructional videos, purchase Etsy handicrafts, modify Alibaba and eBay mass merchandise, and interact with each other at specialized conventions. The Maker Movement “tap[s] into an American admiration for self-reliance and combine[s] that with open-source learning, contemporary design and powerful personal technology like 3-D printers.”<sup>85</sup> Social media helps circulate information, attracting both collaborators and consumers.

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80. B. Joseph Pine II & James H. Gilmore, *Welcome to the Experience Economy*, HARV. BUS. REV., Jul.–Aug. 1998, <https://hbr.org/1998/07/welcome-to-the-experience-economy> (on file with the *Michigan Law Review*).

81. *Id.* (“Now, in the time-starved 1990s, parents neither make the birthday cake nor even throw the party. Instead, they spend \$100 or more to ‘outsource’ the entire event to Chuck E. Cheese’s, the Discovery Zone, the Mining Company, or some other business that stages a memorable event for the kids—and often throws in the cake for free.”).

82. *See id.*

83. *See* PINE & GILMORE, *supra* note 10.

84. Pine & Gilmore, *supra* note 80 (noting the “processing power required to render ever-more immersive experiences”).

85. Joan Voight, *Which Big Brands Are Courting the Maker Movement, and Why: From Levi’s to Home Depot*, ADWEEK (Mar. 17, 2014), <http://www.adweek.com/brand-marketing/>

Personalized experiences delivered at a mass commercial scale are only economically feasible because of the rise of computing. Experiencing the Galaxy's Edge will no doubt require that you wear a radio frequency identification (RFID) chip, transmitting your identity and precise location to sensors throughout the park, allowing computers to monitor and inform local engagements with you. Facial recognition will empower many of these experiences.

The move toward “[s]imulated lived experience in cyberspace” places renewed emphasis on performance.<sup>86</sup> “In cyberspace . . . one goes from watching the screen to going behind the screen and becoming the performance.”<sup>87</sup> Cyberspace theorist Randall Walser describes the move thusly: “[p]rint and radio tell; stage and film show; cyberspace embodies.”<sup>88</sup>

In short, whether delivered by multinational corporations to millions or by passionate individuals, experiences often rely on contemporary technologies. The key difference between the mass corporate scale and the passionate individual fan is not whether the experience is provided for a fee—both might have a cost, whether the experience is licensed or not. I turn to the law undergirding such licensing in the next Part.

## II. THE TENUOUS MERCHANDISING RIGHT

A commonplace assumption of the entertainment industry today is that intellectual property owners have an absolute right to fully exploit their copyrights and trademarks in a variety of media well beyond film rights, including toys, video games, theatrical plays, and theme parks.<sup>89</sup> If anyone is playing with a popular universe, they are doing so only at the sufferance of the copyright and trademark owner. Courts and laypeople alike seem to share a feeling “that authors should be granted the ability to control the use of their creations. They should have the right to mold the future of their characters, to prevent their abuse or distortion, and to benefit financially in the marketplace.”<sup>90</sup>

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which-big-brands-are-courting-maker-movement-and-why-156315/ [https://perma.cc/EBP8-2CHL].

86. RIFKIN, *supra* note 28, at 170.

87. *Id.*

88. *Id.* (quoting Randal Walser, *Elements of a Cyberspace Playhouse*, NAT'L COMPUTER GRAPHICS ASS'N 1990 CONF. PROC. 403, 403 (on file with the *Michigan Law Review*)).

89. See I THOMAS D. SELZ ET AL., ENTERTAINMENT LAW: LEGAL CONCEPTS AND BUSINESS PRACTICES § 3:33 (3d ed. 2017) (focusing on “Need to control rights in multiple media and multiple territories—Multiple media—Potential revenues—Derivative media revenue”). For a critical appraisal of this emergent right, see generally Dogan & Lemley, *supra* note 36, at 479–80, 506, who complain that trademark owners “act as though the merchandising theory is a *fait accompli*.”

90. Kurtz, *supra* note 38, at 437.

But is there any limit? Should the hundreds of handmade items inspired by *Harry Potter* sold on Etsy be illegal in order to preserve Warner Bros.' exclusive right to merchandise goods? Warner Bros. shut down a shop called Whimsic Alley in Los Angeles, California, calling the shop's fake "Great Hall" and hosting of *Harry Potter* parties trademark infringement.<sup>91</sup> Can Warner Bros. shut down real world Quidditch leagues around the world, and the unofficial purveyors of brooms, costumes, and other supplies for these games? What about book stores or the Girl Scouts who hold *Harry Potter*-themed summer camps?

Fan activity potentially implicates several rights of a copyright owner, from the reproduction right, to the right to make and control derivative works, to the right of public performance. Owners of trademarks argue that unlicensed merchants are freeriding, profiting from brands built by others. Trademark owners have still other concerns: if an adult engages in lewd behavior while wearing an unauthorized Tigger costume, Disney fears the brand will be tarnished.<sup>92</sup>

Neither the Lanham Act nor the Copyright Act mention any distinct merchandising right. Rather, the so-called "merchandising right" is a creature of the common law, cobbled together by lower courts in cases and resting on both trademark and copyright. The following Sections trace the rise of this right, demonstrating both its uncertain foundations and its seemingly boundless scope.

### A. Trademark

The lucrative licensing deals of Warner Bros. for *Harry Potter* merchandise and Lucasfilm for *Star Wars* paraphernalia rely primarily—yet uneasily—on a series of federal circuit court trademark decisions from the 1980s. As we shall see, many of these decisions are myopically driven by courts' concern for the potential economic value of the trademark properties. Rather than focus on consumer confusion, the traditional concern of trademark, these decisions ground a new so-called merchandising right on a circular reasoning often characterized as "if value, then right," the misconceived idea that where there is potential economic value a legal right should follow.

This Section reviews the birth of the merchandising right in trademark to shed light on potential future expansions of these laws to cover fan-based activity that is currently "tolerated" by IP owners and allowed to thrive li-

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91. Daniel Miller, *Whimsic Alley, the Store Sued by Warner Bros. over Its 'Harry Potter' Wares, Is Closing*, L.A. TIMES (July 20, 2017, 7:00 AM), <http://www.latimes.com/business/hollywood/la-fi-ct-whimsic-alley-closing-20170718-story.html> [<https://perma.cc/3YH4-8G4T>].

92. See Associated Press, *Cookie Monster, Elmo: Monster Behavior in Times Square?*, USA TODAY (Apr. 9, 2013, 6:37 PM), <https://www.usatoday.com/story/news/nation/2013/04/09/cookie-monster-elmo-times-square-trouble/2069037/> [<https://perma.cc/J33R-JN26>] (describing inappropriate activities among people who dress up as characters, from Elmo to Hello Kitty, to make a few extra dollars with tourists in Times Square).

cense-free. As we shall see, courts did not always recognize near absolute rights to manufacture toys based on popular entertainment properties.

In the 1977 case of *Ideal Toy Corp. v. Kenner Products*,<sup>93</sup> Lucasfilms and its licensee, Kenner, sued Ideal Toy for making “Star Team” action-figure dolls similar in concept and appearance to *Star Wars* characters Darth Vader, C-3PO, and R2-D2. The court held that because the “Star Team” dolls were dissimilar in appearance from the *Star Wars* action figures, and because Ideal Toy used different trade names for its dolls and not trademarked names such as “Darth Vader” or “R2-D2,” there was no likelihood of consumer confusion as to either source or sponsorship.<sup>94</sup> Most notably, Ideal Toy prevailed even though it admitted to seeking to cash in on the star toy fad, a fad undoubtedly spurred by the *Star Wars* movies.<sup>95</sup> In this sense, the “Star Team” manufacturers were freeriding on the efforts of others—and the court abided this. The court allowed the company to compete in this area so long as its products were not likely to confuse consumers.

This approach, allowing competition in the manufacture of toys inspired by popular children’s stories, did not last long. In the 1980s, Warner Bros. wrangled in a series of disputes with manufacturers of unlicensed toy cars similar in appearance to the “General Lee,” the car featured in Warner Bros.’ popular television series *The Dukes of Hazzard*. Defendant Gay Toys manufactured a toy car called the “Dixie Racer,” which was a bright orange Dodge Charger with a confederate flag decal and the numerals 10 on the door (the original General Lee was nearly identical but had the numerals 01 on the door).<sup>96</sup> The federal district court in Manhattan denied plaintiff’s motion for a preliminary injunction, saying that purchasers of the toy car did not care whether the car was sponsored by the producer of the television show or not—kids just wanted a car that looked like the General Lee to enhance their play.<sup>97</sup> Parents, too, the lower court opined, likely cared little about Warner Bros.’ endorsement,<sup>98</sup> preferring instead “the lower prices presumably made

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93. *Ideal Toy Corp. v. Kenner Prods. Div. of Gen. Mills. Fun Grp., Inc.*, 443 F. Supp. 291 (S.D.N.Y. 1977).

94. *Id.* at 303–04, 309.

95. *Id.* at 304.

96. *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76 (2d Cir.), *rev’g* 513 F. Supp. 1066 (S.D.N.Y. 1981).

97. *Id.* at 78. A problematic aspect of the district court’s decision was its argument that children do not care about a toy’s sponsorship—they just want the toy. *See Warner Bros, Inc. v. Gay Toys, Inc.*, 553 F. Supp. 1018, 1019 n.4 (S.D.N.Y.), *aff’d*, 724 F.2d 327 (2d Cir. 1983). As the appeals court rightly noted, consumers need not know the name of the source of any particular product or service. *Warner Bros, Inc. v. Gay Toys, Inc.*, 724 F.2d 327, 332–34. The key is whether they believe a product or service comes from a *single source*. *Id.* This is known as the “anonymous source” doctrine in trademark law.

98. *Warner Bros.*, 513 F. Supp. at 1068–69.

available by unlimited competition and the elimination of the producer's royalty."<sup>99</sup>

The Court of Appeals for the Second Circuit reversed.<sup>100</sup> The appellate court's decision was driven largely by its concern to preserve Warner Bros.' lucrative licensing program. "Warner Bros. has licensed other toy manufacturers to produce authorized replicas of the 'General Lee,'" the court observed.<sup>101</sup> It added that "this was not only the custom and practice of the industry, but also that product licensing arrangements were ultimately more profitable than the T.V. series itself."<sup>102</sup> The court was up front in its concerns about the potential economic value of exclusive licenses for Warner Bros., stating that Warner Bros. "has a substantial financial interest at stake . . . . If the injunction is denied, Warner Bros. and its licensees will suffer substantial lost sales, and its licensing program will lose much of the confidence reposed in it by the licensees, who also made substantial investments based upon the exclusivity of their licenses."<sup>103</sup>

The appeals court emphasized the crux of Gay Toys' wrong as unjust enrichment and unfair competition. Citing the 1918 Supreme Court case of *International News Service v. Associated Press*, which enjoined a competitor of the Associated Press on a theory of freeriding,<sup>104</sup> the Second Circuit in *Warner Bros.* concluded that "[t]o deny Warner Bros. injunctive relief would be to enable Gay Toys 'to reap where [i]t has not sown.'"<sup>105</sup> Gay Toys had "deliberately utilized these [car] symbols to capitalize on the demand created by 'The Dukes of Hazzard' and the 'General Lee,'" the court opined, "in order to divert business and increase its sales by misleading consumers as to the source and sponsorship of the 'Dixie Racer.'"<sup>106</sup> Indeed, copying the look of the General Lee paid off—Gay Toys sold over 500,000 of these toy cars, with a backorder of 700,000 more—well over the sales of the same Dodge Charger toy car before the company had changed its look to resemble the General Lee.<sup>107</sup> Drawing upon the reasoning of *Warner Bros.*, the Seventh Circuit Court of Appeals affirmed a permanent injunction against a separate unlicensed manufacturer of a General Lee look-alike on similar grounds.<sup>108</sup> In so doing, both circuit courts adopted a rebuttable presumption that "[i]n instances of intentional copying the second comer is generally presumed to

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99. See *Warner Bros.*, 553 F. Supp. at 1020 n.4.

100. *Warner Bros.*, 658 F.2d 76.

101. *Id.* at 79.

102. *Id.*

103. *Id.*

104. 248 U.S. 215, 239–40 (1918).

105. *Warner Bros.*, 658 F.2d at 80 (quoting *Int'l News Serv.*, 248 U.S. at 239) (second alteration in original).

106. *Id.* at 78.

107. *Id.*

108. *Processed Plastic Co. v. Warner Commc'ns, Inc.*, 675 F.2d 852, 856 (7th Cir. 1982).

have intended to create a confusing similarity of appearance and to have succeeded in doing so.”<sup>109</sup>

The reasoning regarding likelihood of confusion is circular. Where the federal district court in Manhattan in *Warner Bros.* found no evidence that purchasers of the toy cars were likely confused as to source, the Second Circuit’s rebuttable presumption helps to ensure that purchasers will be confused about sponsorship in the future. Now that toys *must* be licensed, purchasers will presume them to be licensed, and they will be confused when toys are not.<sup>110</sup>

Freeriding is a justification for another emergent trademark claim: initial interest confusion. Under this theory, a defendant is held liable for getting one’s foot in the door with potential customers by appealing to consumers’ interest in plaintiff’s brand, even when there is no confusion about sponsorship at the point of sale.<sup>111</sup> Unlicensed merchandise may constitute initial interest confusion, creating an initial impression of sponsorship or endorsement.

Notably, the federal district court in the *Warner Bros.* litigation sought repeatedly to consider both the effects on competition and on children’s play. “Successful children’s television programs usually produce an intense desire among their viewers to act out the parts of characters in the televised dramas,”<sup>112</sup> the court observed. “This, in turn, creates a market for toys which would assist the children in pursuing their fantasies.”<sup>113</sup> The court was not convinced that in light of this phenomenon of children wanting to play with toys related to their favorite stories that the “television producer should be entitled—in addition to whatever direct revenue it may obtain by selling its program to networks and independent stations—to exploit such demand for toy imitations by restricting their distribution to its own licensees.”<sup>114</sup> For its part, Gay Toys “did no more than openly assert a right to share in whatever market may have been created by the success of plaintiff’s television

109. *Id.* at 857.

110. The First Circuit adopted the rebuttable presumption in *Boston Athletic Ass’n v. Sullivan*, 867 F.2d 22, 35 (1st Cir. 1989) (“[W]hen a manufacturer intentionally used another’s mark as a means of establishing a link in consumers’ minds with the other’s enterprise, and directly profits from that link, there is an unmistakable aura of deception.”). Again, the court decried that defendants “obtain a ‘free ride’ at plaintiff’s expense.” *Id.* at 33. Putting a contemporary spin on the famous language from *International News v. Associated Press* stating that defendants should not be permitted to “reap where [they have] not sown,” *id.* (quoting *Int’l News Serv. v. Associated Press*, 248 U.S. 215, 239 (1918)), the court stated that in this case, allowing defendants to profit from selling unlicensed “Boston Marathon” t-shirts was akin to “be[ing] given a medal without having run the course.” *Id.*

111. See *Mobil Oil Corp. v. Pegasus Petroleum Corp.*, 818 F.2d 254 (2d Cir. 1987).

112. *Warner Bros., Inc. v. Gay Toys, Inc.*, 553 F. Supp. 1018, 1019 (S.D.N.Y.), *aff’d*, 724 F.2d 327 (2d Cir. 1983).

113. *Id.*

114. *Id.*

show.”<sup>115</sup> But the district court’s hands were tied, since the appellate court established a rebuttable presumption finding confusion where defendants intentionally copied plaintiff’s mark.<sup>116</sup> The district court read the higher court’s opinion as conclusively “adopting the position that a television producer is entitled to monopolize *any* market created by the popularity of its shows.”<sup>117</sup>

The intuition underlying the appellate courts’ rebuttable presumption is that intentional copying ought to be punished. Yet, this reasoning has been expressly rejected by the U.S. Supreme Court in the trademark context. As the Court stated in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, “In general, unless an intellectual property right such as a patent or copyright protects an item, it will be subject to copying.”<sup>118</sup> The Court expressly recognized the benefits of copying outside of the legal protections offered by copyright and patent laws, acknowledging that “[a]llowing competitors to copy will have salutary effects in many instances.”<sup>119</sup> Copyright and patent laws prohibit copying expressions and inventions for limited duration with a public interest goal in mind: incentivizing innovation. But legislatures have determined that outside the limited confines of copyright and patent, competition—which thrives on copying<sup>120</sup>—ought to be the norm. Trademark protection, which potentially can last forever, is tailored to a wholly different public goal: the prevention of consumer confusion and the efficient functioning of markets. Outside of consumer confusion, trademark law seeks to promote efficient markets, which includes fair competition.

In an important critique of the emergent merchandising right, Stacey Dogan and Mark Lemley respond to the idea that every benefit to be derived from a first-comer’s market should be enjoined as unjust enrichment. “[T]he world is full of free riding,”<sup>121</sup> they observe. Dogan and Lemley argue that the merchandising decisions stray too far from trademark’s traditional public policy concern: consumer confusion.<sup>122</sup> Some acknowledge the merchandising right is far afield of traditional trademark rights, but say the trademark

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115. *Id.* at 1020.

116. *Id.*

117. *Id.* at 1021 (emphasis added).

118. 532 U.S. 23, 29 (2001).

119. *TrafFix Devices*, 532 U.S. at 29.

120. See, e.g., Ralph S. Brown, *The Joys of Copyright*, 30 J. COPYRIGHT SOC’Y U.S.A. 477, 481 (1983) (“[C]ompetition is copying . . . .”); Robert C. Denicola, *Freedom To Copy*, 108 YALE L.J. 1661, 1661 (1999) (“[L]aws that restrain copying . . . restrain competition.”).

121. Dogan & Lemley, *supra* note 36, at 480.

122. See *id.* at 482–83 (commenting that such reasoning “has no logical stopping point” if the underlying motive is to prohibit “free riding”); see also Kurtz, *supra* note 38, at 505 (“[N]ot every use of another’s creation is wrongful or ‘unjust.’ A system that allows the non-confusing copying and exploitation of another’s creations may achieve greater social utility and economic value than a system that forbids such activities.”).

owner has a better claim than anyone else to own the merchandising right.<sup>123</sup> This reasoning fails to account for the social benefits of *limiting* control and allowing for a competitive market in ancillary products. Where there is no confusion, customers will benefit from competition, which leads to greater choice, higher quality products, new potential markets, and lower prices.<sup>124</sup> Allowing competition and access to ancillary markets has still other benefits. As Brett Frischman and Mark Lemley describe, there are many salutary effects of “[s]pillovers—uncompensated benefits that one person’s activity provides to another,” which I argue in the next Part include follow-on learning, expansion of human imagination, freedom, and sociability.<sup>125</sup>

There is another important argument to consider in the context of trademarks in merchandise that enhances the ability of individuals, especially children, to put themselves into fantasy worlds. In many of these cases, the brand does not serve to identify the source of the product, but is the product itself. Kids want a wand to play *Harry Potter*, and they or their parents may not care about the sponsorship of the wand at all. In these cases, the brand may be “aesthetically functional,” and it would unduly harm competition to recognize an exclusive right in the mark in such cases.<sup>126</sup> To be sure, some will want to pay more for an “authentic” experience. But does this mean that others should be prohibited from offering competing goods at cheaper prices? As Dogan and Lemley argue, recognizing trademark rights in these contexts has pernicious effects on competition and expressive liberties, as customers seek to express themselves through the brands they wear and use.<sup>127</sup> The doctrine of aesthetic functionality, however, has become a controversial one because if applied too liberally, it threatens to undermine trademark protection altogether.<sup>128</sup> “It would mean that simply because a consumer

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123. See Robert C. Denicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Trade Symbols*, 62 N.C. L. REV. 603, 604, 641 (1984).

124. Dogan and Lemley conjecture that the Supreme Court, if it were to confront the legitimacy of an absolute merchandising right, would reject it based on this reasoning, as the Court has recently affirmed that trademark law should not be used to stifle competition or even copying, which is the subject matter of copyright and patent, not trademark. See Dogan & Lemley, *supra* note 36, at 465 & n.14.

125. Brett M. Frischmann & Mark A. Lemley, *Spillovers*, 107 COLUM. L. REV. 257, 258 (2007); see also Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1057 (2005) (“The broader the scope of an intellectual property right, the less room there is for new innovators to develop and market new products, because the law itself restricts that competition.”).

126. See Dogan & Lemley, *supra* note 36, at 502–05 (discussing aesthetic functionality of brands that are products themselves rather than merely source identifiers).

127. *Id.* at 500 (“When fans buy Harvard shirts, Chicago Cubs hats, Rolling Stones tattoos, or Winnie the Pooh cakes from the local bakery, they are doing so not because they believe that . . . the . . . trademark holders made or sponsored the *goods*, but because the trademark in this context serves an important communicative function for them.”).

128. In *Au-Tomotive Gold, Inc. v. Volkswagen of America, Inc.*, 457 F.3d 1062 (9th Cir. 2006), the Ninth Circuit Court of Appeals reversed a district court decision that had held the

likes a trademark, or finds it aesthetically pleasing, a competitor could adopt and use the mark on its own products. Thus, a competitor could adopt the distinctive Mercedes circle and tri-point star or the well-known golden arches of McDonald's, all under the rubric of aesthetic functionality."<sup>129</sup> Given the difficulty of cabining this doctrine, I propose trademark fair use as a better doctrine for limiting the extent of trademark monopolies over secondary fan markets.<sup>130</sup>

In short: the ever-expanding merchandising right rests on judicial interpretations extending trademark rights dramatically based largely on either a Lockean impulse<sup>131</sup> or the circular view that these rights are valuable and thus must be protected. These decisions are driven more by concerns for corporate profit than the public interest. Where trademark is supposed to protect consumers, the merchandise right has been designed to protect a certain category of merchants. As Dogan and Lemley conclude, "a nonconfusion-based merchandising right promotes no legitimate policy goal and imposes significant economic and expressive costs, and therefore should be abandoned."<sup>132</sup> This Article agrees with these prescient critiques of an expansive merchandising right. The time is ripe for lawmakers to consider the economic and social effects of an overly broad merchandising right and to scale back the right where its costs cannot be justified.

In addition to consumer confusion, trademark law protects a mark from the dilution of its distinctive meaning and the loss of consumer goodwill. The doctrine of dilution by blurring protects the uniqueness of a mark and its ability to immediately, strongly signal the source of a product. Because trademark owners can lose a mark for failing to police it, more trademark owners may be tempted to use dilution by blurring to prevent unlicensed uses of protected characters and settings, on the ground that such use will weaken the association between the characters and the intellectual property owner.

Another potential claim is dilution by tarnishment. In *HIT Entertainment, Inc. v. National Discount Costume Co.*, various owners of copyrights and trademarks in the children's television characters Barney, Bob the Builder, and Thomas the Tank Engine sued a discount costume manufacturer for copyright and trademark violations of character appearances and names.<sup>133</sup> The plaintiffs argued that they intentionally did not license adult costumes for these characters for fear that one of these adults would engage in inap-

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logos of Volkswagen and Audi to be aesthetically functional because customers desired these logos regardless of the source of the products. The Ninth Circuit disagreed, arguing that "[a]ccepting Auto Gold's position would be the death knell for trademark protection." *Id.* at 1064.

129. *Id.*

130. See *infra* Section IV.A.

131. See generally ROBERT P. MERGES, JUSTIFYING INTELLECTUAL PROPERTY (2011).

132. Dogan & Lemley, *supra* note 36, at 478.

133. 552 F. Supp. 2d 1099 (S.D. Cal. 2008).

propriate behavior while wearing the costume, thus jeopardizing the goodwill associated with the characters.<sup>134</sup> The federal district court found no evidence that purchasers of the costumes used them to provide children's entertainment, and thus rejected plaintiffs' claim that such uses constitute unfair competition.<sup>135</sup> Furthermore, the court did not find that the costumes infringed plaintiff's copyright or trademarks because they were too dissimilar from the protected characters.<sup>136</sup> But the court went on to permanently enjoin the costume manufacturer's use of trademarked names—"Barney," "Bob the Builder" and "Thomas," to describe the costumes in their catalogues on the familiar theory that such use was likely to cause confusion as to the sponsorship of the costumes.<sup>137</sup> Notably, the court was so caught up with concerns about unjust enrichment and freeriding on the trademarked names that it failed to consider one of the basic trademark infringement defenses, nominative use.<sup>138</sup> If the costume manufacturer has a right to copy otherwise copyrighted and trademarked costumes, how else can it refer to these costumes without using their trade names?

Copyright and trademark owners in fantasy worlds geared toward children frequently ground their claims for absolute control over their properties on the goal of protecting children. J.K. Rowling, while allowing a great deal of fan-created fiction stories and art inspired by the *Harry Potter* series to flourish on the internet, has expressed concern about sexually explicit material that may attract and disturb young children.<sup>139</sup> While these concerns may be valid, trademark and copyright laws are not the proper tools for policing against unsavory uses. Absolute rights to control all adult use of children's literature tramples on First Amendment and other human rights to enjoy and participate in culture. As I explore in the next Section, children and adults alike inhabit cultural universes. Although many of these fictional universes are geared toward children, they are not exclusively reserved for them. *Star Wars* is equally if not more popular among adult fans. A trademark argument can be made that the mark loses its distinctiveness through

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134. *HIT Entm't*, 552 F. Supp. 2d at 1102. Lyrick Studios, Inc., the producer of the television show *Barney & Friends*, has engaged in an extensive campaign to prevent people from dressing in unauthorized Barney costumes. In the words of Lyrick's general counsel, "We're afraid that someone presenting himself as Barney could get a child to do something inappropriate." Pamela Manson, *A Super D-Duper Job*, *TEX. LAW.*, Feb. 4, 2002, at 5, LexisNexis.

135. *HIT Entm't*, 552 F. Supp. 2d at 1105.

136. *Id.* at 1105, 1107.

137. *Id.* at 1106–07. In another case, involving a skit where a man dressed in a chicken costume beat up another dressed as Barney, a federal district court found no trademark violation in the unauthorized use of the Barney costume because there was no likelihood of confusion as to source, and no copyright violation, reasoning that the chicken skit was a fair use parody. *Lyons P'ship v. Giannoulas*, 14 F. Supp. 2d 947, 953 (N.D. Tex. 1998).

138. See *infra* text accompanying notes 332–337.

139. Darren Waters, *Rowling Backs Potter Fan Fiction*, BBC (May 27, 2004, 12:11 PM), <http://news.bbc.co.uk/2/hi/entertainment/3753001.stm> [https://perma.cc/K7PV-EGS9].

tarnishing association with what might be considered unwholesome behavior. However, efforts to regulate speech activities to protect children have often been struck down by the Supreme Court as impermissibly broaching upon the defendants' First Amendment rights.<sup>140</sup>

Recently, for the first time ever, the Supreme Court has directly invalidated a provision of the federal trademark statute on First Amendment grounds. In *Matal v. Tam*, the Court held that the disparagement clause under Lanham Act section 2a, which barred protection of trademarks that may “‘disparage . . . or bring . . . into contemp[t] or disrepute’ any ‘persons, living or dead,’” violates the Free Speech Clause of the First Amendment.<sup>141</sup> In *Tam*, an all-Asian rock band, The Slants, had been denied a federal trademark registration in the band name on the ground that “slant” is a derogatory term for Asians and on the belief that the name would offend many Asians.<sup>142</sup> Ironically, the band had sought to use the name as a term of empowerment, reappropriating a racial slur to diminish its intended impact.<sup>143</sup> The band leader, Simon Tam, challenged the trademark office’s denial of the registration on the ground that the law did not recognize the nuanced nature of the speech intended.<sup>144</sup>

The Court in *Tam* rejected the argument that the government through its trademark law could seek to prevent “‘underrepresented groups’ from being ‘bombarded with demeaning messages in commercial advertising,’” holding that protection of hateful and offensive speech lies at the core of First Amendment protected speech.<sup>145</sup> The Court held that the disparagement clause “offends a bedrock First Amendment principle: Speech may not be banned on the ground that it expresses ideas that offend.”<sup>146</sup> It was an unintended result for Tam, who has supported Native American groups’ long-running effort to deny federal trademark protection for the Washington

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140. See, e.g., *Ashcroft v. ACLU*, 542 U.S. 656 (2004) (affirming that the district court appropriately granted a preliminary injunction staying the enforcement of the Child Online Protection Act, 47 U.S.C. § 231); *Reno v. ACLU*, 521 U.S. 844 (1997) (affirming that the district court appropriately granted a preliminary injunction staying the enforcement of the Communications Decency Act of 1996, 47 U.S.C. § 223).

141. 137 S. Ct. 1744, 1751 (2017) (alterations in original) (quoting 15 U.S.C. § 1052(a) (2012)).

142. *Tam*, 137 S. Ct. at 1754.

143. *Id.* at 1751.

144. See *In re Tam*, 808 F.3d 1321, 1332 (Fed. Cir. 2015).

145. *Tam*, 137 S. Ct. at 1764 (quoting Brief for the Petitioner at 48, *Tam*, 137 S. Ct. 1744 (No. 15-1293)). The Court further states, “Speech that demeans on the basis of race, ethnicity, gender, religion, age, disability, or any other similar ground is hateful; but the proudest boast of our free speech jurisprudence is that we protect the freedom to express ‘the thought that we hate.’” *Id.* (quoting *United States v. Schwimmer*, 279 U.S. 644, 655 (1929) (Holmes, J., dissenting)).

146. *Id.* at 1751.

Redskins' trademark on disparagement grounds,<sup>147</sup> that Native American challengers and the Department of Justice withdrew all their pending claims to revoke the Redskins trademark after the Court's decision invalidating the disparagement clause altogether.<sup>148</sup>

*Tam* leaves vulnerable many other provisions of the Lanham Act, including another prohibition under section 2a against registration of "immoral or scandalous" marks;<sup>149</sup> section 2c barring registration of "a name, portrait, or signature identifying a particular living individual [without consent]" or of "a deceased president of the United States during the life of his widow [without consent of the widow]";<sup>150</sup> and the federal statute's antidilution protection against marks that dilute or tarnish a famous mark.<sup>151</sup> I consider the implications of *Matal* on merchandising rights in fan activity inspired by fantasy worlds in Part IV.<sup>152</sup>

## B. Copyright

Copyright in expressive works—from literature to films to developed characters to cartoons and video games—includes rights to control reproduction, public performance of a work and the right to control and profit from derivative works based on the original.<sup>153</sup>

### 1. 106(1): The Reproduction Right<sup>154</sup>

In recent years, some courts have grounded protection for copyright owners over cultural merchandising in the reproduction right. There is cop-

147. See Amanda Whiting, *5 Questions for Simon Tam, Founder of The Slants*, WASHINGTONIAN (June 21, 2016), <https://www.washingtonian.com/2016/06/21/5-questions-simon-tam-founder-slants-supreme-court-redskins/> [https://perma.cc/BMG3-HHEN].

148. Ian Shapira & Ann E. Marimow, *Washington Redskins Win Trademark Fight Over the Team's Name*, WASH. POST (June 29, 2017), [https://www.washingtonpost.com/local/public-safety/2017/06/29/a26f52f0-5cf6-11e7-9fc6-c7ef4bc58d13\\_story.html](https://www.washingtonpost.com/local/public-safety/2017/06/29/a26f52f0-5cf6-11e7-9fc6-c7ef4bc58d13_story.html) [https://perma.cc/9V7M-H8WP].

149. See, e.g., *In re Fox*, 702 F.3d 633 (Fed. Cir. 2012) (rejecting as "immoral or scandalous" the name "COCK SUCKER" for rooster-shaped lollipops, on the grounds that the mark is "vulgar," "shocking to the sense of truth, decency, or propriety," and "offensive"). The Federal Circuit has already applied *Matal v. Tam* in a case where trademark registration for apparel called "FUCTION" had been previously denied because it was "scandalous and immoral." See *In re Brunetti*, 877 F.3d 1330 (Fed. Cir. 2017). In the latest appeal, the Federal Circuit held the Trademark Trial and Appeal Board's rejection must be reversed. *Id.* at 1357.

150. 15 U.S.C. § 1052(c) (2012).

151. *Id.* § 1125(c). As Rebecca Tushnet has argued, once the Court invalidates the disparagement clause under the First Amendment, "it will face a difficult job distinguishing other aspects of trademark law." Rebecca Tushnet, *The First Amendment Walks into a Bar: Trademark Regulation and Free Speech*, 92 NOTRE DAME L. REV. 381, 383 (2016).

152. See *infra* notes 317–318.

153. 17 U.S.C. § 106 (2012).

154. *Id.* § 106(1).

yright infringement if defendant's dolls, toys, or products are "substantially similar" to the plaintiff's protected work. According to one scholar's close account of character-based merchandise licensing in the 1970s and 1980s, the courts took a more critical view of "substantial similarity" early on but gave way to a more loose interpretation of substantial similarity by the 1980s.<sup>155</sup> Recall the case of *Ideal Toy Corp. v. Kenner Products* involving the Star Team dolls meant to evoke *Star Wars* action figures. In addition to the trademark claims discussed above, the court in that case considered whether the "Star Team" toys violated the copyright in *Star Wars* characters Darth Vader, C-3PO, and R2-D2.<sup>156</sup> The court noted that while visual and three-dimensional depictions of a *literary* character could vary, in this case, the films themselves presented highly developed depictions—albeit two-dimensional—of the characters at issue.<sup>157</sup> The court held that the defendants' "Star Team" dolls were not substantially similar to the plaintiff's protected *Star Wars* properties.<sup>158</sup> In contrast, in *Universal City Studios v. J.A.R. Sales*, a federal district court in California found that an unauthorized "E.T." doll—based on the title character from plaintiff's film, *E.T. the Extra-Terrestrial*—was substantially similar to the plaintiff's copyrighted character.<sup>159</sup>

Early courts' focus on "substantial similarity" grounded the merchandising analysis under copyright law on traditional principles.<sup>160</sup> But in a detailed examination of copyright law dealing with character merchandising from the 1970s to the mid-1980s, Leslie Kurtz observed that courts began shifting away from this traditional focus on substantial similarity between plaintiff's and defendant's goods to focus merely on the copyrightability of the character itself.<sup>161</sup> As Kurtz notes, if courts found a particular character was sufficiently delineated to warrant copyright protection, this often led to a finding of copyright infringement regardless of whether defendant's use was substantially similar.<sup>162</sup> In *Universal City Studios v. Kamar Industries, Inc.*, for instance, plaintiff producers of the film, *E.T. the Extra-Terrestrial*, sued the manufacturers of mugs with the words "I Love You, E.T." and "E.T. Phone Home."<sup>163</sup> The court held that E.T. was a highly developed fictional character and that the mugs likely violated Universal's copyright in E.T.—even though the mugs just mentioned the name "E.T." and included no picture of the character.<sup>164</sup> "Focusing on the character's copyrightability, the court failed to

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155. See Kurtz, *supra* note 38, at 495–506.

156. 443 F. Supp. 291, 302–05 (S.D.N.Y. 1977).

157. See *Ideal Toy*, 443 F. Supp. at 302–03.

158. *Id.* at 305.

159. 216 U.S.P.Q. (BNA) 679 (C.D. Cal. 1982).

160. See Kurtz, *supra* note 38, at 440, 512.

161. *Id.* at 440.

162. See *id.* at 472.

163. 217 U.S.P.Q. (BNA) 1162 (S.D. Tex. 1982).

164. *Universal City Studios*, 217 U.S.P.Q. (BNA) at 1165–66.

analyze the substantiality of what the defendant had copied,” Kurtz writes, noting, too, that character names are not copyrightable.<sup>165</sup> As Kurtz points out, trademark, not copyright, was the appropriate doctrine under which the case should have been decided.<sup>166</sup> The implications of this case are broad—unmoored from a traditional focus on “substantial similarity,” courts can enjoin as copyright violation any evocation of a copyrighted character.

## 2. 106(2): Derivative Works

The Copyright Act defines a derivative work as one “based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted.”<sup>167</sup> But what about fan activity such as themed dinner parties?

In a recent analysis of the purpose and scope of the derivative work right, Pamela Samuelson argues the right should be limited to extend to “the nine examples” enumerated by the statute and “close analogues.”<sup>168</sup> Under this analysis, we need to ask: *How analogous are the fan activities described here to the derivative works enumerated in the statute?* Samuelson categorizes the Act’s nine enumerated derivative works into three groups: “shorter versions,” “faithful renditions,” and “transformations of expressions from one medium or genre to another.”<sup>169</sup> A theme park akin to the Wizarding World in Orlando, which offers an exact replica of Hogsmeade Village and Hogwarts’s Castle as depicted in the copyrighted *Harry Potter* films by Warner Bros., may comprise a “faithful rendition” of the films that is “substantially similar” to the original films. At the same time, a theme park may be considered a useful article falling outside the scope of copyright protection; this doctrine may also confound copyright in toys.<sup>170</sup> But as we have seen, courts have recognized expansive copyright interests in popular cultural items<sup>171</sup>

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165. Kurtz, *supra* note 38, at 460–62.

166. *Id.* at 462.

167. 17 U.S.C. § 101 (2012) (defining “derivative work”).

168. Pamela Samuelson, *The Quest for a Sound Conception of Copyright’s Derivative Work Right*, 101 GEO. L.J. 1505 (2013).

169. *Id.* at 1518–20.

170. *Id.* at 1534–35 (“An important statutory limit on the scope of the derivative work right is the exclusion from copyright protection of designs of useful articles (for example, chairs, bicycles, clothing).”).

171. Justice Holmes’s opinion in *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903), opened the door early on to copyright protection in *kitsch*. The case involved copyrightability in circus poster advertisements. Holmes articulated the nondiscrimination principle: “It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits.” *Id.* at 251. Combined with an already low bar for originality, under *Feist*

and in articles that either depict or refer to copyrighted characters. Furthermore, protection of the clearly expressive elements of these useful articles would be protected under the U.S. Supreme Court's recently articulated two-part test for copyright in useful articles, elaborated in the 2017 case of *Star Athletica, L.L.C. v. Varsity Brands, Inc.*<sup>172</sup>

Dinner parties and camps may qualify as transformations of the original work from one medium to another. Such a dinner party might include making real the literary depictions of food, settings, and scenes from the books, as well as copying these from the film versions of the books. At the same time, however, the unscripted aspects of the parties, which would not have a "high degree of expected fidelity"<sup>173</sup> to the originals, arguably push these activities outside the scope of the derivative work right. So too does the fact that "derivatives generally involve the fixation of a second work in tangible form."<sup>174</sup>

In a highly publicized case, Warner Bros. sued a *Harry Potter* fan, Steve Vander Ark, for publishing an unauthorized "A to Z" reference guide of all things *Harry Potter*.<sup>175</sup> The court held that reference books are not analogous to any of the nine enumerated categories of works defined as derivative works in the Copyright Act, stating that "the market for reference guides to the *Harry Potter* works is not exclusively [Rowling's] to exploit or license."<sup>176</sup> Samuelson argues that "courts should be skeptical of novel derivative work claims,"<sup>177</sup> analyzing them for analogousness to the nine enumerated categories in the statute. Samuelson notes multiple interests to consider when determining whether novel uses are derivative works under the statute, including balancing the foreseeable incentive interests of copyright owners and concern to prevent unjust enrichment to the autonomy and expressive interests of new speakers, competition, ongoing innovation, and even the personal property rights of owners of copies.<sup>178</sup>

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*Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991), this justified copyright in mundane objects.

172. 137 S. Ct. 1002, 1033 (2017) ("[A]n artistic feature of the design of a useful article is eligible for copyright protection if the feature (1) can be perceived as a two- or three-dimensional work of art separate from the useful article and (2) would qualify as a protectable pictorial, graphic, or sculptural work either on its own or in some other medium if imagined separately from the useful article.").

173. Samuelson, *supra* note 168, at 1521.

174. *Id.* at 1522.

175. Warner Bros. Entm't Inc. v. RDR Books, 575 F. Supp. 2d 513 (S.D.N.Y. 2008).

176. *Id.* at 550. The court expressed concern, however, that Vander Ark's guide excessively copied verbatim descriptions from the original Potter books. *Id.* at 547. The case settled when RDR Books agreed to rephrase the book so as to steer clear of violating section 106(1) of the Act. See Out-Law.com, *Harry Potter Lexicon Published After Judgment-Guided Edit*, REGISTER (Feb. 3, 2009, 2:57 PM), [https://www.theregister.co.uk/2009/02/03/potter\\_lexicon/](https://www.theregister.co.uk/2009/02/03/potter_lexicon/) [<https://perma.cc/LY2T-CYT4>].

177. Samuelson, *supra* note 168, at 1527.

178. *Id.* at 1527–33.

### 3. 106(4): The Public Performance Right

Section 106(4) of the Copyright Act also includes the right to enjoy unlicensed public performances of certain works.<sup>179</sup> A performance can include a reading or dramatic enactment of a literary work, a live musical performance, screening of a film, playing a recorded piece of music, or singing copyrighted songs.<sup>180</sup> A public performance may also be a derivative work.<sup>181</sup> Private performances do not violate the Copyright Act; to come within the ambit of this right, the performance must reach outside one's family or circle of friends.<sup>182</sup> Thus, while singing a copyrighted tune in the shower is fine, singing copyrighted songs with a large group may run afoul of this right—which makes the parameters of this right infamously broad.

A heavy-handed effort to go after Girl Scouts for singing campfire songs resulted in laws that currently permit small businesses to pipe in broadcast radio and television royalty-free. In the 1990s, the American Society of Composers, Authors, and Publishers (ASCAP) sent letters demanding that some 250 Girl Scout camps across the country pay license fees to sing songs such as “Puff the Magic Dragon” and “Over the Rainbow” around the campfire.<sup>183</sup> One Scout group was so worried about the possibility of being sued that it taught its campers to dance the Macarena sans music.<sup>184</sup> One reporter describes the resulting outcry: “As footage of the silent Macarena appeared on television news programs across the country, ASCAP descended into what its public relations consultant . . . described as ‘PR hell.’”<sup>185</sup>

ASCAP was shamed into backing down. But did its actions cross a legal line? The question has yet to be answered by a court. In the meantime, a host of other popular activities, from “flash mobs”<sup>186</sup> to Karaoke to lip-synced videos posted to YouTube to book-themed summer camps lie uncomfortably in a gray area, potentially violating several rights of copyright owners.

179. 17 U.S.C. § 106(4) (2012).

180. *See id.* § 101.

181. *Id.*

182. *Id.*

183. N.Y. Times News Serv., *Girl Scouts Are Free to Sing Again; ASCAP's Bid to Levy Campfire Royalties Backfires*, CHI. TRIB. (Dec. 19, 1996), [http://articles.chicagotribune.com/1996-12-19/news/9612190146\\_1\\_girl-scouts-mary-rose-main-ascap](http://articles.chicagotribune.com/1996-12-19/news/9612190146_1_girl-scouts-mary-rose-main-ascap) [<https://perma.cc/X5HB-5PLW>].

184. *Id.*

185. *Id.* The timing was terrible for ASCAP, which had been lobbying Congress to force small businesses and restaurants to pay royalties for playing music. Backlash from the “silent Macarena” led Congress to pass the Fairness in Music Licensing Act of 1998, which *increased* the number of bars and restaurants exempt from royalties. *See* Fairness in Music Licensing Act of 1998, Pub. L. No. 105-298, tit. II, 112 Stat. 2827, 2923–34 (codified as amended in scattered sections of 17 U.S.C.).

186. The “flash mob” refers to the practice of large groups assembling suddenly in a public place to perform a dance in sync together. The flash mob is intended to surprise onlookers, and they are often organized through social networking sites.

*C. Battle Royale: Cease and Desist*

To date, much of fan activity appears to take place without licenses, perhaps outside even the shadow of the law. Thus far, the owners of copyrights and trademarks in popular fantasy worlds have largely condoned or tolerated fan activity.<sup>187</sup> One might suggest two rationales for why IP owners have refrained from suing those engaged in such cultural activities based on their works: first, these activities increase the demand for their commodities, and drive a more impassioned fan base; second, sending cease-and-desist letters can quickly turn fans' love into anger.<sup>188</sup>

But as the value of the experience economy grows, the pressure to fully exploit intellectual properties—and to do so exclusively by barring others from doing so—will mount. Marketing experts ruthlessly advise companies that “more experiences should yield transformations,” and that companies “should charge for . . . life-changing . . . experiences.”<sup>189</sup> With transformative experiences, they observe, “the customer is the product.”<sup>190</sup> As corporations face pressure to monetize all their assets fully, they will increasingly assert rights over the use of their intellectual properties. They will seek to exploit them fully themselves, but go further to order others to cease and desist from engaging in activity that involves their intellectual properties. The commodification of experience will mean that individuals increasingly face a difficult choice: cease their play using intellectual property claimed by others, pay on the rare occasion they are offered a license, or remain vulnerable to a lawsuit that many do not have the resources to fight.

Much fan activity thus exists at the sufferance of intellectual property holders, with the possibility that it might be ended with one short letter.<sup>191</sup> The effect is that many today carry on in a legal grey zone—with the sword of Damocles hanging overhead in the form of a cease-and-desist letter that might fall.

Indeed, we see recent efforts to assert claims over people who seek to offer experiences that draw upon the intellectual property of others. As the failed effort to silence the Girl Scouts singing “Puff the Magic Dragon”<sup>192</sup> demonstrated, intellectual property holders are not necessarily shy of attacking even individuals and groups likely to elicit public sympathy. The demands to cease such activity follow the old, refuted logic: “If value, then

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187. See Wu, *supra* note 14.

188. See *id.*

189. PINE & GILMORE, *supra* note 10, at xvi (emphasis omitted).

190. *Id.* at 297.

191. The craft marketplace Etsy, for example, has experienced a variety of approaches that trademark owners take toward third-party crafts employing their marks. See Caroline McCarthy, *Etsy's Crafty Balance: Fans vs. Trademark Holders*, CNET (Oct. 27, 2010, 2:59 PM), <https://www.cnet.com/news/etsys-crafty-balance-fans-vs-trademark-holders/> [<https://perma.cc/Q2QD-LZUP>].

192. See *supra* notes 183–185 and accompanying text.

right.” Rochelle Dreyfuss first offered this pithy formulation,<sup>193</sup> but the logic had been repudiated much earlier. Felix Cohen explained the circularity that this approach rests upon: “The vicious circle inherent in this reasoning is plain. It purports to base legal protection upon economic value, when, as a matter of actual fact, the economic value of a sales device depends upon the extent to which it will be legally protected.”<sup>194</sup>

In short, what is tolerated today may become commodified tomorrow. Currently, book-themed camps offered by the Girl Scouts, for example, feed a new generation’s love of reading and learning, and provide spaces for developing agency, empathy, and creativity without charging for these opportunities. But the question is if in the future, Warner Bros. will. The result may be a *fait accompli*, despite Warner Bros.’ currently thoughtful and balanced approach to fans and fan activity. After some embarrassing early missteps, Warner Bros. stopped sending cease-and-desist letters to fans, and recognizes that fan activity bolsters the long-term value of their brand. In most cases, Dale Nelson, Vice President and Intellectual Property Counsel, says Warner Bros. tolerates fan uses of their brand properties.<sup>195</sup> At the same time, however, she says they are ready to act if a fan is “running a business based on our properties,” or in situations where Warner Bros. believes it is protecting its derivative markets “or potential markets.”<sup>196</sup> “We may not be in that market today,” Nelson says, “but we may be” in the future.<sup>197</sup> Warner Bros. will not go after nonprofit groups like the Girl Scouts who host *Potter*-themed camps unless they see dollar signs in selling the experiences the Girl Scouts have long given kids for free. The Warner Bros. legal team has already considered commercializing the real world Quidditch leagues, although for now they have declined to do so.<sup>198</sup>

In 2017, the hottest bar in Chicago was a “pop-up” bar called The Upside Down, with art, furniture, and drinks that paid homage to the popular Netflix show *Stranger Things*.<sup>199</sup> But when they considered extending its six-week run, Netflix sent its owners a cease-and-desist letter. Likely aware of the Streisand Effect (where the effort to stamp out something unwittingly

193. Dreyfuss, *supra* note 43, at 405.

194. Felix S. Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809, 815 (1935), cited in Lemley, *Ex Ante Versus Ex Post Justifications*, *supra* note 43, at 131 n.7.

195. Interview with Dale Nelson, *supra* note 41.

196. *Id.*

197. *Id.*

198. *Id.*

199. Mina Bloom, *Netflix Ends Unauthorized ‘Stranger Things’ Bar with a Super Classy Letter*, DNAINFO (Sept. 18, 2017, 5:05 AM), <https://www.dnainfo.com/chicago/20170918/logan-square/netflix-stops-blocks-stranger-things-bar-pop-up-cess-and-desist-end-date> (on file with the *Michigan Law Review*); Jeff John Roberts, *Netflix Cease-and-Desist to ‘Stranger Things’ Bar Is an Internet Hit*, FORTUNE (Sept. 20, 2017), <http://fortune.com/2017/09/20/stranger-things-bar/> [<https://perma.cc/82GU-KLRK>].

itself draws more publicity to that thing), Netflix's lawyers drafted a funny letter, imagining the show's monster brought to life to enforce their demand:

I heard you launched a *Stranger Things* pop-up bar . . . . Look, I don't want you to think I'm a total wastoid, and I love how much you guys love the show . . . . But unless I'm living in the Upside Down, I don't think we did a deal with you for this pop-up. . . . We love our fans more than anything, but you should know the Demogorgon is not always as forgiving.<sup>200</sup>

The bar owners relented.

Twentieth Century Fox was far less cool. A decade ago, fans of a short-lived but beloved television series by Joss Whedon called *Firefly* began identifying themselves to one another by making, sharing, and wearing a tri-colored knit cap, which had been worn by a character named Jayne in one episode.<sup>201</sup> Fans of the show knit, sell, and buy these hats on popular websites such as Etsy, which sells all things handmade and DIY.<sup>202</sup> That is, until Twentieth Century Fox, which owns IP rights in *Firefly*, told sellers to cease and desist selling their handmade Jayne hats after Fox signed its own exclusive licensing deal for the hats.<sup>203</sup> Fox's claim was especially galling because Fox had no love for this show—it cancelled the show before even finishing one season.<sup>204</sup> It was fans who gave value to the hats and created their iconic status. Yet this did not stop Fox from claiming an exclusive right to merchandise the hats.<sup>205</sup>

When Mark Towle began building and selling full-size, working replicas of the Batmobile for \$90,000 so that individuals could play the part of Batman in real life, DC Comics sued.<sup>206</sup> DC Comics claimed both copyright and trademark infringement.<sup>207</sup> The district court noted that the Batmobile itself served as a "superhero" and as "Batman's sidekick."<sup>208</sup> The Ninth Circuit agreed that the Batmobile was a copyrighted character, and that Towle had infringed DC Comics' copyright and trademark rights.<sup>209</sup> Judge Sandra Iku-

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200. Letter from Bryce Coughlin, Director and Senior Counsel, Netflix, to Emporium Arcade Bar, care of Danny and Doug Marks (Aug. 23, 2017) (making multiple references to elements and characters of the *Stranger Things* series), *quoted in* Bloom, *supra* note 199 (calling the letter "adorably nerdy—yet firm").

201. Yamshon, *supra* note 16.

202. See *Firefly Jayne Hat*, Etsy, <https://www.etsy.com/search?q=Firefly%20Jayne%20hat> [<https://perma.cc/B5B2-XPLJ>].

203. Yamshon, *supra* note 16.

204. *Id.*

205. See also Amid Amidi, *Cartoon Network Has Figured Out How to Make Money from Fan Art: The Cartoon Network Collective*, CARTOON BREW (June 23, 2016, 2:33 PM), <https://www.cartoonbrew.com/fan-art-2/cartoon-network-figured-make-money-fan-art-cartoon-network-collective-140910.html> [<https://perma.cc/QTJ5-NWEZ>].

206. DC Comics v. Towle, 802 F.3d 1012, 1017 (9th Cir. 2015).

207. *Id.*

208. *Id.* at 1018.

209. *Id.* at 1027.

ta's opinion demonstrated the spillover of the Batman story into our lives: the first paragraph, borrowing the language of Batman's sidekick Robin, concludes, "Holy copyright law, Batman!";<sup>210</sup> when the opinion turns to the car, it exclaims, "To the Batmobile!"<sup>211</sup> The opinion concludes with a quote from Batman: "In our well-ordered society, protection of private property is essential."<sup>212</sup>

When Alec Peters turned to crowdfunding for his *Star Trek*-based film, raising a million dollars, CBS and Paramount studios sued.<sup>213</sup> Plaintiffs charged that unauthorized use of protected characters, species (including Vulcans and Klingons), settings, planets (Vulcan, Axanar, and Qo'noS), "the Vulcan council, the teachings of Vulcan philosopher Surak, the use of the Federation logo . . . and the Klingon language"<sup>214</sup> violated copyright in the "mood" and "look and feel" of *Star Trek*.<sup>215</sup> The district court rejected Peters' fair use defense, saying the fan work was not a parody.<sup>216</sup>

The scope of fair use is at issue in yet another scenario. Amazon now offers fan writers the Kindle Worlds program, in which Amazon partners with content providers to license fans the right to write about their favorite fictional worlds, in exchange for royalties if those stories sell.<sup>217</sup> This move gives writers clarity about their rights, including the ability to make money from their writing. But the program may also lead to rights accretion;<sup>218</sup> the fact that fans seek licenses to write fan fiction may later suggest that such licenses are required.

*Game of Thrones* is the world's most popular show, and "the most obsessed-about" show as well.<sup>219</sup> User-generated videos about the show have received some 1.4 billion views, dwarfing the 172 million views received by HBO's own *Game of Thrones* channel.<sup>220</sup> Even though many intellectual property holders recognize the "valuable promotion" offered by obsessed

210. *Id.* at 1015.

211. *Id.* at 1018.

212. *Id.* at 1027 (citation omitted).

213. *Paramount Pictures Corp. v. Axanar Prods., Inc.*, 121 U.S.P.Q.2d (BNA) 1699 (C.D. Cal. 2017).

214. *Id.* at 1704.

215. *Id.* at 1704, 1706–07.

216. *Id.* at 1706–09.

217. See KINDLE WORLDS, *supra* note 15.

218. James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 YALE L.J. 882 (2007).

219. Daniel D'Addario, *Game of Thrones: How They Make the World's Most Popular Show*, TIME, <http://time.com/game-of-thrones-2017/> [https://perma.cc/AAN5-Y8P7].

220. Todd Spangler, *How 'Game of Thrones' YouTube Fan Videos Help HBO's Top Franchise*, VARIETY (June 16, 2014, 9:58 AM), <http://variety.com/2014/digital/news/how-game-of-thrones-youtube-fan-videos-help-hbos-top-franchise-1201221222/> [https://perma.cc/PEH9-BMK5].

fans,<sup>221</sup> many *Game of Thrones* video creators still have their videos removed due to copyright claims.<sup>222</sup> The videos seem to be removed by YouTube's automated Content ID system, which may identify clips from the HBO show in fan videos and then act as if they are copyright infringing, without a fair use analysis.<sup>223</sup>

### III. THEORIZING EXPERIENCE

John Dewey's influential account of "art as experience" elaborates the synergistic relationship between works of art and the live human experience of art.<sup>224</sup> Kenneth Arrow's economic theory of "learning by doing"<sup>225</sup> and theories of the nature of "tacit knowledge" teach that knowledge must be experienced through haptic and social engagement.<sup>226</sup> Performance theory describes how human beings exercise creativity and agency by remediating the social and cultural works that seek to define them, and our age. This Part considers the relevance of these theories to the phenomena of deep cultural play with the stories and worlds that seek to define us and our time.<sup>227</sup> What are the benefits of working through culture in the tactile and social ways afforded by cultural tangibles, from playing with foam swords, lightsabers, and wands in summer camps to elaborate cosplay by adults witnessed at events like the Star Trek convention and the Comic-Con held annually in San Diego? This Part explores the participatory, experiential, tactile, and physical side of cultural knowledge. Like scientific knowledge, cultural knowledge must be actively experienced, repeated, held, touched, experimented with, and practiced. Deeply engaged play in the fields of culture has both descriptive and prescriptive purchase. Working through culture depicts *how* we engage culture and develop knowledge. But working through culture goes further still: putting ourselves in the shoes of another is a vehicle for learning from and connecting with others, developing critical thinking and creativity, experiencing joy, and fostering our humanity.

#### A. Art as Experience

John Dewey's influential masterwork on aesthetics, *Art as Experience*, argues against the idea of "art for art's sake."<sup>228</sup> Art, he argues, can only be understood in the context of live human experience. Dewey eloquently argues against romanticizing art as walled off, separated from everyday prac-

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221. *Id.*

222. Mills, *supra* note 17.

223. *Id.*

224. See DEWEY, *supra* note 44.

225. See Arrow, *Learning by Doing*, *supra* note 45, at 156.

226. See *infra* Section III.C.

227. See Margaret Chon, *Sticky Knowledge and Copyright*, 2011 WIS. L. REV. 177, 179–80.

228. DEWEY, *supra* note 44, at 8.

tices. The “primary task” of aesthetic theory, Dewey urged, is “to restore continuity between the refined and intensified forms of experience that are works of art and the everyday events, doings, and sufferings that are universally recognized to constitute experience.”<sup>229</sup> A human is not to remain “a cold spectator” of art, but should be swept up “by the pleasurable activity of the journey itself.”<sup>230</sup> Dewey’s overarching project is “recovering the continuity of esthetic experience with normal processes of living.”<sup>231</sup> Failure to do so, he warns, “deeply affects the practice of living, driving away [a]esthetic perceptions that are necessary ingredients of happiness.”<sup>232</sup>

Dewey’s project is threefold. First, he elaborates that art lies not in static art objects, but in human *experience* of works of art through everyday activity, including doing, making, and performing.<sup>233</sup> Indeed, he defines art itself as aesthetic only to the extent it can produce “an experience in which the whole creature is alive and in which he possesses his living through enjoyment.”<sup>234</sup> Nothing less than humanity is at stake in Dewey’s exercise. Aesthetic experience, he argues, is what gives a human life meaning. The very purpose of art is to enable the live person to engage her world critically with all her senses, with the ultimate goal of self-actualization, joy, and fulfillment. Indeed, this is the very meaning of “experience” for Dewey: “we have *an* experience when the material experienced runs its course to fulfillment.”<sup>235</sup>

Second, Dewey is responding to the romantic ideal of art as created out of thin air, completely apart from and outside of one’s culture and context.<sup>236</sup> Far from it, Dewey describes objects of art—for example, the Parthenon<sup>237</sup>—as simultaneously arising from the civic ideals and mores of the day, and in turn informing and inspiring people in a certain time and place through the embodiment of those ideals. For Dewey, the focus should not be on the art object, but its interplay with the daily lives of a people through practice. Art

229. *Id.* at 3; *see id.* at 3–19 (elaborating the experience of art by “the live creature”); *id.* at 10 (arguing against “theories which isolate art and its appreciation by placing them in a realm of their own, disconnected from other modes of experiencing”).

230. *Id.* at 5.

231. *Id.* at 10.

232. *Id.*; *see id.* at 11 (“[T]he work of art develops and accentuates what is characteristically valuable in things of everyday enjoyment.”).

233. *Id.* at 47 (“Art denotes a process or doing or making.”).

234. *Id.* at 27.

235. *Id.* at 35; *see also id.* at 18 (“In life that is truly a life, everything overlaps and merges.”).

236. *Id.* at 13 (“[L]ife goes on in an environment; not merely *in* it but because of it, through interaction with it. No creature lives merely under its skin.”); *id.* at 257 (“As to the poetical character itself . . . it is not itself—it has no self. It is everything and nothing. . . he has no identity—he is continually in and for, and filling some other body. . . .” (quoting Letter from John Keats to Richard Woodhouse (Oct. 27, 1818))).

237. *Id.* at 4.

is the progeny of “intercourse with our surroundings.”<sup>238</sup> Interaction with the art objects of our time is a necessary prerequisite for understanding both art and self.<sup>239</sup>

Dewey’s aim is to reveal—and preserve—the continuum between the art object and people’s daily experience of it through practices of doing, playing, and experimenting, in order to foster human development and fulfillment.<sup>240</sup> His lament is when “a wall is built around [art objects] that renders almost opaque their general significance”<sup>241</sup> in the life of individuals and communities.<sup>242</sup> Dewey emphasizes that the overriding value of the aesthetic is found not in objects but in practice, in human action and interaction, and in perceiving art through action.

At the same time, Dewey is writing in the early twentieth-century context of industrialization and mass production of art and leisure, with its attendant move away from handiwork and do-it-yourself, participatory culture, toward the mummification of art as museum pieces or canned commodities for people to receive passively. Dewey hopes to return to an age of participation<sup>243</sup> and craftsmanship that involves the whole body, all human senses, and love.<sup>244</sup>

Today, the rise of participatory culture enabled by the internet and Web 2.0 technologies, democratization of communicative and distribution processes, and the rise of identity politics,<sup>245</sup> makes more possible than ever Dewey’s vision of human flourishing through a democratic culture that facilitates critical engagement with cultural works to promote self-realization,

238. *Id.* at 53.

239. “Individuality,” Dewey explains, “is realized only in interaction with surrounding conditions. In this process of intercourse, native capacities . . . are transformed and become a self.” *Id.* at 281–82.

240. See Beebe, *supra* note 44, at 345 (“It is found not in inert ‘art products,’ which ‘exist externally and physically . . . apart from human experience,’ but in the dynamic experience of perceiving and creating aesthetic phenomena.” (alteration in original) (first quoting DEWEY, *supra* note 44, at 218; then quoting *id.* at 3)); see also *id.* (“Pragmatist aesthetics asserts that the overriding value of the aesthetic is found not in objects but in practice, in human action and interaction.”).

241. DEWEY, *supra* note 44, at 3; see also *id.* at 12 (“[A] philosophy of art is sterilized unless it makes us aware of the function of art in relation to other modes of experience.”).

242. *Id.* at 7 (recalling a time when “drama, music, painting, and architecture . . . were part of the significant life of an organized community”).

243. “Experience is . . . that interaction of organism and environment which, when it is carried to the full, is a transformation of interaction into *participation* and *communication*.” *Id.* at 22 (emphasis added).

244. Dewey writes that doing and making rises to the level of craftsmanship when it is done with “loving.” *Id.* at 47–48; see also *id.* at 5 (“The intelligent mechanic engaged in his job, interested in doing well and finding satisfaction in his handiwork, caring for his materials and tools with genuine affection, is artistically engaged.”).

245. See Madhavi Sunder, *IP*<sup>3</sup>, 59 STAN. L. REV. 257 (2006) (describing the potentialities arising from the early 21st century convergence of the Internet Protocol, intellectual property, and identity politics).

critical thinking, joy, and understanding of others.<sup>246</sup> Increasingly today individuals demand and have the tools to “rip, mix, and burn” culture, asserting themselves as active producers, rather than passive consumers, of culture.<sup>247</sup> In the final Part I turn to how the law of merchandising rights may better promote Dewey’s vision of human flourishing, which is premised on the ability of human beings to freely interact with culture through everyday practices.

### B. *Learning by Doing*

In 1962 Kenneth Arrow observed: “Learning is the product of experience. Learning can only take place through the attempt to solve a problem and therefore only takes place during activity.”<sup>248</sup> Arrow famously argued that, contrary to expectations, repetitive activity hones understanding, facilitates learning, spurs innovation, and ultimately leads to “steadily increasing performance.”<sup>249</sup>

Repetition and copying to attain mastery are often key components to the processes of learning, creativity, and innovation.<sup>250</sup> Artists have long set up their easels in museums seeking to develop their own skills by copying the masters.<sup>251</sup> Even the living members of the Beatles, a group notorious for never having licensed their work, have looked more favorably upon interactive technologies that allow individuals to learn, play, and take apart their songs with this goal in mind. *The Beatles: Rock Band* video game allows users to “come together” with John, Paul, George, and Ringo, jamming and creat-

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246. See SUNDER, FROM GOODS TO A GOOD LIFE, *supra* note 48, at 67–68 (discussing Dewey on the connection between art as experience and autonomy and self-development); *id.* at 74–75 (discussing Dewey on the connection between art as experience and mutual understanding).

247. See Sunder, *supra* note 245, at 277.

248. Arrow, *Learning by Doing*, *supra* note 45, at 155.

249. *Id.* at 155–56. For more recent observations of the role of “learning by doing” in providing firms a competitive advantage outside of patent protection, see, for example, Jonathan M. Barnett, *Private Protection of Patentable Goods*, 25 CARDOZO L. REV. 1251, 1263 (2004) (“On the production side, a first-mover may, as a result of either ‘learning-by-doing’ and/or economies of scale, enjoy cost efficiencies that enable it to offer prices below imitators and preserve its market share.”).

250. See Jen Graves, *No, Not Here, That’s Not Possible: Why Can’t Artists Be Artists at SAM and the Frye?*, STRANGER (Aug. 21, 2008), <https://www.thestranger.com/seattle/no-not-here-thats-not-possible/Content?oid=649502> [<https://perma.cc/VWG5-NEGF>] (reviewing *Inspiring Impressionism* show at the Seattle Art Museum (SAM) on impressionists’ copies of master works, and noting with irony that SAM does not let modern artists do the same in its own halls).

251. See *id.*

ing songs.<sup>252</sup> Learning is a key goal of the game.<sup>253</sup> McCartney himself admits to emulating “Buddy Holly, Little Richard, Jerry Lee Lewis [and] Elvis.”<sup>254</sup> Tomorrow’s musicians will learn by miming The Beatles and other rock bands.

Learning by doing has a social dimension. Arrow describes the role played by personal contacts in the transmission of knowledge, as familiarity and trust facilitate knowledge disclosure and acceptance.<sup>255</sup> Individuals share knowledge through mentoring and apprenticeships with people they know and trust. Personal relationships can override efficiency in knowledge markets.<sup>256</sup> As Arrow concludes, “The production of knowledge is thus basically different in character from the production of goods.”<sup>257</sup>

Learning has been a core purpose of copyright since its inception. The very first copyright law, the Statute of Anne enacted in England in 1710, was described as “An Act for the Encouragement of Learning,” and the first U.S. Copyright Act of 1790 bore the same subtitle and aspiration.

In the fields of education and human development, nearly a century of clinical studies and theory have elaborated how children learn by actively working through the cultural discourses that surround them through “pretend play.”<sup>258</sup> Studies document that role-playing is a normatively beneficial way of learning. Elaborating on the world around us, children mime to learn social roles, yet they also take creative liberties that test expectations. Culture for children is a sphere not only of entertainment and enjoyment, or assimilation, but also of experimentation and innovation. Recent studies show oth-

252. Seth Schiesel, *All Together Now: Play the Game, Mom*, N.Y. TIMES (Sept. 1, 2009), <http://www.nytimes.com/2009/09/06/arts/television/06schi.html> (on file with the *Michigan Law Review*).

253. On this point, see generally CORNELIA HOMBURG, *THE COPY TURNS ORIGINAL: VINCENT VAN GOGH AND A NEW APPROACH TO TRADITIONAL ART PRACTICE* (1996). I discuss this example in SUNDER, *FROM GOODS TO A GOOD LIFE*, *supra* note 48. Scholars such as Eric von Hippel and William Fisher have shown that practicing and using patented products can yield innovation by users who modify goods to better suit their work, art, or sport. See ERIC VON HIPPEL, *DEMOCRATIZING INNOVATION* (2005); William W. Fisher III, *The Implications for Law of User Innovation*, 94 MINN. L. REV. 1417 (2010).

254. Daniel Radosh, *While My Guitar Gently Beeps*, N.Y. TIMES MAG. (Aug. 11, 2009), <https://www.nytimes.com/2009/08/16/magazine/16beatles-t.html> (on file with the *Michigan Law Review*).

255. Kenneth J. Arrow, *Classificatory Notes on the Production and Transmission of Technological Knowledge*, AM. ECON. REV., May 1969, at 29, 34 [hereinafter Arrow, *Classificatory Notes*].

256. See Barnett, *supra* note 249, at 1263–64 (arguing that first movers are advantaged by learning by doing and social relations they develop with resellers and retailers, which form a natural barrier to competitors, at least for some period of time).

257. Arrow, *Classificatory Notes*, *supra* note 255, at 30.

258. See, e.g., Astrida Seja Kaugars & Sandra W. Russ, *Assessing Preschool Children’s Pretend Play: Preliminary Validation of the Affect in Play Scale—Preschool Version*, 20 EARLY EDUC. & DEV. 733, 734 (2009) (“[P]retend play is considered integral to preschool children’s development since it represents an intersection of cognitive processes, affective processes, and interpersonal processes.”).

er benefits of role-playing include helping children negotiate conflict, develop self-control, and foster language ability and collaborative skills.<sup>259</sup>

Perhaps most importantly in our diverse and increasingly interconnected world, physically and emotionally inhabiting the role of the other helps to foster empathy, enabling children to contemplate what it may be like to walk in another's shoes.<sup>260</sup> Play-based learning is not limited to children. A worldwide phenomenon for adults called cosplay, short for "costume play," has spread from Japan to other parts of the globe celebrating these same principles.<sup>261</sup> Individuals develop and wear elaborate costumes mimicking their favorite anime or manga characters; gender-switching called "cross-play" is common, as a vehicle for gaining greater understanding of the other and of challenging traditional gender roles.<sup>262</sup>

Theories of learning by doing are gaining new purchase in the context of online games, the internet, and what Henry Jenkins has called "participatory culture."<sup>263</sup> Watchwords in the new digital learning landscape are role-playing, performance, embodiment, and appropriation.<sup>264</sup> As the authors of a critically acclaimed new book about digital learning write, "The twenty-first century . . . belongs to the tacit. In the digital world, we learn by doing, watching, and experiencing."<sup>265</sup> The new literacy skills in the digital age include:

Play — the capacity to experiment with one's surroundings as a form of problem-solving

259. See *id.* at 738–39 ("Children who engage in social fantasy play have more often have [sic] been found to be more socially competent . . ."); *id.* at 751 ("Children who expressed more affect in their play and who played with ease demonstrated desirable levels of socioemotional adjustment and low levels of behavior problems.").

260. See *id.* at 739 ("[B]oys and girls who engaged in high levels of pretend play performed better on a task assessing understanding of emotions.").

261. See Melia Robinson, *An Introduction into the Wild World of Cosplay*, BUS. INSIDER (Oct. 9, 2015, 1:09 AM), <http://www.businessinsider.com/what-is-cosplay-2014-10> [<https://perma.cc/ZT7N-28D2>].

262. See generally Rachel Leng, *Gender, Sexuality, and Cosplay: A Case Study of Male-to-Female Crossplay*, PHX. PAPERS, Apr. 2013, at 89, <http://fansconf.a-kon.com/dRuZ33A/wp-content/uploads/2013/04/Gender-Sexuality-and-Cosplay-by-Rachel-Leng1.pdf> [<https://perma.cc/ST4V-K2UQ>].

263. See generally HENRY JENKINS ET AL., *CONFRONTING THE CHALLENGES OF PARTICIPATORY CULTURE: MEDIA EDUCATION FOR THE 21ST CENTURY* (2009).

264. Michael Young et al., *MMOGs as Learning Environments: An Ecological Journey into Quest Atlantis and The Sims Online*, INNOVATE, April/May 2006, art. 2, <https://nsuworks.nova.edu/cgi/viewcontent.cgi?article=1135&context=innovate> (on file with the *Michigan Law Review*) (elaborating "[c]ontemporary theories of learning as embodied and embedded in action").

265. DOUGLAS THOMAS & JOHN SEELY BROWN, *A NEW CULTURE OF LEARNING: CULTIVATING THE IMAGINATION FOR A WORLD OF CONSTANT CHANGE* 76 (2011); see also KURT SQUIRE, *VIDEO GAMES AND LEARNING: TEACHING AND PARTICIPATORY CULTURE IN THE DIGITAL AGE* (2011).

Performance — the ability to adopt alternative identities for the purpose of improvisation and discovery

Simulation — the ability to interpret and construct dynamic models of real-world processes

Appropriation — the ability to meaningfully sample and remix media content . . . .<sup>266</sup>

The new literacy understands play<sup>267</sup> and performance<sup>268</sup> as essential learning practices for developing critical thinking, collaboration, creativity, and social skills. Fan activities, such as editing and writing a fictional, *Harry Potter*-inspired newspaper online, for example, teach professional skills, such as reading and writing and also how to collaborate and negotiate with young online participants around the world.<sup>269</sup> Making elaborate costumes or other fan art develops imagination and marketable skills for tomorrow. It was by playing Harry Potter in an unauthorized *Harry Potter* musical at the University of Michigan that *Glee* star Darren Criss first began developing his own following, which eventually led him to a lead role on the hit television show *Glee*.<sup>270</sup> In short, working through and deeply playing in the cultural worlds we love help us to develop both marketable talents and skills required in a democracy. Through role-playing we learn to problem solve with others and to develop understanding of others unlike ourselves. Yesterday we were bowling together to form social solidarity and foster citizenship.<sup>271</sup> Today we are playing Quidditch and engaging diverse others in imaginative, immersive play, online<sup>272</sup> and in the real world.<sup>273</sup>

266. JENKINS ET AL., *supra* note 263, at 4.

267. *Id.* at 23 (“[T]here is a growing recognition that play itself, as a means of exploring and processing knowledge and of problem-solving, may be a valuable skill children should master in preparation for subsequent roles and responsibilities in the adult world.”).

268. *Id.* at 31 (“Performance brings with it capacities to understand problems from multiple viewpoints, to assimilate information, to exert mastery over core cultural materials, and to improvise in response to a changing environment.”).

269. HENRY JENKINS, *CONVERGENCE CULTURE: WHERE OLD AND NEW MEDIA COLLIDE* 171–79 (2006) (sharing example of 14-year-old Heather Lawver, who edited a real world, online *Daily Prophet* newspaper, inspired by the *Harry Potter* world, with other kids around the world).

270. Rae Votta, *Inside Darren Criss’ Team StarKid: From ‘A Very Potter Musical’ to SPACE Tour*, *BILLBOARD* (Nov. 28, 2011), <https://www.billboard.com/articles/news/464956/inside-darren-criss-team-starkid-from-a-very-potter-musical-to-space-tour> [<https://perma.cc/3XUG-YUU5>]. (The *Michigan Law Review*’s own Executive Online Editor Joe Moses played Snape in ‘A Very Potter Musical!’)

271. See ROBERT D. PUTNAM, *BOWLING ALONE: THE COLLAPSE AND REVIVAL OF AMERICAN COMMUNITY* (2000).

272. Young et al., *supra* note 264 at 1 (“Success in a MMOG requires developing new literacies, understanding intricate and intersecting rule sets, thinking creatively within constraints, collaborating with other participants towards shared goals, and perhaps most importantly, taking on new identities as players (via their avatars) inhabit game spaces.”).

### C. Tacit Knowledge

Theories of tacit knowledge elaborate the social dimension of knowledge. Michael Polanyi famously defined tacit knowledge as implicated by the reality that “*we can know more than we can tell.*”<sup>274</sup> Others employ the term “sticky knowledge” to explain the same concept. As Margaret Chon describes, “Knowledge is sticky because it adheres to people along social routes . . . .”<sup>275</sup> Thus far scholars have studied the implications of tacit or sticky knowledge for patent and trade secret law, describing how knowledge is understood and developed not by the mere patent disclosure, but through human interactions such as scholarly exchanges, visits to laboratories, and mentor/mentee relationships.<sup>276</sup> Recently, Chon explored the potential relevance of the concept to copyright law.<sup>277</sup> This Article also considers the insights of tacit knowledge in the context of copyright and trademark laws.

Copyright’s goal is the promotion of knowledge. But tacit knowledge theory suggests that copyrighted *products*—books, films, music—are only goods. *Knowledge* lies between the lines. Chon is concerned that copyright law does not pay enough heed to tacit knowledge, the knowledge developed in the activities, conversations, and social relationships conducted around and through copyrighted works.<sup>278</sup>

Mutual understanding and knowledge exchange emerges through social interactions that foster experience and trust. In the context of scientific research, for example, star researchers may hold tacit knowledge that others will only come to know through apprenticing or collaborating with the individual and developing trust and mutual respect. Relationships are crucial to the transfer of tacit knowledge: apprentice and master, student and teacher, colleague and colleague, friend and friend. Cultural products, too, must be socially engaged in order to be more fully known. As Chon reminds us, “students still fill classrooms and implicitly demand by their presence that teach-

273. For an important critique of digital culture’s effects on sociability, see SHERRY TURKLE, *ALONE TOGETHER: WHY WE EXPECT MORE FROM TECHNOLOGY AND LESS FROM EACH OTHER* (2011).

274. POLANYI, *supra* note 46, at 4.

275. Chon, *supra* note 227, at 177.

276. See Dan L. Burk, *The Role of Patent Law in Knowledge Codification*, 23 BERKELEY TECH. L.J. 1009 (2008); Peter Lee, *Transcending the Tacit Dimension: Patents, Relationships, and Organizational Integration in Technology Transfer*, 100 CALIF. L. REV. 1503, 1536–37 (2012) (arguing that the success of Silicon Valley is its geography—being near Stanford allows for fruitful collaborations between the academy and industry); Katherine J. Strandburg, *Norms and the Sharing of Research Materials and Tacit Knowledge*, in *WORKING WITHIN THE BOUNDARIES OF INTELLECTUAL PROPERTY: INNOVATION POLICY FOR THE KNOWLEDGE SOCIETY* 85 (Rochelle C. Dreyfuss et al. eds., 2010).

277. See Chon, *supra* note 227, at 177 (“This Article delves into sticky knowledge, which has been referenced . . . within the laws of patents and trade secrets but almost not at all within copyright law.”).

278. *Id.* at 211–16.

ers explain the contents of their textbooks . . . . And visitors to art museums often feel that they do not comprehend a great piece of art unless it is viewed within the context of an experienced critic's or docent's guidance."<sup>279</sup> Reading literature together in social groups such as book clubs or in diverse classroom settings promotes understanding of the work and of one another.

Knowledge transfer requires a process Polanyi referred to as indwelling, defined as the practice of putting oneself in the mindset of another. "[I]ndwelling, or empathy," Polanyi wrote, "is the proper means of knowing man and the humanities."<sup>280</sup> "[I]t is not by looking at things, but by dwelling in them, that we understand their . . . meaning."<sup>281</sup> Repetition of a master's moves, for example, teaches a pupil not only crucial skills but the master's mindset. By dwelling in the master's moves, "the pupil gets the feel of a master's skill and may learn to rival him."<sup>282</sup> Polanyi describes physical insertion into worlds as a critical means by which individuals develop knowledge and social skills. Lin-Manuel Miranda's runaway Broadway hit, *Hamilton*, exemplifies indwelling, as black and Latino actors embody the roles of the American Founding Fathers, forever changing how we understand our shared history.<sup>283</sup>

We may usefully reconsider some current legal doctrines as facilitating transfer of sticky knowledge. For example, cover licenses in copyright law allow bands to play music, thereby facilitating their learning and understanding of it. Similarly, fair use for educational purposes, book reviews, reference guides, and academic literature helps to more fully understand a work and promotes learning.

We should be careful to avoid characterizing tacit knowledge as a problem to be resolved, for example through more perfect disclosure in patent law. Sticky knowledge promotes our humanity because it requires engaging with others for learning and mutual understanding. Recalling Arrow, this *social dimension* is precisely what distinguishes *knowledge* from other goods.<sup>284</sup> Processes of active and social engagement with cultural knowledge foster mutual understanding and humanity. As Polanyi long ago warned, if we "suppose that tacit thought forms an indispensable part of all knowledge, then the ideal of eliminating all personal elements of knowledge would, in effect, aim at the destruction of all knowledge."<sup>285</sup> "[T]he process of formaliz-

279. *Id.* at 179; *see also id.* at 188 ("Moviegoers, opera lovers, and dance aficionados . . . [all] feel the need to discuss the impact and meaning of what they have just experienced . . .").

280. POLANYI, *supra* note 46, at 16.

281. *Id.* at 18.

282. *Id.* at 30 (offering the example of the chess player who would "enter into a master's spirit by rehearsing the games he played, to discover what he had in mind").

283. Ben Brantley, *Review: 'Hamilton,' Young Rebels Changing History and Theater*, N.Y. TIMES (Aug. 6, 2015), <https://www.nytimes.com/2015/08/07/theater/review-hamilton-young-rebels-changing-history-and-theater.html> (on file with the *Michigan Law Review*).

284. *See supra* note 255 and accompanying text.

285. POLANYI, *supra* note 46, at 20.

ing all knowledge to the exclusion of any tacit knowing is self-defeating.”<sup>286</sup> In a foreword to a 2009 republication of Polanyi’s work, Amartya Sen writes that “[t]his has subversive implications for the general approach of formalization since it looks for ‘the kind of lucidity which destroys its subject matter.’ ”<sup>287</sup> As Sen and Polanyi urge, striving for perfect disclosure is unwise, as that would make us less human.

#### D. Performance

By using the term “performance,” theorists do not refer to “a means by which a text is represented, [or] ‘licensed,’ ” but rather refer to performance “as an experience (or set of experiences) of sociability.”<sup>288</sup>

In 1993, performance theorist Peggy Phelan put forth the provocative idea that performance by its nature cannot be reproduced or commodified.<sup>289</sup> In a foundational essay, Phelan writes, “Performance’s only life is in the present. Performance cannot be saved, recorded, documented, or otherwise participate in the circulation of representations of representations: once it does so, it becomes something other than performance.”<sup>290</sup>

To what extent does the Copyright Act implicitly agree with this idea by giving less protection to performance qua performance? Phelan describes performance as uncommodifiable, and potentially understood as “valueless” because it escapes the reproductive economy.<sup>291</sup> Or is it the ability of performance to resist commodification that makes it priceless? At the same time, Phelan acknowledges that the

[P]ressures brought to bear on performance to succumb to the laws of the reproductive economy are enormous. For only rarely in this culture is the “now” to which performance addresses its deepest questions valued. (This is why the now is supplemented and buttressed by the documenting camera, the video archive.)<sup>292</sup>

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286. *Id.*

287. Amartya Sen, *Foreword to POLANYI*, *supra* note 46, at xi.

288. SIMON FRITH, *PERFORMING RITES: ON THE VALUE OF POPULAR MUSIC* 204 (1996).

289. PEGGY PHELAN, *UNMARKED: THE POLITICS OF PERFORMANCE* 148 (1993) (“Performance in a strict ontological sense is nonreproductive.”).

290. *Id.* at 146.

291. *Id.* at 148 (“[P]erformance art is vulnerable to charges of valuelessness and emptiness.”). As Phelan explains, because live performance that is not recorded “disappears into memory,” it enters a “realm of invisibility” where it “eludes regulation and control. Performance resists the balanced circulations of finance.” *Id.* For Phelan, “[p]erformance’s independence from mass reproduction, technologically, economically, and linguistically, is its greatest strength.” *Id.* at 149.

292. *Id.* at 146.

Phelan's description raises the question whether performance is the kind of activity the Copyright Act intends to regulate. Is self-insertion really reproduction?<sup>293</sup> Human performance is not mechanical reproduction.

At the same time, we must be cautious not to essentialize "live" performance as something unique and more authentic than mediatized performance. In an important critique of Phelan, Philip Auslander observes that even "live" performance is mediated by technology. Auslander notes that "live" performances from rock concerts to operas today are *made for television* and rock concerts seek to *recreate the record*.<sup>294</sup> "Remediation" refers to "the representation of one medium in another."<sup>295</sup> Remediation paradoxically shows us that media does not just represent reality; for example, modern art may not represent reality at all. Rather, the process of remediation—of modern art's continual reference to itself—illustrates that media is itself *real*; the act of remediation reveals media as an artifact of our world.<sup>296</sup> Concluding that all performance is remediated or mediatized—that is, recasting content from one context to another—Auslander rejects "the argument for ontological differences between live and mediatized cultural forms."<sup>297</sup>

This is an important point. I do not argue that the children's play should be specially permitted because it is pure and unadulterated, while mediatized performances—from television to films to YouTube—are not. To the contrary, as performance theorists like Auslander observe, all performance is a remediation of earlier performance. At Camp Half-Blood, children recast print media and film.<sup>298</sup> The interactive web portal *Harry Potter: Hogwarts Mystery*<sup>299</sup> remediates literature and film, allowing participants to be both actor and director.<sup>300</sup>

What is perhaps most important about remediation is that performance and embodied engagement with the social and cultural worlds that form us are critical tools for the assertion of individual agency back upon those worlds; performance is the vehicle for developing one's own place and voice in the story. This is the sense in which the social theorist Bruno Latour de-

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293. See CELIA LURY

scribes human beings as “hybrids” of the techno-cultural worlds in which we live.<sup>301</sup> Individuals are formed by our media while simultaneously developing our agency through that same media.

Carrie Noland’s work on agency and embodiment sheds light on the value of kids and adults remediating shared cultural experiences in new contexts.<sup>302</sup> Noland studies “the ways culture is both embodied and challenged through corporeal performance.”<sup>303</sup> Writes Noland, “If bodily motility is . . . the single most important filtering device in the subject’s negotiations with the external world, then a theory of agency that places movement center stage is essential to understanding how human beings are embodied within—and impress themselves on—their worlds.”<sup>304</sup>

Noland defines embodiment as “the process whereby collective behaviors and beliefs, acquired through acculturation, are rendered individual and ‘lived’ at the level of the body.”<sup>305</sup> While theorists after Foucault have worried about the ways cultural norms prescribe individual behavior, Noland offers a theory of embodiment and agency, where agency is defined as “the power to alter those acquired behaviors and beliefs for purposes that may be reactive (resistant) or collaborative (innovative) in kind.”<sup>306</sup> The body is a means through which individuals engage the world. She calls gesture “the organized forms of kinesis through which subjects navigate and alter their worlds.”<sup>307</sup> Noland argues that embodiment and gestures, though performing the culture around us, are not rote processes. Individuals exert their agency through bodily movement, elaborating their own place in the world. Noland rejects a binary approach to agency and embodiment that would only view embodiment as an act of cultural resistance.<sup>308</sup> Noland argues that “despite the very real force of social conditioning, human subjects continue to invent surprising new ways of altering the inscribed behaviors they are called on to perform.”<sup>309</sup>

Legal scholar Julie Cohen pioneered the introduction of theories of embodiment and play to elaborate our understanding of copyright law.<sup>310</sup> Co-

301. BRUNO LATOUR, WE HAVE NEVER BEEN MODERN 3 (Catherine Porter trans., Harv. Univ. Press 1993) (1991). The interdependent relationship between the self and technoculture is a central insight of Science and Technology Studies (STS). For a nice overview of STS and Latour, see Alain Pottage, *The Materiality of What?*, 39 J.L. & Soc’y 167 (2012).

302. See NOLAND, *supra* note 47.

303. *Id.* at 2.

304. *Id.*

305. *Id.* at 9.

306. *Id.*

307. *Id.* at 4.

308. *Id.* at 3.

309. *Id.* at 7–8.

310. COHEN, *supra* note 39, at 57 (arguing for play to “be a central consideration” for copyright law).

hen writes that in the new networked world, the body continues to be an important site of self-creation and mediation<sup>311</sup> and should not be forgotten.<sup>312</sup> Similarly, she has elaborated the importance of play, not just for children, but for adults, as well.<sup>313</sup> Cohen is particularly concerned with “play with objects and narratives, which locates the individual in relation to material and intellectual culture, and play with conceptions of empathy and morality, which enables individuals to form and pursue conceptions of the good.”<sup>314</sup>

### E. Critiques

The critic will demur that my elaboration of the benefits of play posits cultural activity purely in an instrumental light. What about play for play’s sake? Highlighting that learning, critical thinking, social skills, and mutual understanding emerge from play should not diminish play as an end in itself. Surely, creative and social play with others in communities of shared meaning is not only a means for attaining greater freedom and mutual recognition. Cultural play is an *end* of freedom, part of what makes a human life worth living.

We must be wary of a cultural merchandising law that does not pay heed to the broader cultural and social dimensions of play and learning by doing. Current law is, in Tom Conley’s words, “commodifying the experience of experience.”<sup>315</sup> Property scholars raised concerns about commodifying body parts and reproductive services.<sup>316</sup> Where do we draw the line on commodifying experiences that foster play, sociability, collaboration, innovation, learning, and sheer joy?

I do not argue that all uses promoting learning must remain uncommodified. I do not mean to suggest that a poor child without a \$30 wand is deprived of the basic human right to imagine. Indeed, one could argue, persuasively, that not buying the wand would facilitate even more imaginative play. I do, however, caution that *exclusive licensing* rights ought only be

311. See *id.* at 50–57 (describing “play’s twofold in-betweenness—in between reproduction and resistance”).

312. See *id.* at 38 (discussing bodies “as both vehicles for social shaping and tools for the rejection of social shaping and the assertion of critical knowledge”); *id.* (“[T]he body has been too long neglected (or rejected) in social thought . . .”); *id.* at 40 (“[W]e cannot simply leave bodies and spaces behind as we enter the networked information age.”).

313. See *id.* at 53 (“Social scientists who study play have concluded that its developmental functions extend into adulthood and remain centrally implicated in the processes by which individuals orient themselves in relation to the world.”).

314. *Id.* at 53–54 (“[S]cholars from a number of disciplines have advanced a variety of theories about the social function of play—developing identity within the parameters established by community roles and norms, cultivating social and workplace skills or entrepreneurial instincts, constituting social narratives and mythologies, rehearsing social power.”).

315. Conley likens the practice to commodifying a child’s transitional blanket. Tom Conley, Lowell Professor of Romance Languages and Visual and Envtl. Studies, Harvard Univ., Remarks at the Tangibles and Intangibles Conference at Harvard University (Apr. 1–2, 2011).

316. See MARGARET JANE RADIN, *CONTESTED COMMODITIES* (1996).

granted when justified on traditional legal grounds, such as likelihood of confusion (trademark) and substantial similarity (copyright). In the absence of these concerns, third parties should be free to create and enter markets that would seek to bring new innovations to more people through cheaper prices. Moreover, even in cases where there is some likelihood of confusion or similarity, we ought to still weigh the factors that would constitute instances of fair use, which in copyright law include consideration of non-commercial and transformative use, the amount used, the nature of the underlying work, and the effect on the market for the original, as I discuss in Part IV.<sup>317</sup>

Another objection will be that children's play need not require access to popular intellectual properties—indeed, that children's play is corrupted by obsession with commercial properties at the expense of their own creativity. Why can't today's children play wizards instead of *Harry Potter*?<sup>318</sup> To this, let me offer three replies. First, there is no culture without shared meaning. In that sense, *cultural* play and collaboration will necessarily revolve around the stories and discourses that children share and encounter together in the world; these cultural works inform them and provide a shared language. Culture is the social glue and shared meaning through which they communicate. Another way of saying this is that while cultural fantasy worlds may be fictional, they comprise “real” artifacts in the world that thereby act on the world—or mediate—between individuals and society.<sup>319</sup>

Second, this is particularly so of profitable intellectual properties, which bombard our discourse. Children inevitably *do* imagine themselves in these worlds. Moreover, they *should* be able to exert their agency in these worlds because it is important to be able to speak back against the dominant cultural forces that shape our perceptions of ourselves and others. Consider, for example, the popular Twitter meme #BlackHogwarts, reimagining the nearly all-white *Harry Potter* movies with black culture and cast.<sup>320</sup>

Third, as I have described elsewhere, critical engagement in the cultural sphere, not just outside of it, helps to promote central skills and values of democratic citizenship—caring, empathy, and critical thinking.<sup>321</sup>

In Part IV, I turn to consider how a Deweyan approach to art as experience, and contemporary theories of learning by doing, tacit knowledge, and performance, can inform us as we draw limits on the reach of trademark and copyright into imaginative play and activity.

317. See *infra* Section IV.B.

318. Thanks to Rebecca Tushnet for this query.

319. See BOLTER & GRUSIN, *supra* note 295, at 58.

320. Mary Papenfuss, #BlackHogwarts Magically Takes Twitter by Storm, HUFFINGTON POST (Jan. 11, 2018, 11:20 PM), [https://www.huffingtonpost.com/entry/blackhogwarts-takes-twitter\\_us\\_5a58041ce4b04df054f778db](https://www.huffingtonpost.com/entry/blackhogwarts-takes-twitter_us_5a58041ce4b04df054f778db) [<https://perma.cc/C35C-ZP5B>].

321. SUNDER, FROM GOODS TO A GOOD LIFE, *supra* note 48, at 9.

## IV. REFORMING MERCHANDISING RIGHTS IN EXPERIENCE

Intellectual property scholarship has too often neglected “the interplay of cultural works with people.”<sup>322</sup> In an earlier paper, I asked, “what if we understood creative works as crucial to education, socialization, and even the creation of our own identities?”<sup>323</sup> In this final Part, I seek to elaborate limits to merchandising rights in imaginary worlds informed by theories of art as experience, learning by doing, tacit knowledge, and performance.

Intellectual property law, from patent to copyright to trademark, is premised on balance between innovation and access, and doctrinally structured around the limits of these laws: from the high standards for patentability to promote access to everyday scientific advances, to the numerous rules and exceptions to protect competition, speech, and cultural interchange in copyright and trademark law. The theory and doctrine of intellectual property are premised on a skepticism of monopoly rights, particularly in spheres as critical to human development as science and the arts.

In contrast, the law of merchandising rights increasingly appears boundless, promising to the owners of intellectual property in fantasy worlds the right to exploit all potential derivative markets in their worlds. This Article proposes limits on merchandising rights in imaginary worlds that affect core human practices. Recognizing limits on these rights would make the emergent merchandising right consistent with other areas of intellectual property law. More importantly, limits guided by cultural and social theory would promote the ability to freely engage in activities central to our humanity.

Notably, two of the most powerful limits to copyright and trademark protection—fair use and the First Amendment—thus far have not proved to be strong bulwarks against property rights in fan activity and experience. The central limitation on the application of the fair use doctrine to fan activity is that this doctrine has been narrowly understood as a tool for rectifying market failure, and no more. Under this narrow economic view, there is market failure when trademarks or copyrights are used for parody or critique—the idea is who would grant a license to be made fun of?<sup>324</sup> In such cases, fair use rectifies market failure, allowing parody to get made notwithstanding any license from the intellectual property owner.<sup>325</sup>

In contexts of fan fiction and fan activity, the economic theory holds there is no market failure because the fan work, far from critiquing the origi-

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322. Anupam Chander & Madhavi Sunder, *Copyright's Cultural Turn*, 91 TEX. L. REV. 1397, 1405 (2013) (highlighting Julie Cohen's *Configuring the Networked Self* as an exception to this rule).

323. *Id.*

324. See Robert P. Merges, *Are You Making Fun of Me?: Notes on Market Failure and the Parody Defense in Copyright*, 21 AIPLA Q.J. 305, 305–07 (1993).

325. Cf. *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997) (affirming the district court's order enjoining the publication and distribution of *The Cat NOT in the Hat!*, an unlicensed satire of the O.J. Simpson trial featuring the character created by Dr. Seuss).

nal, pays homage to the original fantasy world, seeking to deeply engage that world and extend it. The narrow economic approach would hold that in such cases there is no market failure, and thus no need for fair use. The operating principle is get a license or cease and desist.

The First Amendment is directly implicated in many cases of fan activity. But surprisingly, this amendment has not been used to directly regulate trademark or copyright law, with the notable exception of the recent decision of *Matal v. Tam*, in which the Supreme Court invalidated the federal trademark statute's ban on registration of marks that disparage minority groups on First Amendment grounds.<sup>326</sup> The conventional wisdom is that the First Amendment is built into the doctrines of trademark<sup>327</sup> and copyright,<sup>328</sup> including but not limited to fair use. Indeed, the U.S. Supreme Court has recently rejected direct First Amendment challenges in two cases contesting extensions of the copyright term and their effects on the public domain.<sup>329</sup>

In this Section, I propose analyses of trademark and copyright fair use driven by a Deweyan approach that recognizes the human need for *experience* of art. The approach I recommend stands in contrast to the current economic approach driven by concern for market failure alone. Where the market failure approach judges works of art as static objects, the Deweyan approach elucidates the continuum between the art object and the haptic experience of art, celebrating human beings' interactive discussion and play with works of art. This approach recognizes that imaginative fan activities are distinct from other market activity, and must be regulated with recognition of their salutary benefits to self and society.

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326. 137 S. Ct. 1744 (2017).

327. First Amendment values are accommodated in numerous ways internally to trademark doctrine, including prohibitions on trademarks in gross, the use in commerce requirement, the trademark use requirement, the distinctiveness requirement, prohibitions on protecting merely descriptive and generic marks, the law's traditional focus on consumer confusion, and fair use. In addition, the trademark law has incorporated the "Rogers test," articulated in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), to balance First Amendment interests in defendants' use of plaintiffs' trademarks in titles for defendants' expressive works. The *Rogers* test prohibits trademark protection unless the title "has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work." *Id.* at 999.

328. Copyright provides First Amendment protections through, among other limits, the originality requirement, idea/expression dichotomy, merger doctrine, prohibition on copyright in facts, exceptions for standards, scene a fair, stock characters, and fair use.

329. *Golan v. Holder*, 565 U.S. 302 (2012) (holding that U.S. act restoring copyright status to foreign works previously in the public domain does not violate the First Amendment); *Eldred v. Ashcroft*, 537 U.S. 186 (2003) (holding that the 1998 Copyright Term Extension Act adding 20 years to the copyright term does not violate the First Amendment).

### A. Trademark Fair Use

There are two kinds of trademark fair use: classic fair use and nominative fair use. Classic fair use refers to statutory fair use provided for in section 33(b) of the Lanham Act, allowing a defendant's use of plaintiff's mark if it is "descriptive of and used fairly and in good faith only to describe the goods or services of" defendant.<sup>330</sup> In the U.S. Supreme Court case of *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, the Court held that defendant's use of the term "micro colors" to describe its own product, permanent makeup, was a good faith use to describe defendant's own product, not to trade on the goodwill of plaintiff's product.<sup>331</sup> This type of fair use is rarely applicable in cases involving fan activity, which directly borrows recognizable and protected character names, places, and phrases from fantasy works. In fan activity cases, the defendants' use of trademarked phrases is to refer to plaintiff's works, not to defendant's own products or services.

Nominative fair use, on the other hand, is directly relevant to fan activity. Indeed, the U.S. Court of Appeals for the Ninth Circuit developed this judge-made fair use doctrine in the context of a fan activity case. In *New Kids on the Block v. News America Publishing, Inc.*, the Ninth Circuit faced the question whether the popular boy band of the early 1990s, New Kids on the Block, could prohibit newspapers from profiting off of the band's popularity.<sup>332</sup> In that case, two national newspapers, *USA Today* and *The Star*, used for-profit, 900 area code phone numbers to poll their readers about their favorite members of the band.<sup>333</sup> Fans could call the 900 area code phone numbers to answer questions such as "Who's the best on the block?," "[A]re they a turn off?," and "[W]hich kid is the sexiest?"<sup>334</sup> The newspapers used the polls to generate stories about the band and donated the proceeds to charity.<sup>335</sup> Despite the free publicity, New Kids sued. As the court explained, New Kids feared the newspapers "were undermining their hegemony over their fans."<sup>336</sup> Among the nearly one-dozen claims raised by New Kids were unfair competition, commercial misappropriation, common-law misappropriation, and intentional interference with prospective economic advantage.<sup>337</sup>

The Ninth Circuit in that case adopted nominative fair use to allow defendants to use a protected trademark to refer to plaintiff's goods or services.

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330. 15 U.S.C. § 1115(b)(4) ("[U]se of the name, term, or device charged to be an infringement is a use, otherwise than as a mark . . . of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party . . .").

331. 543 U.S. 111 (2004).

332. 971 F.2d 302 (9th Cir. 1992).

333. *New Kids*, 971 F.2d at 304.

334. *Id.* at 304.

335. *Id.*

336. *Id.*

337. *Id.* at 304–05.

“[N]ominative use of a mark—where the only word reasonably available to describe a particular thing is pressed into service—lies outside the strictures of trademark law,” the court held.<sup>338</sup> The court adopted a three-part test to determine when nominative use is fair: (1) the product or service in question is not readily identifiable without use of the trademark, (2) only so much of the mark as is reasonably necessary to identify the product or service is used, and (3) use of the mark does not suggest sponsorship or endorsement by the trademark owner.<sup>339</sup>

While the New Kids conceded the right of the newspapers and fans to discuss and refer to the band, they contested the newspapers’ right to profit from the band’s fame. The New Kids argued that “their fans, like everyone else, have limited resources . . . . [A] dollar spent calling the newspapers[] . . . may well be a dollar not spent on New Kids products and services, including the New Kids’ own 900 numbers.”<sup>340</sup> Thus, according to the New Kids, the nominative fair use defense was unavailable “where the use in question competes directly with that of the trademark holder.”<sup>341</sup>

The Ninth Circuit rejected the plaintiff’s argument, and with it, the notion that the New Kids could exercise hegemony over their fans’ money.<sup>342</sup> “Where, as here, the use does not imply sponsorship or endorsement, the fact that it is carried on for profit and in competition with the trademark holder’s business is beside the point.”<sup>343</sup> The court concluded that “the trademark laws do not give the New Kids the right to channel their fans’ enthusiasm (and dollars) only into items licensed or authorized by them.”<sup>344</sup>

In other trademark cases, many involving Barbie, the Ninth Circuit has recognized that the First Amendment is implicated when popular trademarks become iconic and indelible parts of the popular culture and lexicon. As the Ninth Circuit stated in a case involving a song parodying Barbie, when trademarks “transcend their identifying purpose” and “enter our public discourse and become an integral part of our vocabulary,” they “assume[]

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338. *Id.* at 308 (emphasis omitted) (“Because it does not implicate the source-identification function that is the purpose of trademark, it does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder.”).

339. *Id.*; see also *Playboy Enters., Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002) (holding that Terri Welles, the Playboy Playmate of the Year in 1981, had a nominative fair use right to use Playboy trademarks, including “Playmate of the Year,” to describe herself on her website and the metatags to the site).

340. *New Kids*, 971 F.2d at 309.

341. *Id.*

342. *Id.* (“While the New Kids have a limited property right in their name, that right does not entitle them to control their fans’ use of their own money.”).

343. *Id.*

344. *Id.*

a role outside the bounds of trademark law.”<sup>345</sup> In another Barbie parody case before the Ninth Circuit, Judge Harry Pregerson wrote, “[w]here a mark assumes such cultural significance, First Amendment protections come into play.”<sup>346</sup> In these situations, “the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function.”<sup>347</sup> Trademark jurisprudence recognizes that intellectual property can have its own cultural life. The First Amendment is implicated in the ability of fans to immerse themselves in popular culture and imaginary worlds.

There is a tension here with other areas of trademark law, such as the emergent law of initial interest confusion and sponsorship confusion, which seek to capture for trademark owners all the benefits conferred by the mark.<sup>348</sup> Where there is no confusion as to sponsorship, however, trademark law itself does not confer an absolute right to the financial benefits of all pleasurable activity inspired by a popular culture work. Moreover, the importance of competition calls into question the rebuttable presumption of sponsorship confusion upon evidence of copying, described earlier.<sup>349</sup> To promote First Amendment interests in speech in trademarked works, courts ought to more liberally use the nominative use defense. Dewey’s conception of art as experience, Arrow’s learning by doing, and Polanyi’s tacit knowledge give further support to these First Amendment rights, as they highlight the critical interplay between cultural works, human discourse, and play. In the next Section, I turn to whether copyright law has, or ought to have, similar limits.

### B. *Copyright Fair Use*

The fair use doctrine serves as an important and necessary limit on copyright law’s seemingly boundless derivative work right. Today’s expansive derivative work right and fair use were codified together in the Copyright Act of 1976.<sup>350</sup> Earlier, the 1870 Copyright Act had recognized authors’ derivative work rights as extending only to the right to dramatize or translate their own works.<sup>351</sup> The 1909 Copyright Act added the right to abridge.<sup>352</sup> The Copyright Act of 1976 radically expanded this right. The Act defined a derivative work as one “based upon one or more preexisting works, such as a

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345. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002) (upholding Danish pop band Aqua’s song, “Barbie Girl,” as a parody that constitutes protected “noncommercial speech” under the Lanham Act).

346. *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 807 (9th Cir. 2003).

347. *Id.* (quoting *MCA Records*, 296 F.3d at 900).

348. *See* discussion *supra* Section II.A.

349. *See supra* notes 109–117 and accompanying text.

350. Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. COPYRIGHT SOC’Y U.S.A., 209, 214–15 (1983).

351. *Id.* at 214.

352. *Id.*

translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted.”<sup>353</sup> The open-ended definition has allowed copyright owners in fantasy worlds to extend their rights over the written word and film and musical adaptations to cover toys, amusement parks, and virtual worlds.<sup>354</sup> Indeed, copyright owners of fantasy properties claim the right to control and benefit financially from any potential derivative market inspired by their copyrighted universe.<sup>355</sup> Everything from fan fiction to a Pop-Up Bar to Quidditch leagues are tolerated at the copyright owner’s sufferance or ordered to cease and desist in the absence of a license.

*Star Wars* would not be *Star Wars* without the Copyright Act of 1976, which expanded considerably from focusing on exact or substantially similar reproductions in the same medium to ownership of derivatives in a wide range of media, even those far flung from the original work.<sup>356</sup> The derivative work right and *Star Wars* were born together.

But there is another force in the legal galaxy intended to bring balance to the law. Fair use, codified for the first time in the 1976 Copyright Act, was intended to ensure that copyright law stay true to its purpose—incentivizing the creation of new works without impeding “the development of new ideas out of old.”<sup>357</sup> As Judge Pierre Leval put it in a highly influential 1990 *Harvard Law Review* article, the fair use doctrine recognizes that “[n]otwithstanding the need for monopoly protection of intellectual creators to stimulate creativity and authorship, excessively broad protection would stifle, rather than advance, the objective.”<sup>358</sup> Fair use, Judge Leval explained, “is a necessary part of the overall design” of copyright.<sup>359</sup>

Fair use plays an express role in fostering copyright as a tool for the promotion of learning. Recognizing that “one must not put manacles upon science,”<sup>360</sup> the statute’s preamble explains that “fair use may be made for generally educational or illuminating purposes ‘such as criticism, comment, news reporting, teaching . . . scholarship, or research.’ ”<sup>361</sup>

353. 17 U.S.C. § 101 (2012) (emphasis added) (defining “derivative work”).

354. See Goldstein, *supra* note 350, at 209.

355. *Id.* at 227.

356. See *id.* at 214–15.

357. Pierre N. Leval, Commentary, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1109 (1990) (“Monopoly protection of intellectual property that impeded referential analysis and the development of new ideas out of old would strangle the creative process.”).

358. *Id.*

359. *Id.* at 1110.

360. See *Cary v. Kearsley* (1802) 170 Eng. Rep. 679, 680 (KB); 4 ESP. 168, 169 (quoting Lord Ellenborough).

361. Leval, *supra* note 357, at 1110 (quoting 17 U.S.C. § 107 (1982)).

More broadly speaking, fair use privileges *transformative* uses of an original copyrighted work. Since Judge Leval argued that the transformative nature of a secondary use should lie at the heart of the fair use inquiry,<sup>362</sup> this question has become the driving question in fair use analyses.<sup>363</sup> Judge Leval defined a transformative use as one where

[T]he secondary use adds value to the original—if the quoted matter is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings—this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society.<sup>364</sup>

Leval continued: “The use must be productive and must employ the quoted matter in a different manner or for a different purpose from the original.”<sup>365</sup> A use is not transformative if the secondary use “merely repackages or republishes the original,”<sup>366</sup> or would merely “supersede the objects” of the original.<sup>367</sup> The Supreme Court has recognized 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.”<sup>368</sup>

The derivative work right’s potential extension to all transformations of an original copyrighted work, and the fair use doctrine’s privileging of transformative works, puts these two doctrines in direct tension.<sup>369</sup> This Part elaborates how fair use law ought to apply to different kinds of fan activities. I posit three categories of transformative uses by fans: (a) *works that promote learning by doing*, (b) *cases involving the creation of a new work*, and (c) *exploitation of derivative markets that plaintiff is unlikely to exploit*.

(a) *Works that Promote Learning by Doing*.

At the real world Camp Half-Blood kids embody characters from Rick Riordan’s books for a “whole learning approach” that seeks to help campers “make meaningful connections between history, mythology, literature, art, science, sports, current events, language and rampant creativity.”<sup>370</sup> The im-

362. *Id.* at 1111 (“This question is vitally important to the fair use inquiry, and lies at the heart of the fair user’s case.”); *id.* at 1116 (“Factor One is the soul of fair use. A finding of justification under this factor seems indispensable to a fair use defense.”).

363. See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994); *Cariou v. Prince*, 714 F.3d 694 (2d Cir. 2013); *Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006).

364. Leval, *supra* note 357, at 1111.

365. *Id.*

366. *Id.*

367. *Id.* (quoting *Folsom v. Marsh*, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4901)).

368. *Campbell*, 510 U.S. at 579 (citation omitted).

369. Brian Soucek, *Aesthetic Judgement in Law*, 69 ALA. L. REV. 381, 431–37 (2017) (demonstrating how all four prongs of the fair use test require aesthetic judgment).

370. E.g., Topher Bradfield, *Dedicated to the Demigods: Our Lit Camps*, L.A. REV. BOOKS: TUMBLR EDITION (June 30, 2013), <http://tumblr.lareviewofbooks.org/post/54268763139/dedicated-to-the-demigods-our-lit-camps-by-topher> [<https://perma.cc/29F6-WCAT>].

mersive camp experience aids campers to “learn and utilize critical lateral problem solving skills and use creative play and teamwork to win the day.”<sup>371</sup> Writing and performing an unofficial *Harry Potter* Musical at the University of Michigan helped college students like future *Glee* actor Darren Criss to hone their writing and performing skills. The craftsmen and women who create elaborate works of handmade art sold on Etsy use this platform to express themselves and to develop their artistic skill and reputation.

The social benefits of learning by doing, including immersion and role-playing, suggest these activities and experiences are highly transformative and are distinct from and not substitutes for the original works. Furthermore, as the Supreme Court stated, even commercial uses may be allowed, if the secondary use is highly transformative.<sup>372</sup>

Even for transformative works, however, the other factors must be considered. Particularly important is the second factor, the amount and substantiality of the portion of the original work used in relation to the copyrighted work as a whole. As Judge Leval recognized, “extensive takings may impinge on creative incentives.”<sup>373</sup> A transformative work must take care not to copy too much of plaintiff’s original expression. A case involving an unauthorized *Harry Potter* reference book by a fan is instructive here. In *Warner Bros. Entertainment v. RDR Books*, the district court found that while reference books are transformative, in that case the defendant copied more of Rowling’s original expressive language than was necessary.<sup>374</sup> The court found that while copying names of characters, spells, and creatures from the *Harry Potter* books was allowed in a reference book, defendant went too far by describing these items using J.K. Rowling’s exact expression, sometimes without quotes.<sup>375</sup> Notably, the decision turned on substantial similarity, and not a claim that Rowling has the exclusive right to make *Harry Potter* derivative works, including reference books.

The Supreme Court has recognized that “the extent of permissible copying varies with the purpose and character of the use.”<sup>376</sup> For example, copying some elements from the original is recognized as necessary in order for a work to be recognized as a parody.<sup>377</sup> Fan activity, too, by its very nature must recall and reference “the canon.” Fidelity to the original in some re-

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371. Telephone Interview with Topher Bradfield, *supra* note 76; Bradfield, *supra* note 370.

372. *Campbell*, 510 U.S. 569 (finding commercial nature of 2 Live Crew’s rap parody outweighed by the transformative nature of parody).

373. Leval, *supra* note 357, at 1112.

374. *Id.*

375. *Warner Bros. Entm’t Inc. v. RDR Books*, 575 F. Supp. 2d 513, 544 (S.D.N.Y. 2008).

376. *Campbell*, 510 U.S. at 586–87.

377. *Id.* at 588 (“When parody takes aim at a particular original work, the parody must be able to ‘conjure up’ at least enough of that original to make the object of its critical wit recognizable.”).

spects—for example, the use of protected characters and settings—is what makes the work recognizable as a fan work. Courts analyzing this factor in the context of fan activity must allow for copying of some characters and settings as “raw materials” for new stories and experiences by fans, so long as the new work takes care not to copy the original author’s exact prose.

With respect to the third factor, the nature of the copyrighted work, this factor in contexts such as parody or fan activity is not “likely to help much in separating the fair use sheep from the infringing goats . . . since parodies almost invariably copy publicly known, expressive works.”<sup>378</sup> Fan activity by its very definition copies elements of highly expressive worlds.

The fourth factor, the effect of defendant’s use on the potential market for plaintiff’s work “must take account not only of harm to the original but also of harm to the market for derivative works.”<sup>379</sup> Notably, the Supreme Court rejected the presumption that any commercial use by defendant harms the market for the copyright owner.<sup>380</sup> The Supreme Court required actual evidence of harm to plaintiff’s derivative market.<sup>381</sup> The Court’s reasoning suggests that efforts by the copyright owner to merely reserve a right in a potential derivative market will not suffice to claim an exclusive right over a derivative market.<sup>382</sup>

The theories considered in Part III are instructive with respect to the fair use factors. Aesthetic theory recognizes that claiming the exclusive right to control how and where a work is experienced interferes with the ability of individuals to freely engage works on their own terms, and to develop their own agency and understanding. Furthermore, Dewey’s work recognizing that aesthetic experience requires *interaction* with the cultural work around us elaborates why defendants need to copy some elements of plaintiff’s work—e.g., characters and settings—to serve as the springboard for their own creative practices. The inevitable interplay between dominant cultural works and individuals and communities also explains why the third fair use factor is less relevant in the context of fan activity. Theories of learning by doing and tacit knowledge reveal knowledge disclosure and learning involves

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378. *Id.* at 586.

379. *Id.* at 590 (quoting *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 568 (1985)).

380. *Id.* at 591 (“[W]hen, on the contrary, the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred.”); *id.* (“No ‘presumption’ or inference of market harm . . . is applicable to a case involving something beyond mere duplication for commercial purposes.”).

381. *Id.* at 593 (“And while Acuff-Rose would have us find evidence of a rap market in the very facts that 2 Live Crew recorded a rap parody of ‘Oh, Pretty Woman’ and another rap group sought a license to record a rap derivative, there was no evidence that a potential rap market was harmed in any way by 2 Live Crew’s parody, rap version.”)

382. There is an important analogy in trademark law here. The 1988 Amendment to the federal Lanham Act eliminated the ability to reserve a trademark based on “token use.” *See* Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935; S. Rep. No. 100-515, at 5–6 (1988). This move curbed the anticompetitive practice of hoarding marks that are not actually being used in commerce.

experience, activity, social elaboration, and indwelling. Finally, performance theory would distinguish between an individual's unique performance in an unscripted summer camp, for example, where the individual makes unique choices and their own story, and the more straightforward reproduction the copyright law was meant to regulate.

Notably, some courts today reject application of fair use for fan fiction and fan activity off the bat under the presumption that fair use only protects parody, where there is market failure, and not fan activity, which pays homage to the original work.<sup>383</sup> But this approach is wrong for two reasons. First, this rigid bright-line-rule approach defies the requirement that fair use analysis take a case-by-case approach.<sup>384</sup> Second, the parody analysis in *Campbell* does not rest on a theory of market failure. In *Campbell*, the Court recognized that “parody has an obvious claim to transformative value,” not because of the unavailability of a licensing market in such cases, but because of the “social benefit” of parody.<sup>385</sup> Parody, the Court wrote, “[l]ike less ostensibly humorous forms of criticism . . . [can] shed[] light on an earlier work, and, in the process, creat[e] a new one.”<sup>386</sup> The Court held that “parody, *like other comment or criticism*, may claim fair use” under the statute.<sup>387</sup> Notably, the Court does not separate parody from comment, but characterizes parody as *a form of comment*, which is expressly mentioned in the Preamble of § 107.

The theories presented earlier provide a strong argument for preserving breathing space for comment, including but not limited to parody. Comment is the very process by which individuals engage and understand cultural knowledge. Comment under fair use is an important vehicle for engender-

383. See *Paramount Pictures Corp. v. Axanar Prods., Inc.*, 121 U.S.P.Q.2d (BNA) 1699, 1707 (C.D. Cal. 2017) (“[T]he Court has difficulty discerning from the *Axanar Works* any criticism of the *Star Trek* Copyrighted Works. This is not surprising since Defendants set out to create films that stay faithful to the *Star Trek* canon and appeal to *Star Trek* fans.”).

384. The Supreme Court has pointed out that fair use shuns “bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis.” *Campbell*, 510 U.S. at 577; see also *Warner Bros. Entm’t Inc. v. RDR Books*, 575 F. Supp. 2d 513, 540 (S.D.N.Y. 2008) (“The evaluation of these factors is ‘an open-ended and context-sensitive inquiry.’” (quoting *Blanch v. Koons*, 467 F.3d 244, 251 (2d Cir. 2006))). Recently issued “guidelines” to *Star Trek* fans by Paramount Pictures and CBS are particularly problematic in this regard. Paramount and CBS state that in order to avoid being sued, “fan production must be less than 15 minutes for a self-contained story . . . not to exceed 30 minutes total with no additional seasons, episodes, parts, sequels or remakes.” See Blanche Johnson, *CBS and Paramount Issue Guidelines to ‘Star Trek’ Fans*, FOX NEWS ENT. (June 24, 2016), <http://www.foxnews.com/entertainment/2016/06/24/cbs-and-paramount-issue-guidelines-to-star-trek-fans.html> (on file with the *Michigan Law Review*). In addition, the guidelines forbid fans from using the name “*Star Trek*” in their titles, that the fan films only include amateur participants, and the works must be “non-commercial, family friendly, and . . . display a disclaimer.” *Id.*

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

386. *Id.*

387. *Id.* (emphasis added).

ing a broader view of the promotion of culture—focusing not narrowly on the production of more books, but considering equally the importance of book clubs and coffee houses in which to discuss and debate the cultural works of the day.<sup>388</sup> Today, those fora include YouTube channels and Reddit.com.

(b) *Cases Involving the Creation of a New Work.*

The purpose of the copyright law is “[t]o promote the Progress of Science and useful Arts.”<sup>389</sup> Fair use, the Supreme Court declared, is “necessary to fulfill [this] very purpose.”<sup>390</sup> The fair use doctrine “permits [and requires] courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.”<sup>391</sup>

*Game of Thrones* fan videos analyzing the popular TV show are another example of new works that are threatened with the copyright “notice and take down” regime under section 512 of the Copyright Act, which allows limited liability for internet intermediaries such as Google and YouTube so long as they provide for copyright owners to give notice of infringement.<sup>392</sup> Algorithms intended to identify copyright infringement on the internet are inactivating video essays posted by *Game of Thrones* fans.<sup>393</sup> These videos use short clips from the HBO TV series and quotations from George R.R. Martin’s books to create short essays that dive deeply into the moral and political dilemmas presented in the series.<sup>394</sup> Most of these videos are highly transformative comments on the originals, serving not just to entertain but to engage fans in discussion and debate. Such videos easily qualify as the “creation of new information, new aesthetics, new insights and understandings.”<sup>395</sup> As scholars have observed, however, the use of algorithms to determine copyright infringement poses particular problems for copyright fair use, which requires careful, case-sensitive adjudication.<sup>396</sup>

Injunctions are particularly troublesome in the context of the creation of a new work.<sup>397</sup> The Supreme Court noted that while injunctive relief may be

388. See SUNDER, FROM GOODS TO A GOOD LIFE, *supra* note 48.

389. U.S. CONST. art. I, § 8, cl. 8.

390. *Campbell*, 510 U.S. at 575.

391. *Stewart v. Abend*, 495 U.S. 207, 236 (1990) (quoting *Iowa State Univ. Research Found., Inc. v. Am. Broad. Cos.*, 621 F.2d 57, 70 (2d Cir. 1980)).

392. See 17 U.S.C. § 512 (2012).

393. See, e.g., *Mills*, *supra* note 17.

394. See *id.*

395. Leval, *supra* note 357, at 1111.

396. Dan L. Burk, *Algorithmic Fair Use*, U. CHI. L. REV. (forthcoming 2018), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3076139](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3076139) [<https://perma.cc/D4DC-KLQX>]; see also *Lenz v. Universal Music Corp.*, 815 F.3d 1145 (9th Cir. 2015) (requiring online service providers like YouTube to engage in good faith fair use analysis before taking down content).

397. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 n.10 (1994) (“[T]he goals of the copyright law, ‘to stimulate the creation and publication of edifying matter,’ are not always best served by automatically granting injunctive relief . . .” (quoting Leval, *supra* note 357, at 1134)).

appropriate in straightforward cases of piracy, “such cases are ‘worlds apart from many of those raising reasonable contentions of fair use’ where ‘there may be a strong public interest in the publication of the secondary work [and] the copyright owner’s interest may be adequately protected by an award of damages for whatever infringement is found.’”<sup>398</sup> The fair use doctrine “mediates between” “the property rights [copyright law] establishes in creative works, which must be protected up to a point, and the ability of authors, artists, and the rest of us to express them—or ourselves by reference to the works of others, which must be protected up to a point.”<sup>399</sup>

(c) *Exploitation of Derivative Markets that Plaintiff is Unlikely to Exploit.*

Copyright owners act as though they have the right to exploit every potential market inspired by their fantasy copyrighted works. But this expansive claim has no basis in the law. In *Campbell*, the Supreme Court elaborated the fourth fair use factor’s reach, stating that the “market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop.”<sup>400</sup> There is a real question whether a temporary “pop-up bar” based on a copyrighted TV show, Quidditch leagues, or even a real-life Batmobile are derivative markets that the copyright owner intends to exploit, let alone imagined. The Supreme Court’s instruction that in determining the extent of the monopoly right in a derivative market, the parties ought to present evidence of actual harm to an existing market, is a good one, promoting innovation, competition, and speech. Plaintiffs should not have a right to horde all potential derivative uses and markets inspired by the original work. This rule promotes the utilitarian goal of more works, but also promotes freedom to imagine and experience a work free of the exclusive control of the intellectual property owner. Courts must expand their view of copyrighted works beyond the art object to the full human *experience* of art. This would privilege unlicensed enterprises that offer products, such as a mobile form of the *Star Wars* game Sabaac or brooms and uniforms for Quidditch leagues, allowing for follow-on creativity, deep play, and haptic engagement with the defining cultural works of our time. Fair use must recognize that the advance of culture requires not only the production of more works, but also participation in creative worlds that become real artifacts of modern culture.

#### CONCLUSION

Intellectual property laws ought to promote the capacity of people to enjoy, think about, play with, learn from, and critique the cultural works that dominate and shape ourselves and our societies. As Salman Rushdie cautions, “[T]hose who do not have the power over the story that dominates

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398. *Id.* (alteration in original) (quoting Leval, *supra* note 357, at 1132).

399. *Blanch v. Koons*, 467 F.3d 244, 250 (2d Cir. 2006).

400. *Campbell*, 510 U.S. at 592.

their lives, power to retell it, rethink it, deconstruct it, joke about it, and change it as times change, truly are powerless, because they cannot think new thoughts.”<sup>401</sup>

Intellectual property scholarship has paid scant attention to how fundamental experience and play are to our humanity. Again, I turn to Yale psychologist Paul Bloom, who observes that when life’s bare necessities of food, employ, and shelter are accounted for, “[w]hen we are free to do whatever we want, we retreat to the imagination—to worlds created by others, as with books, movies, video games, and television . . . or to worlds we ourselves create, as when daydreaming and fantasizing.”<sup>402</sup> Bloom argues that we enjoy imaginative experiences so much, not because they are an escape from reality, *but because we do not distinguish them from reality*. “We enjoy imaginative experiences,” he says, “because at some level we don’t distinguish them from real ones.”<sup>403</sup>

Cultural merchandise is often dismissed as crass commercialism. But cultural play has salutary benefits. Experiencing and doing with others matters. Our cultural worlds *touch us*. Fictional worlds become real in the sense that they become artifacts to be referenced and actors that shape our culture and ourselves. We must preserve the capability to critically and creatively engage cultural works with all our senses.

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401. Salman Rushdie, *Excerpts from Rushdie’s Address: 1,000 Days ‘Trapped Inside a Metaphor,’* N.Y. TIMES (Dec. 12, 1991), <http://www.nytimes.com/books/99/04/18/specials/rushdie-address.html> (on file with the *Michigan Law Review*).

402. BLOOM, *supra* note 2, at 155.

403. *Id.* at 156.