

EX POST INCENTIVES AND IP IN *GARCIA V. GOOGLE* AND BEYOND

Clark D. Asay*

INTRODUCTION

The Ninth Circuit's recent opinion in *Garcia v. Google, Inc.*¹ has attracted significant attention across the legal, political, and business worlds because of its possible implications for copyright law, free expression, and existing business models in the entertainment industry.² The plaintiff, Cindy Lee Garcia, made several requests to Google's YouTube to take down an anti-Islamic film hosted on that service that included a brief performance by her. Google denied each such request. Garcia then sought a preliminary injunction against Google, but she lost at the district court level.³

On appeal, the Ninth Circuit held that the district court was wrong in its denial of injunctive relief in part because Garcia likely had a copyright interest in her performance in the film.⁴ The court reasoned that, although Garcia was not a joint copyright owner of the film, she could still own an independent cop-

* Associate Professor of Law, Brigham Young University Law School.

1. 743 F.3d 1258 (9th Cir. 2014), *amended by* 2014 WL 3377343 (9th Cir. July 11, 2014).

2. *See, e.g.*, Eriq Gardner, *Netflix Asks Appellate Court to Reconsider 'Innocence of Muslims' Ruling*, HOLLYWOOD REP. (Apr. 15, 2014, 11:25 AM PDT), <http://www.hollywoodreporter.com/thr-esq/netflix-asks-appellate-court-reconsider-696226> (arguing that if the result is not overturned, Netflix's business model faces serious difficulties that may well undermine it); Corynne McSherry, *Bad Facts, Really Bad Law: Court Orders Google to Censor Controversial Video Based on Spurious Copyright Claim*, ELECTRONIC FRONTIER FOUND. (Feb. 26, 2014), <https://www.eff.org/deeplinks/2014/02/bad-facts-really-bad-law-court-orders-google-censor-controversial-video-based> (suggesting that the outcome of the case represented a weak copyright claim trumping important free speech considerations, particularly in light of an important political discussion surrounding the film); Schuyler M. Moore, *Garcia v. Google: Hard Cases Make Bad Law*, HUFFINGTON POST BLOG (Mar. 5, 2014, 2:40 PM EST), http://www.huffingtonpost.com/schuyler-m-moore/garcia-v-google-hard-case_b_4900376.html (arguing that the *Garcia* decision misconstrued copyright law in order to reach the political result that the court wanted).

3. For background and some analysis of the case, see Stefan M. Mentzer & Priya Srinivasan, *The Garcia v. Google Controversy and What It Means for Content Owners and Users*, LEXOLOGY (Mar. 20, 2014), <http://www.lexology.com/library/detail.aspx?g=3b6ff140-49a1-4a85-9f90-b27d5987937a>.

4. *Garcia*, 743 F.3d at 1262-65.

yright in her performance within it.⁵ While the court later amended its opinion, its basic holdings remained the same.⁶

Some argue that the court erred in so ruling because Garcia's performance does not actually satisfy the Copyright Act's requirements; others suggest the court's analysis is wrong because it fails to properly take into account important legislative and constitutional protections of free expression; and yet others contend the result is mistaken because of its likely practical effects on certain business models.⁷

In contrast, this Essay articulates a theory for why we should be uneasy with the outcome in *Garcia*. I argue that *Garcia* is bad law because it is the epitome of "ex post incentives" leading to "ex post IP." I define "ex post incentives" as incentives to claim intellectual property (IP) rights that are incidental to the creation of the work; often they arise in contexts such as *Garcia* where parties seek to use IP law to protect interests beyond those that IP law was meant to serve. I define "ex post IP" as IP rights whose scope is exceedingly unclear even after creation of the work; the rights must be determined, if at all, after the fact in a court of law.

I suggest that scenarios involving ex post incentives and ex post IP contravene the theory and purpose underlying the constitutional provision that provides for copyright law. This theoretical framework, furthermore, is helpful in identifying and assessing other thorny problems in IP law as well. In particular, I argue that this framework provides us a better theoretical understanding for why we should disfavor patent trolls, or patent owners that do not make products but sue others that do.

I. GARCIA'S PREDICAMENT

The plaintiff in *Garcia*, Cindy Lee Garcia, found herself mired in a potentially dangerous controversy. She agreed to perform a script provided to her as part of a low-budget amateur film titled *Desert Warrior*. For her three and a half days of filming, she was paid \$500. Subsequently, the scene was altered and used in *Innocence of Muslims*, an anti-Islamic film. Once the film became available on YouTube, outrage in the Islamic world and elsewhere ensued. Protests erupted around the globe, with some suggesting that the attack on the U.S.

5. *Id.*

6. See, e.g., Corynne McSherry, *Ninth Circuit Doubles Down in Garcia v. Google*, ELECTRONIC FRONTIER FOUND. (July 11, 2014), <https://www.eff.org/deeplinks/2014/07/ninth-circuit-doubles-down-in-garcia-v-google> (indicating that while the amended decision recognizes some of the concerns raised by amici, it keeps intact the original decision's key findings). The most substantial addition that the amended decision made was to suggest that the district court on remand was free to disagree with the court's analysis, which may be difficult to square with the court's finding that individual performances are copyrightable as a matter of law. Accord Rebecca Tushnet, *Amended Aggravation: Garcia v. Google*, REBECCA TUSHNET'S 43(B)LOG (July 14, 2014, 8:02 AM), <http://tushnet.blogspot.com/2014/07/amended-aggravation-garcia-v-google.html>.

7. See *infra* notes 13-19 and accompanying text.

embassy in Benghazi, Libya, was in response to the film.⁸ Garcia eventually even received death threats.⁹

Understandably, Garcia wanted to stop access to the film. What were her options? She could sue the film's producer for breach of contract or some form of fraud. But each of these suits would take time to resolve, and meanwhile the film would remain accessible.

Instead, Garcia requested that Google remove the film from YouTube because it, she claimed, violated her copyright interest in her performance in the film. Garcia made such requests pursuant to the Digital Millennium Copyright Act (DMCA), which generally shields online service providers from copyright liability so long as they meet certain requirements, one of which is to respond expeditiously to takedown notices from authors claiming that infringing material is located on their service.¹⁰ But, as noted, Google declined each of her requests. Her request for a preliminary injunction at the district court level similarly fell on deaf ears.

II. COPYRIGHT'S PREDICAMENT

The Ninth Circuit, by contrast, remanded the case, ruling that Garcia had likely met her burden of demonstrating a copyright interest in her performance in the film. The court reasoned that her performance was "fixed" as required by the Copyright Act and appeared to include some amount of creativity—another requirement of the Copyright Act—despite being based on a script provided to her.¹¹ That creativity may include her "body language, facial expression and reactions to other actors and elements of a scene."¹²

Rebuttals of the court's reasoning have been numerous. Some argue that the court misconstrued copyright law in a way that will lead to disastrous consequences. For instance, if each contributor to a larger work such as a film is deemed to possess a copyright interest in her contribution, each such contributor is then able to prevent access to the larger work (i.e., precisely the result in *Garcia*).¹³ Applying copyright law in this manner can thus lead to problems with holdup and censorship while also making the work generally unusable due to the fragmented nature of ownership.¹⁴

8. Scott Shane, *Clearing the Record About Benghazi*, N.Y. TIMES (Oct. 17, 2012), <http://www.nytimes.com/2012/10/18/us/politics/questions-and-answers-on-the-benghazi-attack.html> (highlighting that Susan Rice, then U.S. ambassador to the United Nations, suggested that the film helped cause the attacks).

9. *Garcia*, 743 F.3d at 1262.

10. *See id.*

11. *Id.* at 1263-64.

12. *Id.* at 1263.

13. *See* Brief of Amici Curiae Professors of Intellectual Prop. Law in Support of Google, Inc. & YouTube, LLC's Petition for Rehearing En Banc at 3, *Garcia*, 743 F.3d 1258 (No. 12-57302).

14. *Id.*

To help address these and other issues, Congress created the concept of “joint work[s],” where larger works are created “by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole.”¹⁵ According to the majority view, the joint authors of the resulting work are only those who at the outset are intended to be coauthors of the overall larger work; these authors possess copyright interests in the work.¹⁶ Other contributors to the work, conversely, do not.

Concerns with fragmented ownership form the basis of several amici briefs submitted to the court as well. For instance, Netflix and several prominent news organizations and broadcasters submitted briefs to the court arguing that their business models were in danger should such a decision be upheld.¹⁷

Others argue that the court failed to properly take into account the likely ramifications for free expression. For instance, some argue that the decision failed to address important safe harbors found in section 230 of the Communications Decency Act.¹⁸ Section 230 provides robust immunity to online service providers for many types of third-party content hosted on their sites and constitutes, according to some, the “legal foundation for many of the most popular websites” in the world.¹⁹ While section 230 does provide an exception for intellectual property claims, commentators argue that parties such as Garcia increasingly exploit that exception in order to remove content that they simply do not like.²⁰

Relatedly, others suggest that the court improperly applied the standards for granting injunctive relief by discounting vital First Amendment considerations and the public’s interest in accessing the film as part of a larger political debate. And it did so solely on the basis of a dubious copyright claim.²¹

III. THE IP CLAUSE AND GARCIA’S THEORETICAL PROBLEMS

Each of these arguments certainly has merit. But even more fundamentally, the decision contravenes the purpose of and theory behind copyright. Article I,

15. 17 U.S.C. § 101 (2012); *see also id.* §§ 106A(b), 201(a); Brief of Amici Curiae Professors of Intellectual Prop. Law in Support of Google, Inc. & YouTube, LLC’s Petition for Rehearing En Banc, *supra* note 13, at 3. Of course, another purpose of the concept of joint works may be to facilitate their creation by awarding each contributing author of the larger work a copyright interest in the whole.

16. Michael B. Landau, *Joint Works Under United States Copyright Law: Judicial Legislation Through Statutory Misinterpretation*, 54 IDEA 157, 166-71 (2014).

17. *See* Amicus Curiae Brief in Support of Defendants-Appellees Google Inc. & YouTube, LLC by Cal. Broadcasters Ass’n, *Garcia*, 743 F.3d 1258 (No. 12-57302); Brief of Amicus Curiae Netflix, Inc., *Garcia*, 743 F.3d 1258 (No. 12-57302).

18. *See* Brief of Amici Curiae Internet Law Professors in Support of Google, Inc. & YouTube, LLC’s Petition for Rehearing En Banc at 4, *Garcia*, 743 F.3d 1258 (No. 12-57302).

19. *Id.*

20. *Id.* at 7-15.

21. *See* McSherry, *supra* note 2.

Section 8, Clause 8 of the U.S. Constitution empowers Congress to grant authors “the exclusive Right to their respective Writings” in order to “promote the Progress of Science and useful Arts.” The most ubiquitous understanding of this clause, often referred to as the “utilitarian” or “economic incentives” theory of intellectual property law, argues that without providing these incentives ex ante, society would suffer because prospective authors would be unwilling to create the works for fear that others would simply copy them, thereby undermining any potential market for the works.²²

The Constitution’s IP Clause also appears to contemplate granting rights in discernable “Writings” and other creative works. This seems to be one important implication of the reference to “respective Writings,” because if the boundaries of a work are not discernable, it becomes difficult if not impossible to distinguish between the respective creative works of one author over another. Blurry rights would also reduce ex ante incentives to create, since creators would not be able to prospectively assess the risks inherent in their creative activity.

The Constitution’s IP Clause and the utilitarian theory behind it, then, appear to justify granting intellectual property rights in cases where “ex ante incentives” are necessary for the author to create the work in the first place. They also appear to favor these incentives, leading to the creation of what I call “ex ante IP,” or rights of authors whose boundaries are fairly certain even before authors have created the works or such rights have been litigated before a court.

IV. GARCIA’S PREDICAMENT REVISITED

In *Garcia*, rather than ex ante incentives leading to ex ante IP, ex post incentives resulted in ex post IP. For instance, Garcia appears to have latched on to copyright as a means of removing the film once other options were deemed less than ideal. Indeed, in her initial complaint she failed to even assert a copyright claim, instead relying on claims of defamation, misrepresentation, and fraud.²³

Hence, she had ex post incentives to claim copyright in order to limit access to the film. But copyright does not appear to have functioned as an ex ante incentive necessary for her to create the work; the incentive for her performance was three days’ worth of pay. For Garcia, copyright was a move of last resort rather than an ex ante lure.

And what, exactly, are the contours of Garcia’s rights in her performance? The performance was based on a script provided to her; she simply performed in accordance with it. The Ninth Circuit acknowledged that her copyright inter-

22. Mark A. Lemley, *The Myth of the Sole Inventor*, 110 MICH. L. REV. 709, 736-38 (2012).

23. Complaint, *Garcia v. Nakoula*, No. BC492358 (Cal. Super. Ct. Sept. 19, 2012), available at <http://digitalcommons.law.scu.edu/cgi/viewcontent.cgi?article=1688&context=historical>.

est in the performance was thus derivative of the underlying copyrighted script and further suggested that the scope of her rights was somewhat murky.²⁴

In other words, the court ruled that Garcia likely has some rights in the performance, even if it would be hard pressed to say what those rights are. Her alleged rights exemplify ex post IP, or IP rights that are exceedingly unclear until after a court has declared what they are. And they may remain unclear even after a court's determination, as in *Garcia*.

In contrast, the rights attendant to ex ante IP are known with a good amount of certainty even before creation of the work and absent any court opinion. To illustrate: when an author writes a book, the author has certain rights that in some respects are well defined. The author knows that in nearly all cases, no one can without her authorization copy the book in its entirety. Furthermore, if someone wants to translate the book into another language or make a movie out of it, the author knows that in nearly all cases she will need to authorize that activity as well.

However, some potential rights in the book are less certain. For instance, can someone copy a large portion of the book in order to criticize it and society in general without the author's consent? What about simply using some passages from the book, or perhaps following its general structure without copying the exact contents? The answers to these questions are uncertain at best, even upon creation of the book, and in order to be answered definitively, the questions would need to be litigated. These types of ex post IP rights are similar to the rights that the Ninth Circuit determined Garcia likely has in her performance: unclear without litigation, and perhaps still unclear even after a court ruling.

V. THE IP CLAUSE AND IP THEORY REVISITED

Clearly not all uncertainty associated with IP rights can be eliminated; courts will remain necessary to interpret and apply the law. Some even suggest that in certain cases uncertainty in IP law plays a positive role.²⁵ But generally, greater certainty leads to greater predictability, which typically should promote greater innovation and creativity as parties are able to more accurately take into account the risks of their activities. As a general theoretical, constitutional, and practical matter, in most cases we should favor ex ante IP over ex post IP rights.

The same conclusion holds true when comparing ex ante incentives to ex post incentives. The constitutional basis for granting IP rights is to promote in-

24. *Garcia*, 743 F.3d at 1264-65.

25. See, e.g., Kristelia A. Garcia, *Penalty Default Licenses: A Case for Uncertainty*, 89 N.Y.U. L. REV. (forthcoming 2014), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2313943 (arguing generally that uncertainty can improve market efficiency in cases where rights are unclear, because this lack of clarity functions as a penalty default that encourages more efficient private ordering solutions).

novative activities by holding forth ex ante the lure of exclusive rights. If that lure is unnecessary and society receives the creative works without it, society is overall better off.

When ex post incentives combine with ex post IP rights, the theoretical, practical, and constitutional justifications for IP law are at their nadir. The *Garcia* decision is a clear example of such a scenario. Garcia claimed copyright only in order to protect her bodily interests, not her expressive ones. And even once she claimed copyright, it isn't clear, even according to the court, what interests she is claiming. Ex post incentives combined with ex post IP rights in *Garcia* to leave us all in doubt.

VI. A THEORETICAL STRIKE AGAINST PATENT TROLLS

The theoretical framework drawn from *Garcia* can be applied to other vexing problems in IP law as well. For instance, one of the more contentious issues in patent law today concerns patent trolls, or those patent owners that do not practice their patents but sue others that do.

Commentators often react negatively to the activities of such entities, but without offering a clear theoretical reason as to why we should disfavor them. I suggest that, similar to *Garcia*, we should disfavor patent trolls because they are in the patent world the epitome of ex post incentives leading to the creation and/or claiming of ex post IP rights. Patent trolls, for instance, often acquire their patents from corporations that have no real need for the patents and simply sell them off in order to monetize them.²⁶ The patent trolls, therefore, have ex post incentives to acquire the patent rights; by definition the patents are not acting as ex ante incentives to their (lack of) innovative activity.

But even if patent trolls do not have ex ante incentives, the corporations and other parties from which they acquire the patent rights may. For instance, some almost certainly pursue innovative activity in pursuit of patent rights; the ex ante possibility of patent rights—including the ability to sell them at a later date—may inform their decision to pursue the innovative activity in the first place. In this light, patent trolls may be an important piece of the innovation puzzle rather than an overall detriment to it.²⁷

While this line of reasoning may hold true in some cases, in many others it seems dubious. Corporations often acquire patents not for ex ante incentive reasons, but because it simply lacks business sense not to pursue patents for innovations that the corporations are already pursuing. Indeed, in many cases they may feel compelled to pursue patents simply because others do. But the result-

26. Mark A. Lemley & A. Douglas Melamed, *Missing the Forest for the Trolls*, 113 COLUM. L. REV. 2117, 2149 (2013) (indicating that patent trolls generally acquire their patents from third parties).

27. For a defense of the activities of patent trolls and patent rights generally, see Nathan Myhrvold, *Patents Are Very Valuable, Tech Giants Discover*, BLOOMBERG VIEW (July 11, 2011, 8:40 PM EDT), <http://www.bloombergview.com/articles/2011-07-20/patents-are-very-valuable-tech-giants-discover-nathan-myhrvold>.

ing patent nuclear arms race should not necessarily be construed as evidence that parties would not innovate but for the lure of patents; it may be better construed as evidence that patent law's strict liability regime requires acquisition of patents for defensive purposes.²⁸ In other words, an incentive to acquire patents may exist, even if the patent itself is not acting as a necessary *ex ante* incentive to innovation. Other factors, such as competition, may be the true catalyst to the innovative activity in many cases.²⁹

The problems associated with *ex post* IP are also manifest in the activities of patent trolls and patent law more generally. For instance, one pervasive complaint with the patent system is that the boundaries of patents are often difficult to discern and that patent trolls exploit this feature to their advantage in order to force parties to settle what are often otherwise weak legal claims.³⁰ That is, because the costs of paying off the patent trolls are less than litigating the matter to determine precisely the boundaries of the patents, many of the accused simply settle. In such cases, *ex post* IP remains *ex post* IP. And society suffers as a result.

In sum, the lessons of *Garcia* can be applied more broadly to IP law in general. While at first blush *Garcia* and patent trolls may appear to have little in common, the theoretical framework laid out in this Essay connects them in a way that enables us to better assess the common problems in each.

CONCLUSION

The Ninth Circuit's *Garcia* decision was wrong for a number of reasons. This Essay has focused on identifying constitutional and theoretical reasons why it was wrong and applying that framework to other controversial IP topics, such as patent trolls. This theoretical framework suggests that denying *ex post* IP rights where primarily *ex post* incentives are at play would improve the efficacy of IP law in general. Others have suggested a variety of reforms to IP law,³¹ and this Essay provides those and other reform proposals with theoretic-

28. For a discussion of a proposal on one way to relax patent law's strict liability regime and the potential benefits of doing so, see generally Clark D. Asay, *Enabling Patentless Innovation*, 74 MD. L. REV. (forthcoming 2015), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2289326.

29. For discussions of industries in which competition appears to be the catalyst for innovation, see Mark A. Lemley & Lawrence Lessig, *The End of End-to-End: Preserving the Architecture of the Internet in the Broadband Era*, 48 UCLA L. REV. 925, 960-62 (2001) (Internet); Arti Kaur Rai, *Evolving Scientific Norms and Intellectual Property Rights: A Reply to Kieff*, 95 NW. U. L. REV. 707, 709-10 (2001) (biotechnology); and Howard A. Shelanski, *Competition and Deployment of New Technology in U.S. Telecommunications*, 2000 U. CHI. LEGAL F. 85, 85 (telecommunications).

30. See Lemley & Melamed, *supra* note 26, at 2173 (discussing this phenomenon in the IT industry in particular).

31. For some recent proposals that, if pursued, may help address some of the problems of *ex post* incentives leading to *ex post* IP, see Asay, *supra* note 28 (discussing one way to relax patent law's strict liability regime and thereby allow parties to partially opt out of the patent system); Brad A. Greenberg, *Copyright Trolls and Presumptively Fair Uses*, 85 U.

cal guidance on the best way to implement them. Without such reforms and a consistent theory behind them, IP law runs the risk of expanding and morphing in ways that hinder rather than promote innovation and creativity. And in so doing, IP law flouts the very reasons for which it was instituted.

COLO. L. REV. 53 (2014) (discussing how a certain application of the fair use doctrine in copyright law can help address the rise of copyright trolls); and Lisa Larrimore Ouellette, *Patent Experimentalism*, 101 VA. L. REV. (forthcoming 2015), available at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2294774 (discussing the need for greater policy diversity in patent law in order to better assess what actually promotes innovation).