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Adverse Possession of Art

Herbert I. Lazerow

The Trademark Problem of “TRUMP TOO SMALL”

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The Five-Factor Framework:

A New Approach to Analyzing Public Benefits in Fair Use Cases

Joshua Berlowitz

The Case for the CCB:

A Defense of the Constitutionality of the Copyright Claims Board

Adam Vischio

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Adverse Possession of Art

Herbert I. Lazerow*

ABSTRACT

Some cases and commentators have argued that the doctrine of adverse possession, which gives title to a long-term possessor of property, should not be applied to personal property, especially art. This Article concludes that it is impossible to determine whether adverse possession applies to personalty in California. It then looks at the doctrine, policy, and practicalities of the statute of limitations, laches, and adverse possession, focusing on the practical effect of the increased cost of litigation. It concludes that most objections to applying adverse possession to personalty are, in fact, objections to barring the claiming owner through the statute of limitations. As a theoretical matter, once suit is barred by the statute of limitations, the application of adverse possession is appropriate, but adverse possession seems less important to successful litigants for personal property than it does for realty because there are few effective gatekeepers for personalty.

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INTRODUCTION: ADVERSE POSSESSION OF ART IS CONTROVERSIAL

Adverse possession is the acquisition of title by using property as an owner would use it for a long period of time. Put differently, adverse possession confirms that a person who has used property for a significant period of time as the owner would use it actually *is* the owner of that property. The doctrine dates to the thirteenth century in common law,¹ and as far back as the Roman Empire for civil law, where they called it prescription.² Originally applied to realty, adverse possession in the United States was later extended to personal property.³

Adverse possession of art has become more important during the last half century. From 1917 to 1950, Nazi and Communist activities, the victorious Allies, and private persons taking advantage of wartime and postwar confusion separated an unprecedented number of art works from their owners.⁴ Recent decisions have extended the scope of works considered stolen, at least in territory controlled by Nazi Germany, to include works sold under legal or perhaps economic duress.⁵ Also, though no reliable statistics exist, there may have been a serious uptick in the theft of art as a criminal enterprise.⁶ Claims have been made that art theft is a major source of revenue for terrorist organizations, trailing only drugs and kidnapping for ransom in magnitude.⁷

1. First, one was protected if he could prove that he had been seized since the death of Henry I (1135), then the accession of Henry II (1154), then the coronation of Richard the Lion-Hearted (1189). FREDERICK POLLOCK & FREDERIC WILLIAM MAITLAND, *THE HISTORY OF ENGLISH LAW BEFORE THE TIME OF EDWARD I* 81 (2d ed. 1899). The period was set at sixty years in 1540 and twenty years in 1623. 4 WILLIAM S. HOLDSWORTH, *HISTORY OF ENGLISH LAW* 484–485 (3d ed. 1924); 3 WILLIAM S. HOLDSWORTH, *HISTORY OF ENGLISH LAW* 8 (3d ed. rewritten 1923).

2. MAX RADIN, *HANDBOOK OF ROMAN LAW* 361 (1927).

3. RAY ANDREWS BROWN & WALTER B. RAUSHENBUSH, *THE LAW OF PERSONAL PROPERTY* § 4.1 (3d ed. 1975); BARLOW BURKE, *PERSONAL PROPERTY IN A NUTSHELL* 340, 344–346 (3d ed. 2003); Brent v. Chapman, 9 U.S. 358 (1809) (possession of a slave for five years gave the possessor the right to recover the slave from the person who bought the slave at a sheriff's sale of the property of the slave's true original owner) (Marshall, C.J.).

4. See LYNN H. NICHOLAS, *THE RAPE OF EUROPA* (1995); HECTOR FELICIANO, *THE LOST MUSEUM* (1994); and KONSTANTIN AKINSHA & GRIGORII KOZLOV WITH SYLVIA HOCHFELD, *BEAUTIFUL LOOT: THE SOVIET PLUNDER OF EUROPE'S ART TREASURES* (1995).

5. Vineberg v. Bissonnette, 529 F. Supp. 2d 300 (D.R.I. 2007), *aff'd*, 548 F.3d 50 (1st Cir. 2008).

6. According to testimony by the president of the International Foundation for Art Research in O'Keeffe v. Snyder, 416 A.2d 862, 872 (N.J. 1980).

7. Matthew Bogdanos, *The Terrorist in the Art Gallery*, N.Y. TIMES (Dec. 10, 2005), <https://www.nytimes.com/2005/12/10/opinion/the-terrorist-in-the-art-gallery.html> [<https://perma.cc/BJX8-DA7R>] [<https://web.archive.org/web/20220901080814/http://www.nytimes.com/2005/12/10/opinion/the-terrorist-in-the-art-gallery.html>]. He also mentions extortion of local merchants as a source of terrorist funds. Though these are mostly thefts of artifacts that have not been catalogued from archaeological sites, this is often not unowned property because many countries have laws declaring that such artifacts belong to the state. For examples of such laws, see *United States v. Schultz*, 333 F.3d 393 (2d Cir. 2003) (for Egypt); *Islamic Republic of Iran v. Barakat Galleries Ltd.*, [2007] EWCA (Civ) 1374 (for Iran); and *Treasure Act 1996*, C 24 (England).

The increase in stolen art has intersected with a trend to extend statutes of limitations. The statutes are extended not by increasing the number of years required for their expiration (though that sometimes happens also), but by delaying the point at which the statute begins to run by adding a “discovery” requirement. Originally conceived as a way to give a tort plaintiff with a short statute of limitations a fair chance to discover his injury and bring suit, these “discovery” rules were often extended by courts or legislatures to the recovery of personal property without much thought set forth in the opinion about fundamental differences between tort and property suits.⁸

While this occurred, an entirely unrelated change has occurred in American litigation: American litigation has become enormously expensive. The expense may result in part from expanded discovery and in part from increased legal and witness fees. It is difficult to be very scientific about the likely amount of those fees because they are usually kept private between the lawyer and the client. It is possible to make some estimates based on cases where the prevailing party was entitled to recover attorneys’ fees or based on public statements or rumors. In each case, I have provided both the historic cost and its equivalent in 2022 dollars.

Fees seem to depend on both subject matter and the progress of the case.

In several default judgment cases, the fees were about \$5,000 (in one case \$8,500 today).⁹ Likewise, fees were modest—less than \$40,000—for handling appeals from administrative law judges to U.S. Courts of Appeal in immigration and social security cases, in one case involving two appeals.¹⁰

Not all fees are so modest.

The court awarded \$670,000 (\$753,000 today) in legal fees and \$50,000 (\$56,000 today) in costs up to the end of trial in a copyright infringement case.¹¹ An environmental law case that went twice to the Court of Appeals awarded fees of \$1 million (\$1.1 million today).¹² In an environmental law case that involved an anti-SLAPP motion and two trips to the Court of Appeals (the second to remove the trial

8. See, e.g., *O’Keeffe*, 416 A.2d. Georgia O’Keeffe sued to replevy in 1976 three of her paintings allegedly stolen from An American Place Gallery in 1946. Defendant’s predecessor alleged that the works had been in his father’s summer house since the early 1940s by gift or sale. As a result of that long possession, he acquired title by adverse possession. The court held that the statute of limitations for replevin did not begin to run until the owner discovered or should have discovered what she needed to know in order to sue, but only if she established that she had diligently pursued the property. The court remanded for a decision on diligence. The parties settled. Rumor has it that each took one painting and the third was sold to pay both parties’ lawyers. In applying the discovery rule developed for torts to a property case, the New Jersey Supreme Court does not discuss whether different considerations might apply to property cases than to torts cases. *Id.*

9. E.g., *Shumaker v. Burgess Services, LLC*, No. 21-cv-2291-WJM-MEH, 2022 WL 4104272 (D. Colo. Sept 8, 2022) (copyright infringement); *Cap. Bonding Corp. v. Wilson*, No. 00-CV-3828, 2000 WL 1201885 (E.D.Pa. Aug. 22, 2000) (confessing judgment on bail bond guarantee); *Broadway Music, Inc. v. Buffalo Wing Joint & Pub, LLC*, 431 F.Supp.3d 147 (W.D.N.Y. 2019) (copyright infringement).

10. E.g., *Mohammed v. Barr*, No. 17-70686, 2019 WL 7503025 (9th Cir. Oct. 11, 2019); *Wheatley v. Berryhill*, No. 18-35501, 2018 WL 6579351 (9th Cir. Oct. 24, 2018).

11. *VMG Salsoul, LLC v. Ciccone*, No. CV-12-05967-BRO-(CWx), 2014 U.S. Dist. LEXIS 200863 (C.D. Cal. Apr. 28, 2014). The award of attorneys’ fees was reversed by 824 F.3d 871 (9th Cir. 2016) on grounds that the defendant’s position was reasonable.

12. *Communities for a Better Env’t v. Energy Res. Conservation & Dev. Comm’n*, 57 Cal. App. 5th 786 (2020).

judge), the 2021 attorneys' fees were \$2.25 million (\$2.46 million today).¹³ A trademark/copyright case with a single trip to the Court of Appeals resulted in a fee of roughly \$1.6 million in 2004 (\$2.5 million today).¹⁴

Another copyright case that produced a jury verdict but was not appealed cost \$2.5 million in attorneys' fees in 2020 (\$2.75 million at today's prices).¹⁵ Yet another that was tried and had post-trial motions scored \$4 million in lawyers' fees (\$4.7 million today).¹⁶

Turning to art law cases, the *Cassirer* case was extraordinarily long and complicated, with three visits to the Court of Appeals, one to the U.S. Supreme Court, and it is not final yet. In 2015, the possessor announced that it had spent €1.3 million.¹⁷ By 2022, the fees had mounted to €3.25 million, or \$3.29 million.¹⁸

The champion must be the fee rumored to have been spent by the Andy Warhol Foundation for the Visual Arts. It incurred legal fees in defending a suit by filmmaker Joe Simon-Whelan alleging fraud, collusion, and manipulation of the art market amounting to \$7 million (now \$9.5 million). The case was filed in 2007 and settled in 2010.¹⁹

This was not a scientific sample, but it shows a range of legal expenses for litigation, where art recovery cases are very likely to be on the expensive side.

The result of this increased expense has been that the chattels about whose adverse possession is litigated has narrowed to chattels of great value—mostly artwork, some suggestion of jewels, wines and antiques—and one boat.²⁰ A survey of cases involving adverse possession of personal property prior to World War II turns up all manner of items in dispute; during the last quarter century, it has been overwhelmingly

13. Youth for Env't Just. v. City of L.A., Los Angeles Superior Ct. Case BC600373 (2021).

14. Mattel, Inc. v. Walking Mt. Prods., No. CV 99-8543 RSWL (RZx), 2004 U.S. Dist. LEXIS 12469 (C.D. Cal. June 21, 2004).

15. ABKCO Music, Inc. v. Sagan, 500 F.Supp.3d 199 (S.D. N.Y. 2020).

16. John Wiley & Sons, Inc. v. Book Dog Books, LLC, 327 F.Supp.3d (S.D.N.Y. 2018).

17. Noelia Núñez, *El Thyssen Aumenta el Número de Visitas Pero Pierde 4,5 Millones en 2014*, EL PAÍS (July 24, 2015, 13:25), https://elpais.com/cultura/2015/07/24/actualidad/1437742755_704817.html [<https://perma.cc/V7Y2-WTXC>] [https://web.archive.org/web/20221109160708/https://elpais.com/cultura/2015/07/24/actualidad/1437742755_704817.html].

18. Robert, *Spain Pays More Than Three Million Euros To Lawyers Not To Return Picasso del Thyssen Stolen by the Nazis*, EPRIMEFEED (Nov. 9, 2022, 22:08), <https://eprimefeed.com/latest-news/spain-pays-more-than-three-million-euros-to-lawyers-not-to-return-pissarro-del-thyssen-stolen-by-the-nazis/83716> [<https://perma.cc/5JKW-3YRU>] [<https://web.archive.org/web/20221109161143/https://eprimefeed.com/latest-news/spain-pays-more-than-three-million-euros-to-lawyers-not-to-return-pissarro-del-thyssen-stolen-by-the-nazis/83716>]. The earlier figure is certainly not adjusted to 2022 dollars. It is unclear whether the later figure is adjusted to present money considering the dates each part of it were paid.

19. Judd Tully, 'It's About Setting the Record Straight': A Warhol of Disputed Authenticity and Chequered Association Heads To Auction, THE ART NEWSPAPER (Sept. 12, 2022), <https://www.theartnewspaper.com/2022/09/12/a-warhol-of-disputed-authenticity-and-chequered-association-heads-to-auction> [<https://perma.cc/N7FP-YPYT>] [<https://web.archive.org/web/20221109161522/https://www.theartnewspaper.com/2022/09/12/a-warhol-of-disputed-authenticity-and-chequered-association-heads-to-auction>].

20. See Johnson v. Gilliland, 896 S.W.2d 856 (Ark. 1995) (adverse possession of bailed boat not proven because cause of action did not accrue until bailee refused demand of medical student studying abroad because possession was permissive until then).

artwork.²¹The reason for this change in subject matter is more than just the increased cost of litigation requiring that the property have significant value. There are many classes of valuable property, such as motor vehicles, aircraft, boats, jewelry, furs, and collectibles. One would think that all would be subject to adverse possession litigation.

One suspects that motor vehicles, airplanes, and boats are seldom disputed because they share three characteristics: they are subject to systems for the registration of ownership that are widely accepted and that potential buyers normally consult; they are usually used in public, so they are readily identifiable by law enforcement or the true owner; and their values tend to decline over time, making it unprofitable to keep them out of use.

Jewelry, furs, and collectibles are not the subject of adverse possession litigation for different reasons. These items tend to be relatively fungible and less in the public eye. It is difficult for the original owner to discover who has them, and even more difficult for the owner to prove that this exemplar, among a number of similar items, belongs to her.

Despite these difficulties, no one doubted that adverse possession applied to personalty half a century ago. For example, the court in *Henderson v. First Nat'l Bank* said: “[t]here is no dispute but that title to personal property can be acquired by adverse possession”²²

That was perhaps true in 1973. Subsequently, several courts have questioned whether the doctrine of adverse possession should apply to art. In *O’Keeffe v. Snyder*,²³ Georgia O’Keeffe sued a good-faith purchaser for the return of three paintings she had created. She alleged that the paintings had been stolen from Alfred Stieglitz’s gallery, An American Place. Defendant suggested that they had been sold or gifted and pleaded expiration of the statute of limitations and acquisition of title by adverse possession. The court said in dictum that “the doctrine of adverse possession no longer provides a fair and reasonable means of resolving this kind of dispute.”²⁴ Having said that, in a passage demonstrating its confusion, the court went on to say:

Read literally, the effect of the expiration of the statute of limitations . . . is to bar an action such as replevin. The statute does not speak of divesting the original owner of title. By its terms the statute cuts off the remedy, but not the right of title. Nonetheless, the effect of the expiration of the statute of limitations, albeit on the theory of adverse possession, has been not only to bar an action for possession, but also to vest title in the possessor. There is no reason to change that result although the discovery rule has replaced

21. *E.g.*, *S.F. Credit Clearing House v. Wells*, 196 Cal. 701 (1925) (piano and piano bench); *Shelby v. Guy*, 24 U.S. 361 (1826) (slave); *Hicks v. Fluit*, 21 Ark. 463 (1860) (horse).

22. 494 S.W.2d 452, 459 (Ark. 1973) (allowing retention of bank stock after settlement agreement provided that adverse possessor would return stock to owner).

23. 416 A.2d.

24. *Id.* at 872.

adverse possession.²⁵ History, reason, and common sense support the conclusion that the expiration of the statute of limitations bars the remedy to recover possession and also vests title in the possessor.²⁶

The court then held that summary judgment had been improperly granted Ms. O’Keeffe. It remanded the case to the trial court to determine whether Ms. O’Keeffe had been diligent enough to be entitled to use the discovery rule to delay the accrual of the statute of limitations.

Shifting to the West Coast, U.S. District Judge John Walter stated in dictum as part of his choice of law analysis, “California has not extended the doctrine of adverse possession to personal property.”²⁷ He provided no citation to support that statement. The accuracy of the statement is questionable, but the fact that he made it was significant because subsequent litigants and courts will repeat it and cite it without taking the trouble to determine whether or not it is true.

Likewise, Third Circuit Court of Appeals Judge Stephanos Bibas has argued that the application of statutes of limitations to stolen art is inappropriate if the owner makes certain reports of the theft.²⁸ Since adverse possession is tightly tied to statutes of limitations, abolition of statutes of limitation for stolen art would necessarily mean abolition of adverse possession for stolen art.²⁹

This Article asks whether it is appropriate to apply the doctrine of adverse possession to personalty, especially to chattels of great value that are not normally used in public, like artwork. It does not deal with the question of whether the copyright in the artwork follows title to the work.³⁰ Part I reviews California law on the question and (spoiler alert) concludes that it is quite impossible to determine whether adverse possession applies to personal property in California. Part II looks at the basic doctrines, policies, and practicalities of statutes of limitations, laches and adverse possession, and their interrelation. It points out that laches and the conversion of the accruing of the statute of limitations from a rule to a standard defer the time at which an action can be

25. It is unclear what Justice Pollock was thinking when he wrote this sentence. The discovery rule lengthens the period for expiration of the statute of limitations and therefor for achieving title by adverse possession. It does not replace adverse possession.

26. *O’Keeffe*, 416 A.2d at 873–874.

27. *Cassirer v. Thyssen-Bornemisza Collection Found.*, 153 F. Supp. 3d 1148, 1156 (C.D. Cal. 2015), *rev’d & remanded on other grounds*, 862 F.3d 951 (9th Cir. 2017).

28. Steven A. Bibas, Note, *The Case Against Statutes of Limitations for Stolen Art*, 103 YALE L.J. 2437 (1994).

29. *Johnson v. Gilliland*, 896 S.W.2d 856, 858 (1995).

30. Those interested in this question might consult Robin Pogrebin, *The Genealogy of a Recluse’s Legacy*, N.Y. TIMES (Feb. 7, 2022), <https://www.nytimes.com/2022/02/07/arts/design/henry-darger-estate.html> [<https://perma.cc/7WP2-5WXN>] [<http://web.archive.org/web/20220903113713/https://www.nytimes.com/2022/02/07/arts/design/henry-darger-estate.html>] on the strange case of Henry Darger. An attempt at analysis is made in Elyssa Westby, Note, *Henry Darger’s “Realms of the Unreal”—but Who in the Realm is Kiyoko Lerner?*, 16 NW. J. TECH. & INTEL. PROP. 209 (2019), which is unfortunately marred by the author’s apparent failure to realize that copyright law changed significantly in 1978, so the application of current law to someone who died in 1973 is not apposite.

dismissed, potentially resulting in significant additional costs of litigation and exposure to extortion. Part III concludes that adverse possession should grant title to the possessor of unregistrable personal property as a theoretical matter, but the absence of adverse possession would have little practical effect.

I. TITLE TO PERSONALTY BY ADVERSE POSSESSION IN CALIFORNIA

A. LEGISLATION

California law provides statutes of limitations for the replevy of personal property. That statute is three years for “[a]n action for taking, detaining, or injuring goods or chattels, including an action for the specific recovery of personal property.”³¹ The important question that this provision leaves unanswered is when the three-year statute begins to run. The traditional answer was that the statute of limitations began to run when the owner’s cause of action accrued, which was when the possessor or his predecessor in interest gained possession.³²

However, the next paragraph of the Code explains that “[t]he cause of action in the case of theft . . . of an article of historical, interpretive, scientific, or artistic significance is not deemed to have accrued until the discovery of the whereabouts of the article by the aggrieved party, the aggrieved party’s agent, or the law enforcement agency that originally investigated the theft.”³³ This provision confirms the application of the discovery rule, holding that the statute begins to run from the time the owner discovered or should have discovered what is needed to sue. California then enacted a special rule for suits against art world professionals (museums, galleries, auctioneers, dealers) for specific recovery of works of fine art in the case of an unlawful taking or theft: six years from the actual discovery of both the whereabouts of and the claimant’s interest in the work of fine art.³⁴ While California’s special rule says it expires with the coming of 2018, it was the model for the federal Holocaust Expropriated Art Recovery

31. CAL. CIV. PROC. CODE § 338(c)(1). One might note that taking or injuring are actions that occur at a single time, whereas detaining is a continuous action of not handing over that takes places for as long as the goods are not transferred.

32. *Henderson v. First Nat’l Bank of De Witt*, 494 S.W. 2d 452 (Ark. 1973).

33. CAL. CIV. PROC. CODE § 338(c)(2) (West 2022).

34. CAL. CIV. PROC. CODE § 338(c)(3) (West 2022). One might wonder why there is any need to mention discovery by the owner of his right to the personalty because usually the owner knows that he is an owner. The devastation during World War II in Central and Eastern Europe was so great that it was often difficult to know who survived and who did not. An heir would not have property rights if the ancestor who owned the property were still alive. If the owner died, with so many combatants and civilians dead, it was often difficult to know who the heir, now the new owner, might be. Today, more than seventy-five years after the guns fell silent, people are reunited with relatives they had thought long dead or their descendants. See Herbert I. Lazerow, *Holocaust Art Disputes: The Holocaust Expropriated Art Recovery Act of 2016*, 51 INT’L LAW. 195, 200–203 (2018); Lara Diamond, *Family Reunited, 75+ Years After the Holocaust*, LARA’S JEWNEALOGY (Sept. 19, 2021), <https://larasgenealogy.blogspot.com/2021/09/family-reunited-75-years-after-holocaust.html> [https://perma.cc/55WB-GFEA] [http://web.archive.org/web/20211022012009/https://larasgenealogy.blogspot.com/2021/09/family-reunited-75-years-after-holocaust.html] (last visited Sept. 25, 2021).

(HEAR) Act, which extends the six-year actual discovery rule for certain property taken in the Holocaust to 2026.³⁵ To summarize, the statute of limitations in California to recover stolen property or damages for the theft is three years from the time the owner discovers or should have discovered what is needed to sue. However, for the recovery of certain property taken in the Holocaust (but not damages for it), the statute of limitations is six years from actual discovery if the suit is filed by December 31, 2025. This legislation deals only with the statute of limitations.

Turning to California statutes bearing on adverse possession, Civil Code section 1007 states: “[o]ccupancy for the period prescribed by the Code of Civil Procedure as sufficient to bar any action for the recovery of the property confers a title thereto, denominated a title by prescription, which is sufficient against all”³⁶ This seems to grant the possessor title to property once the statute of limitations expires, and does not distinguish between realty and personalty. But the following clause reads “but no possession by any person, firm or corporation no matter how long continued of any land, water, water right, easement, or other property whatsoever dedicated to a public use by a public utility, or dedicated to or owed by the state or any public entity, shall ever ripen into any title, interest or right against the owner thereof.”³⁷ This clause is couched entirely in items related to land. It can be argued that the preceding clause should also be so limited. It could alternatively be argued that only public land interests are not subject to adverse possession. A group of sections defines when a possessor of real estate’s actions constitute sufficient possession to claim title by adverse possession.³⁸ Likewise, California Civil Procedure Code sections 325–330 make it clear that those sections apply only to real property. In short, only the first part of Civil Code section 1007 suggests that adverse possession might extend to personal property—thin support indeed. No Code provision prohibits adverse possession for personalty.

B. CASE LAW

1. Cases in California Courts

The bible for California law is Witkin’s Summary. It states that California recognizes adverse possession of personal property, then says that *Wells*, discussed below, casts doubt on that, but provides no persuasive commentary for either position.³⁹

The cases are few, and not much help.

*San Francisco Credit Clearing House v. Wells*⁴⁰ was an attempt by the assignee of the unpaid conditional seller of a piano and bench to replevy them from a person who had

35. Holocaust Expropriated Art Recovery Act of 2016, P.L. No. 114–308, 130 Stat. 1524 [hereinafter HEAR Act]. For a thorough discussion of the HEAR Act, see Lazerow, *supra* note 34, and Simon J. Frankel & Sari Sharoni, *Navigating the Ambiguities and Uncertainties of the Holocaust Expropriated Art Recovery Act of 2016*, 42 COLUM. J.L. & ARTS 157 (2019).

36. Cal. Civ. Code § 1007 (West 2022).

37. *Id.*

38. CAL. CIV. PROC. CODE §§ 315–328 (West 2022).

39. 13 B.E. WITKIN, SUMMARY OF CALIFORNIA LAW, ch. XVIII, § 133 (11th ed. 2017).

40. 239 P. 319 (Cal. 1925).

bought them at auction. The court said, “[t]he evidence in the instant case, being obviously insufficient to support a title of adverse possession or prescription, renders it unnecessary to consider the question whether or not it was the intention of the legislature, by the enactment of section 1007 of the Civil Code, that it should be applied to personal property.”⁴¹ In addition, “[a] careful examination of the decisions of this state has failed to disclose to our investigation a single case in which section 1007 of the Civil Code has been applied to the acquisition of title to personal property.”⁴² However, the court proceeded as though the defendant could have acquired title by adverse possession, but held that the defendant did not meet all adverse possession requirements. The defendant proved the date upon which he acquired the property, but it was less than the statute of limitations time requirement to qualify for adverse possession. He could not prove the period of time during which anyone was in possession before that. The court was clear that the original purchaser’s holding was not adverse; any adversity only began when the original purchaser sold the piano and bench. That date could not be proven. The court states without giving a justification that possession was not open but was in fact concealed; that possession was not continuous; and that no taxes were paid. The court does not present the facts on which it bases these conclusions, nor does it inform the reader of the taxes that would have been due on the property.⁴³ The court’s opinion was muddled enough on the question of tacking to induce a concurring opinion to make the point that tacking the possession of one possessor who is in privity with another possessor continues the running of the original statute of limitations.⁴⁴ While the court does not mention this as a factor in making its decision, it is worth noting that the defendant had already recouped a portion of his purchase price from his seller.⁴⁵

*First Nat’l Bank of Richmond v. Thompson*⁴⁶ involved an attempt by seller on a conditional sales contract to replevy a gas shovel (which I take to be a construction style steam shovel) after the three-year statute of limitations had passed. The court held for defendant on that ground, and never mentioned the phrase “adverse possession.” The defects noted in Wells were not present. The shovel was used openly, and defendant was able to prove continuous possession. The only hint of adverse possession is that the court says that the shovel was “not wrongfully detained.”⁴⁷ One might interpret that as the court hinting that adverse possession had occurred because a purchaser from someone who has no title “wrongfully detains” the property, at least until the statute of limitations has expired and, in theory, thereafter, protected from replevin only by the

41. *Id.* at 322.

42. *Id.*

43. It is unclear what taxes would have been due on the piano and bench a century ago. Perhaps there was a personal property tax. CAL. CIV. PROC. CODE § 325(b) provides: “In no case shall adverse possession be considered established . . . unless it shall be shown that the land has been occupied and claimed for the period of five years continuously, and the party . . . paid all state, county or municipal taxes that have been levied and assessed upon the land for the period of five years”

44. *S.F. Credit Clearing House*, 196 Cal. at 322.

45. *Id.* at 320.

46. 140 P.2d 75 (1943).

47. *Id.* at 76.

statute's expiration. That is a rather thin reed upon which to build a conclusion that adverse possession applies to personalty in California.

In *Bufano v. San Francisco*,⁴⁸ the city of San Francisco claimed that it had acquired two sculptures by Beniamino Bufano from the artist as a result of adversely possessing them from 1941 to 1961. The court stated, “[w]hile we note that the application of section 1007 of the Civil Code to personal property is not as well established as the City contends . . . we need not meet this issue as there was insufficient evidence of any hostility on the part of the City.”⁴⁹ It then held that the city was a bailee of the statues, so the cause of action did not accrue until the city refused to return them in 1961.⁵⁰ In short, while questioning whether adverse possession applies to personal property, the court analyzed the case as though the law of adverse possession did apply to this artwork, but found that one requirement of adverse possession did not exist, so it did not need to decide whether adverse possession applied to art.

*Naftzger v. American Numismatic Soc.*⁵¹ was a case where one hoped to discover whether California applied adverse possession to personalty. Plaintiff bought rare coins belonging to the Society that had been stolen by a third party and, having received from the Society a demand letter, sought to quiet title. The trial court held that the owner was barred by the statute of limitations and quieted title in the possessor as a result of adverse possession. On appeal, it was held that the cause of action does not accrue before discovery, so the Society's claim was not barred because the statute of limitations had not expired. Thus, there was no need to discuss whether the possessor had acquired title by adverse possession.

The Society of California Pioneers sought to recover a gold cane handle that had been stolen from an exhibition.⁵² The defendant bought the cane handle from a man who received it as a gift from his mother. The source of the mother's possession was unknown. The court asked whether the statute of limitations had expired, and concluded that it had not. It rejected the doctrine of tacking, dooming the defendant's defense because he owned the handle for less than three years, and its alternative holding was that the legislative change to a discovery statute, which occurred before the defendant purchased the handle, applied. As a result, it never confronted the question of whether adverse possession applies to personalty in California.

Those are all the California court cases found on the question.

2. Cases in Federal Courts Applying California Law

Federal cases applying California law are not much different.

In *G&G Prods. LLC v. Rusic*,⁵³ a U.S. LLC that was the successor in interest of an Italian husband sued the husband's Italian-citizen ex-wife for conversion and replevin

48. 43 Cal. Rptr. 223 (1965).

49. *Id.* at 230.

50. *Id.* at 229–230.

51. 49 Cal. Rptr. 2d 784 (1996).

52. *Soc'y of Cal. Pioneers v. Baker*, 50 Cal. Rptr. 2d 865, 871, 874 n. 13 (1996).

53. 902 F.3d 940 (9th Cir. 2018).

of a Basquiat painting.⁵⁴ The court upheld summary judgment for the ex-wife on grounds that the Italian statute of limitations, imported by California's borrowing statute, had expired. She apparently did not contend that she had acquired title by adverse possession, and the words do not appear in the opinion.⁵⁵

In *Adler v. Taylor*,⁵⁶ the heirs of the pre-Holocaust owner Mauthner sued the actress Elizabeth Taylor, a 1963 auction purchaser of a Van Gogh, for replevin, constructive trust, restitution, and conversion. The court held alternatively that the discovery rule did not apply, or that Mauthner's heirs should have discovered all they needed to know (1) in 1963 when Taylor bought the painting and received wide publicity; (2) by 1970, when the Van Gogh *catalogue raisonné* was published, indicating her ownership; or (3) by 1990, when she unsuccessfully offered the painting at public auction. The 2005 suit was filed after the three-year statute of limitations expired, regardless of whether the cause of action accrued on the theft, in 1963, in 1970, or in 1990. The court does not mention the doctrine of adverse possession. The Ninth Circuit agreed, also not mentioning adverse possession.⁵⁷

C. CALIFORNIA LAW ON ADVERSE POSSESSION OF CHATTELS

To summarize, it is impossible to say definitively whether the doctrine of adverse possession applies to personalty in California. Reading the statute literally, adverse possession applies to personalty. Reading it as a negative pregnant raises some doubts about whether that was the legislative intent. The cases, though often discussing adverse possession, do not provide a definitive answer. In most cases, the current possessor cannot establish expiration of the statute of limitations, so no holding on adverse possession is required. Where the statute of limitations had expired, the case was simply dismissed on statute of limitation grounds, again with no decision about adverse possession.

II. STATUTES OF LIMITATIONS, LACHES, AND ADVERSE POSSESSION

In advising legislators and judges about whether adverse possession should apply to personalty, it is important to have a strong grasp of the doctrines of statutes of limitations, laches, and adverse possession.

54. One wonders at the ease with which diversity of citizenship was artificially created in this case, simply by the assignment from the Italian citizen of his causes of action to the U.S. LLC. In fact, the husband assigned his rights to his longtime attorney to satisfy a substantial debt; the attorney then formed the LLC with a longtime friend of the husband, each owning fifty percent. *Id.* at 944.

55. Those words appear twice in the opinion of the district court on remand but as part of a discussion entirely related to Italian law. *G&G Prods., LLC v. Rusic*, No. 2:15-cv-02796-RGK-E, 2019 U.S. Dist. LEXIS 116721, at *13, *15 (C.D. Cal. June 10, 2019).

56. No. CV 04-8472-RGK (FMOx), 2005 U.S. Dist. LEXIS 5862 (C.D. Cal. Feb. 2, 2005), *dismissed with prejudice sub nom.* *Orkin v. Taylor*, No. CV04-8472(RGK)(FMOx), 2005 U.S. Dist. LEXIS 43321 (C.D. Cal. Apr. 20, 2005), *aff'd sub nom.* *Orkin v. Taylor*, 487 F.3d 734 (9th Cir. 2007).

57. *Orkin*, 487 F.3d at 741.

A. STATUTES OF LIMITATIONS

1. Statute of Limitations Doctrine

a. Length

Unsurprisingly, statutes of limitation have a statutory base. They provide that no action shall be commenced more than a specified period after the cause of action accrues. That period for replevin of personalty varies from two to six years, depending on the jurisdiction and the date.⁵⁸ This is considerably shorter than the statute of limitations for recovery of realty, traditionally set at 21 years.

b. When the Cause of Action Accrues

However, the question of when the cause of action accrues was entirely judge-made law, though some jurisdictions now have statutes specifying the time of accrual.⁵⁹ In the case of realty, the cause of action accrues when a person enters the realty as a possessor. No such unanimity exists for personalty.

i. Traditional Rule: The Time of the Theft

One assumes, though there are few recent cases to back it up, that some jurisdictions will follow the traditional realty rule, that a cause of action exists to recover personal property when someone who lacks the right to do so takes possession of the property.⁶⁰

The traditional rule is likely to be easy to apply. When a theft occurs, it is normally reported to the police and sometimes to an insurance company, both situations providing a written record of the theft's date.⁶¹ As a result, whether the statute of limitations has expired will appear from the pleadings, and the question can be decided at that early and relatively inexpensive stage of the litigation. However, the traditional rule has been challenged by the demand-and-refusal rule and the discovery rule, as set forth below.

ii. New York Rule: Demand and Refusal

The largest number of art loss cases come from New York, the only state that follows the "demand-and-refusal" rule.⁶² Originally designed to protect a good faith purchaser

58. Jodi Patt, *The Need to Revamp Current Domestic Protection for Cultural Property*, 96 NW. U.L. REV. 1207, 1215 n. 67 (2002); Patty Gerstenblith, *The Adverse Possession of Personal Property*, 37 BUFF. L. REV. 119, 121–122 n. 10 (1988). Two states provide a ten-year statute.

59. CAL. CIV. PROC. CODE § 338(c) (West 2022); HEAR Act.

60. *Franklin Auto Body Co. v. Wicker*, 414 N.W.2d 509, 511 (Minn. Ct. App. 1987) (statute for conversion of personalty runs from time of conversion).

61. For situations where the owner decided not to report the theft, see *O'Keefe v. Snyder*, 416 A.2d 862, 866–67 (N.J. 1980) and *Solomon R. Guggenheim Found. v. Lubell*, 569 N.E.2d 426, 428 (N.Y. 1991).

62. *E.g., id.*

by rendering him not subject to suit before the owner informed the purchaser of the owner's interest and demanded return of their property,⁶³ that rule holds that a cause of action does not accrue until a demand for return is made and refused. As a result, the statute of limitations has only expired in one New York suit. That suit turned on whether a party who thought negotiations were continuing had actually been refused the return of his artwork.⁶⁴

Many states purport to apply the demand-and-refusal rule to bailments, but this should not be regarded as its general adoption for when the statute of limitations begins to run.⁶⁵ It is rather that the possessor's possession in a bailment is with the permission of the owner. A bailee's possession only becomes non-permissive when the bailment expires. Since most bailments expire only when the bailor demands return of the property, it is the refusal to return the property that gives the bailor a cause of action.⁶⁶

The demand-and-refusal rule is usually easy to apply because both the demand and the refusal are likely to be in writing.

The question has never been raised about starting the running of the statute of limitations at the earliest time that the owner could have demanded return of his property, as has been applied in other cases where the plaintiff controls the cause of action's accrual.⁶⁷

iii. Discovery Rules

A. Discovered or Should-Have-Discovered

Traditionally, the statute of limitations on a personal injury claim began to run from the commission of the tort. Most jurisdictions had very short statutes for personal injury or other torts, some as short as one year.⁶⁸ Often, the victim of medical malpractice—who was anaesthetized when the tort occurred—did not discover his injury until much later. Courts and legislatures sometimes extended the statute of limitations until the tort victim discovered or should have discovered the

63. *Gillet v. Roberts*, 57 N.Y. 28 (1874).

64. *Grosz v. Museum of Mod. Art*, 403 F. App'x. 575 (2d Cir. 2010).

65. *E.g.*, *Redmond v. N. J. Hist. Soc'y*, 28 A.2d 189 (N.J. 1942) (possession of a Gilbert Stuart portrait lent them in 1888 did not give owners a cause of action until their 1938 demand for its return was refused).

66. *Niiya v. Goto*, 5 Cal. Rptr. 682 (Cal. Ct. App. 1960) (suit for bailed furniture brought within the statute). The same is true when a co-tenant claims adverse possession against his co-tenants. Because the possession of the co-tenant is permissive, something more than possession is needed to make it adverse.

67. Harvard Law Review Ass'n, *Developments in the Law: Statutes of Limitations*, 63 HARV. L. REV. 1177, 1209–12 (1950).

68. *E.g.*, MD. CODE ANN., CTS. & JUD. PROC. § 5-105 (1984) (West 2022) (one year); CAL. CIV. PROC. CODE § 335.1 (West 2022) (two years). Until 2003, the statute of limitations for personal injury in California was one year. 2002 Cal. Stat. Ch. 448 § 1(b)–(d).

problem.⁶⁹ This discovery rule was later extended to property torts, such as property theft, and to the recovery of the property.⁷⁰

This discovery rule is a bit more difficult to apply. It requires putting the owner in the context of the time to determine when he should have discovered what he needed to know to sue. In most cases, the owner knows that she is the owner and that the art is gone. The owner needs to discover either the whereabouts of the art or the person who controls it. The question is what, under all the facts and circumstances, a reasonable owner would have done and what he would have discovered had he done it. Answering these questions usually requires formal discovery. Using hindsight, the possessor will imagine a vast series of actions that a reasonable owner might have taken and the discoveries that she would have made had those actions been taken. The owner will argue that none of those actions would have been taken by a reasonable owner and, had they been taken, they would have been inadequate to discover what the owner needed to know. In short, a decision must be made not on the facts, but on suppositions of what would have occurred had the facts been different.

The process of deciding that the state will use a discovery rule for statutes of limitation on recovery of personalty has been somewhat unusual. Only in New Jersey was this decided by a state court.⁷¹ In each of the other discovery rule adoptions by court, the decision was made by a federal court hearing a diversity case. In all cases, this decision was made either because the parties stipulated that a discovery rule applied,⁷² or because the jurisdiction had applied a discovery rule to the statute of limitations in tort cases involving personal injury, but not property, or both.⁷³ California invoked the discovery rule by statute.⁷⁴

69. *Huysman v. Kirsch*, 57 P.2d 908 (Cal. 1936); see Walter W. Heiser, et al., *Understanding Civil Procedure: The California Edition* 297 (2013).

70. *E.g.*, CAL. CIV. PROC. CODE § 338(c)(3); *Autocephalous Greek-Orthodox Church of Cyprus v. Goldberg & Feldman Fine Arts, Inc.*, 717 F. Supp. 1374 (S.D. Ind. 1989).

71. See *O'Keefe v. Snyder*, 416 A.2d 862 (N.J. 1980). Examples of federal courts deciding this are *Autocephalous Greek-Orthodox Church*, 717 F. Supp. and see *Erisoty v. Rizik*, No. 93-6215, 1995 U.S. Dist. Lexis 2096, at *28 (E.D. Pa. Feb. 23, 1995).

72. See *Erisoty*, 1995 U.S. Dist. Lexis 2096, at *28.

73. In one case, the court's discussion is limited to the following footnote:

While the parties dispute whether Pennsylvania, District of Columbia, or Maryland law governs the instant inquiry, they concur that such determination is mooted in that each jurisdiction utilizes the discovery rule. Although the case law is not specific to stolen art replevin actions, courts in each of these forums have extended the discovery rule to a variety of tort actions.

Compare Hartnett v. Schering Corp., 2 F.3d 90, 92 (4th Cir. 1993) (noting Maryland's use of discovery rule in negligence actions), *with Bond v. Texaco, Inc.*, 647 F. Supp. 1135, 1139 (D.D.C. 1986) (noting general applicability of discovery rule in District of Columbia), and *City of Phila. v. Lead Indus. Ass'n*, 994 F.2d 112, 121 (3d Cir. 1993) (same in regard to Pennsylvania). Because this case thus presents a false conflict, this court can proceed forward without embarking on a balancing of governmental interests. *Lacey v. Cessna Aircraft Co.*, 932 F.2d 170, 187 (3d Cir. 1991). See *Erisoty v. Rizik*, No. 93-6215, 1995 U.S. Dist. Lexis 2096, at *28 n. 5 (E.D. Pa. Feb. 23, 1995). Note that none of the cases cited in this footnote are state court decisions (except perhaps the D.C. decision). All are federal court decisions sitting in diversity cases.

74. CAL. CIV. PROC. CODE § 338(c).

B. Actual Discovery Rule

Under the actual discovery rule, the cause of action accrues when the owner actually knows what is needed to bring suit to recover his property. This rule is found in the Holocaust Expropriated Art Recovery Act of 2016.⁷⁵

Facts required to determine the date at which the owner actually discovered the loss and knew who or where to sue are peculiarly within the domain of the owner. If the case proceeds to the discovery phase, the possessor will no doubt demand the owner's e-mail, his detective's reports, and a record of his cellphone calls to try to establish when the owner actually knew what. Whether, in the real world, a fact-finder will treat an actual discovery jurisdiction differently from a discovered or should-have-discovered jurisdiction is difficult to say.

C. New Jersey Discovery Rule

The New Jersey court sets up a conditional discovery rule. It dictates that a plaintiff must show due diligence in order to be entitled to use the discovery rule.⁷⁶ It does not describe what diligence is due. In the landmark *O'Keefe* case,⁷⁷ the owner did not notify the gallery owner, nor the police, nor an insurance company of the theft; did not tell her partner of the loss or ask him questions about it; did not confront the suspected thief; and did not notify others in the art world of the theft until a quarter century had elapsed. The court nonetheless remanded the case to determine whether she had exercised due diligence. The court did not set any threshold or safe harbor that would automatically constitute due diligence.

Thus, each case requires weighing of all the facts and circumstances. One commentator characterizes this as "a multifactor balancing of equities."⁷⁸ The *O'Keefe* court recognizes this, expressly stating:

We are persuaded that the introduction of equitable considerations through the discovery rule provides a more satisfactory response than the doctrine of adverse possession. The discovery rule shifts the emphasis from the conduct of the possessor to the conduct of the owner. The focus of the inquiry will no longer be whether the possessor has met the tests of adverse possession, but whether the owner has acted with due diligence in pursuing his or her personal property.⁷⁹

75. HEAR Act § 5(a). For a fuller discussion see Lazerow, *supra* note 34 and Frankel & Sharoni, *supra* note 35.

76. *O'Keefe*, 416 A.2d at 869.

77. *Id.* at 877.

78. Bibas, *supra* note 28, at 2438.

79. *O'Keefe*, 416 A.2d at 872.

This quotation overstates the case. If the number of years since the theft required by the statute of limitations has not expired, that is the end of the case, and no inquiry need be made into anyone's conduct. If the time from the theft has expired, the owner may claim extra time from the discovery statute but will need to prove the due diligence required by *O'Keeffe* in order to receive it. There is then the question of when the owner should have discovered what he needs to know to sue, and finally the question of whether the possessor's conduct rises to the required level of possession. But the court's note that it was moving from a relatively simple rule to a host of equitable considerations was accurate. Further, the consequences of the shift at the outset of litigation from actions of the possessor to actions of the owner to determine whether the owner is entitled to the discovery rule are a shift from a legal rule to an equitable standard that makes the litigation more difficult and costly but more individualized.

The parties in *O'Keeffe* then settled out of court.⁸⁰ One reason might be that Ms. O'Keeffe might have doubted that she could show due diligence since the theft was not reported either to the police or to an insurance company. Another reason might have been that proving that Ms. O'Keeffe exercised due diligence and when she should have discovered the location of the paintings was going to require the expense of discovery. The parties had already paid the costs of getting the case to the New Jersey Supreme Court. They might have been unwilling to expend further resources on the case.

D. Hybrid Accrual—Demand-and-Refusal or Should Discover

At least one state phrases its accrual as hybrid accrual. Here, the cause of action accrues on demand-and-refusal, or when the owner discovers or should discover, whichever is first.⁸¹ It is not clear that this is in fact the double standard stated. It would be a rare situation indeed where the owner demands that the possessor return his property before discovering who the possessor might be. It is likely that the court is confusing the demand-and-refusal requirement for making a bailment no longer consensual with a general rule for accrual of the cause of action.

c. Tolling

The fact that the cause of action has accrued does not mean that the statute of limitations runs from that time. The running of the statute may be tolled, or suspended, for a period of time. The burden of persuasion rests with the person alleging that the statute should be tolled.⁸²

80. PATTY GERSTENBLITH, *ART, CULTURAL HERITAGE AND THE LAW* 577 (4th ed. 2019) (citing N.Y. TIMES, December 8, 1980, at C20).

81. *Henderson v. First Nat'l Bank of Dewitt*, 494 S.W.2d 452, 456 (1973) (dictum).

82. Harvard Law Review Ass'n, *supra* note 67 at 1199–1200.

i. *Fraudulent Concealment*

The statute of limitations does not run during periods of successful fraudulent concealment.⁸³ Typically, a thief conceals his misdeeds. I have not found a single case in which the statute of limitations was not tolled when the property was in the hands of the thief. For that reason, the statute of limitations only runs in favor of someone who neither participated in nor knew about the wrongdoing. That includes a good-faith purchaser.

In most cases, there is no dispute about what constitutes fraudulent concealment. A man who takes a mosaic from a church in Cyprus and stores it in his house in Germany is fraudulently concealing it.⁸⁴ Likewise where a thief stores stolen paintings in his lawyer's office loft without the lawyer's consent, and where the lawyer, upon discovering the paintings, ships them to Switzerland.⁸⁵ More questionable is where a seller delivers forged prints to a buyer and continuously reassures the buyer that the value of his prints is escalating.⁸⁶ The appraisals are designed to keep the buyer from discovering that the art is not genuine, but whether it constitutes fraudulent concealment is questionable. Other things assimilated to fraudulent concealment include taking the property out of the jurisdiction, intentionally misrepresenting the property's location, failing to comply with statutes designed to help the owner recoup his property, and changing the property's appearance or branding.⁸⁷

While the statute is tolled during successful fraudulent concealment, it begins to run when the owner discovers what he needs to know to sue, even if the attempt at concealment continues.

ii. *Out of the Jurisdiction*

Likewise, a traditional rule is that the statute of limitations is tolled when neither the artwork nor its possessor is located within the jurisdiction, because no suit could be brought for lack of jurisdiction.⁸⁸ To have jurisdiction, a state normally must control

83. *Id.* at 1220–22.

84. Facts suggested by *Autocephalous Greek-Orthodox Church of Cyprus v. Goldberg & Feldman Fine Arts, Inc.*, 717 F. Supp. 1374, 1392–93 (S.D. Ind. 1989), *aff'd* 917 F.2d 278 (7th Cir. 1990).

85. Facts suggested by *U.S. v. Mardirosian*, 602 F.3d 1 (1st Cir. 2010) and *Bakwin v. Mardirosian*, 6 N.E.3d 1078 (2014).

86. *Balog v. Center Art Gallery-Hawaii, Inc.*, 745 F. Supp. 1556 (D. Haw. 1990) (alternate holding). *Rosen v. Spanierman*, 894 F.2d 28 (2d Cir. 1990), did not seriously discuss the argument that periodic appraisals constituted fraudulent concealment. These sorts of cases might better toll the statute on grounds of estoppel. John P. Dawson, *Estoppel and Statutes of Limitation*, 34 MICH. L. REV. 1 (1935).

87. The doctrine of fraudulent concealment is detailed in Patty Gerstenblith, *The Adverse Possession of Personal Property*, 37 BUFF. L. REV. 119, 126–29 (1988). For an earlier version, see John P. Dawson, *Fraudulent Concealment and Statutes of Limitation*, 31 MICH. L. REV. 875, 897–901 (1933). See also *Naftzger v. Am. Numismatic Soc'y*, 49 Cal. Rptr. 2d 784, 788 (1996) (fraudulent concealment when thief substitutes look-alike coins for genuine ones) (*dicta*).

88. Harvard Law Review Ass'n, *supra* note 67 at 1224–28; see *Schneider v. Schneider*, 187 P.2d 459, 460 (1947) (cumulative duration of business trips and a honeymoon out of the state were added to the four-year statute of limitations).

either the person with custody of the item in question (personal jurisdiction), or the item itself (in rem jurisdiction).⁸⁹ In the U.S., the jurisdiction is normally regarded as the state, rather than a locality within it. One commentator reported that he could find no case after 1918 that tolled the statute of limitations because the goods were outside the jurisdiction except cases of fraudulent concealment.⁹⁰ Our search, thirty years later, had the same result.

iii. Estoppel and Waiver

If a defendant makes a representation that induces the plaintiff to forbear bringing suit, the defendant may be estopped from invoking the statute of limitations.⁹¹ Likewise, a defendant is free to waive the right to assert the statute of limitations. While waiver and estoppel do not truly toll the statute of limitations, they have the same effect.

2. Statute of Limitations Policies

a. Evidentiary

One policy reflected by statutes of limitations is that proof is less available or less reliable as time passes.

A clear example of this is *O'Keeffe v. Snyder*.⁹² Had the case gone to trial (which it did not because the parties settled), one question that was disputed was whether the paintings had been stolen, sold, or gifted. There was apparently no written evidence on that question, and its resolution was within the memories of two people—the gallery owner, Alfred Stieglitz, and the possessor's predecessor, Dr. Frank. Neither could testify in the case in 1980, as Stieglitz died in 1946, and Frank expired in 1948.

A second evidentiary problem is that even in people without cognitive impairment, memories fade. The likelihood of being able to present an accurate account of an event diminishes as time passes.

In a case where there is insufficient proof of a crucial element, the person with the burden of proof loses.⁹³ While it is often the plaintiff who loses at an earlier point in the litigation if the statute of limitations has been invoked, that is not always the case. Sometimes the defendant has the burden of proof, as with affirmative defenses, such as expiration of the statute of limitations.⁹⁴

89. See Heiser, et al., *supra* note 69, at 33–35, 38–81; Kevin M. Clermont, Civil Procedure 164–180 (9th ed. 2012).

90. Bibas, *supra* note 28, at 2443 n. 35. We likewise could find no case during that period holding that the statute of limitations was not tolled because the goods were outside the jurisdiction. The 1918 case was *Torrey v. Campbell*, 175 P. 524 (1918), where the discussion was dictum, as the heifer in question was never removed from the court's jurisdiction.

91. Harvard Law Review Ass'n, *supra* note 67, at 1222–24.

92. *O'Keeffe v. Snyder*, 416 A.2d 862 (N.J. 1980).

93. Heiser, et al., *supra* note 69, at 579–584.

94. *Id.* at 297–99.

b. Seriousness

The seriousness theory speaks to the pursuit of a serious claim that is not normally delayed. A claim not brought is likely evidence that the person who could have brought it either does not believe that the claim is valid⁹⁵ or, for some other reason, thinks it more prudent not to press the claim.⁹⁶ The longer the delay in filing suit, the less likely that the suit will be meritorious.⁹⁷

There is another possibility. Few lawyers work for free and lawsuit-related expenses need to be paid currently. In the U.S., that problem is partially alleviated because many lawyers are willing to bring meritorious cases on a contingent-fee basis. Each lawyer makes an individualized decision about whether she is willing to take the case on a contingent fee. Few lawyers will do so if the potential recovery will be too small. For that reason, a case might not be brought within the statute of limitations because the likely recovery will be too small to induce a lawyer to take it.⁹⁸

c. Economic Efficiency

Much as we might like to ignore this fact, litigation is not free. It involves significant expense that someone must bear. In a case where each party pays a lawyer, the parties bear the cost. Where a party is represented on a contingent fee arrangement, the cost is borne by the party if he wins, and by the lawyer if he loses. In addition to attorneys' fees, there are other costs of litigation.

Costs mount as litigation progresses, but they do not increase evenly. While each case is different, it is a fair generalization that the costs of getting through the pleading and answer stage are relatively small, the costs of discovery are large, the costs of going to trial are huge, and the cost of an appeal is small.⁹⁹ To be more precise, a survey of experienced counsel reveals that in property cases, the participation of paralegals and junior attorneys is much greater at the initial stages of a litigation than it is at the negotiation, pre-trial and trial stages; that the number of hours spent moving through discovery is about double the number spent getting to discovery; that the settlement phase absorbs roughly the same number of hours as pre-discovery; and that somewhat

95. Plaintiff's ancestors, who were in a better position to know the facts of the case and knew that defendant's predecessor had the artwork, did not attempt to recover it. *Bakalar v. Vavra*, 819 F.Supp.2d 293, 305 (S.D.N.Y. 2011), *aff'd per curiam* 11-4042-cv, 2012 U.S. App. Lexis 21042 (2d Cir. Oct. 11, 2012).

96. See *U.S. v. Portrait of Wally*, 99 Civ. 9940 (MBM), 2002 U.S. Dist. LEXIS 6445, at *11 (S.D.N.Y. Apr. 12, 2002) (owner did not reclaim work because trying to re-establish as contemporary art dealer in Vienna); see also *von Saher v. Norton Simon Museum of Art*, 897 F.3d 1141, 1143, 1145 (9th Cir. 2018) (owner advised by counsel waived the right to claim painting taken in Holocaust during Dutch restitution proceedings).

97. Harvard Law Review Ass'n, *supra* note 67.

98. See *Songbyrd Inc. v. Est. of Grossman*, 206 F.3d 172 (2d Cir. 2000) (song writer did not sue for copyright infringement until song became successful, by which time both principals had died).

99. Assuming that the same attorney who tried the case handles the appeal. Paula Hannaford-Agor & Nicole L. Waters, *Estimating the Cost of Civil Litigation*, CT. STAT. PROJECT (Jan. 2013), https://www.srln.org/system/files/attachments/CSPH_online2.pdf [<https://perma.cc/WX3M-9L53>] [https://web.archive.org/web/20221010202526/https://www.srln.org/system/files/attachments/CSPH_online2.pdf].

over half the attorney time and a bit under half the paralegal time is spent on pre-trial and trial.¹⁰⁰ What this means is that the attorney and paralegal costs of dismissing a suit on the pleadings will be about twenty-five percent of the cost of settling the case before serious trial preparation has begun.¹⁰¹

Lawyers for both sides know about the cost of litigation. They also know that because costs increase and settlement provides certainty, most cases settle before trial. In deciding the price of a settlement, both parties are likely to consider the likely recovery in case of success, the likelihood of success, and the cost of continuing the litigation.

In other words, every potential lawsuit contains the possibility of extortion. A plaintiff can try to calculate the defendant's cost of defending and offer to settle for a lesser amount. A plaintiff whose complaint can pass the pleading stage into the discovery stage can demand a larger amount in settlement because the defendant is confronted with increased litigation expenses.

Since the statute of limitations will often permit a suit to be dismissed at the pleading stage, that makes the statute of limitations a powerful engine of economic efficiency in litigation.¹⁰²

d. Policy Summary

In short, the evidentiary and seriousness policies go to the question of the time after which a court probably can no longer fairly and effectively make a decision.¹⁰³ The economic efficiency policy is designed to conserve the resources of the court and the parties, and to deter opportunism.¹⁰⁴ The earlier the court can decide whether a case will go forward, the better both policies are served. Richard Epstein suggests that the law and economics rationale for adverse possession is to set the statute at the point where the likelihood that a combination of the cost of litigation and the cost of making incorrect decisions outweigh the value of security of title as represented by the principle

100. *Id.* The article does not break out when the fees of expert witnesses are incurred. Some are presumably incurred in discovery, some in pre-trial and some in trial.

101. *Id.*

102. In most cases, expiration of the statute of limitations will be apparent in the plaintiff's complaint, and the defendant will challenge the suit in the answer. While the defendant carries the burden of proof on expiration of the statute of limitations, the plaintiff has the burden of showing that exceptions that would toll the statute apply. Harvard Law Review Ass'n, *supra* note 67, at 1198–99.

103. *Id.* at 1260.

104. Samuel L. Bray, *The System of Equitable Remedies*, 63 UCLA L. REV. 530, 536 (2016), suggests that this is a peculiar concern of equity. It is a concern of both law and equity, but the flexibility of equity doctrines makes equity much more effective at squelching opportunism in individual cases. That same individualization makes it a less effective system for curtailing opportunism. There is a particularly good discussion of the economics of the rule-standard tradeoff (which he calls mechanical-judgmental) at Thomas W. Merrill, *Property Rules, Liability Rules and Adverse Possession*, 79 NW. U. L. REV. 1122, 1137–45 (1985).

of first in time, first in right.¹⁰⁵ The longer one possesses art, the higher the cost of proving ownership, and the more likely that the determination will be erroneous.¹⁰⁶

e. The Bibas Reform Proposal

A generation ago, now-Judge Bibas proposed a major reform in the statute of limitations for stolen art.¹⁰⁷ This proposal has been nowhere enacted but deserves more attention than it has received. Bibas recognized the indeterminacy of the discovery rule and the equivalent indeterminacy of the application of the doctrine of laches, the surrogate for the statute of limitations in New York's demand-and-refusal jurisdiction.

His first proposal is that jurisdictions not use the discovery rule to determine when a cause of action accrues.

His second proposal is that there should be no statute of limitations for the recovery of stolen art if the owner within a reasonable time of the theft reports it to the local police and registers it with an international registry of stolen art.

Bibas' justification is that these two reforms will restore certainty of application to this area of the law. The second proposal will reform the art world by placing the risk of failure to fully inquire about the provenance of works on the buyer if the seller has enabled the buyer to effectively do so. It is, in essence, an attempt to internalize the cost of not properly researching title before purchasing by placing the risk on the buyer if the owner of stolen property has enabled the buyer to discover that fact before purchasing.

Abandoning the discovery rule for the recovery of artwork could be done judicially except in those jurisdictions where it has been mandated by the legislature.¹⁰⁸ Removing the statute of limitations, especially a conditional removal, is so unusual that it should be done only by the legislature.

A great advantage of the Bibas proposal to abandon the discovery rule and conditionally remove the statute of limitations is that it would restore certainty to the question of whether the statute of limitations has expired, and it would be economically efficient by permitting dismissal of many cases at the pleading stage.

It is true that under current rules, buyers are not given overwhelming incentives to assure that they are not buying stolen art. However, it is unclear whether the Bibas

105. Richard A. Epstein, *Past and Future: The Temporal Dimension in the Law of Property*, 64 WASH. U. L. Q. 667, 669–677 (1986).

106. In *O'Keeffe v. Snyder*, 416 A.2d 862 (N.J. 1980), possession was for more than thirty years, and the only people who could testify about whether the art was sold, gifted, or stolen were dead. In *Bakalar v. Vavra*, 550 F. Supp. 2d 548 (S.D.N.Y. 2008), the claimant (and their ancestors) had not possessed the art for seventy years. The people who could testify about how the art came into the hands of Mathilde Lukacs were both dead.

107. Bibas, *supra* note 28.

108. *E.g.*, CAL. CIV. PROC. CODE § 338(c1); Holocaust Expropriated Art Recovery Act, Pub. L. No. 114–308, 130 Stat. 1528.

proposal would change those incentives.¹⁰⁹ There are many aspects of art law and the art world that the proposal ignores.

The proposal points out that most art is bought through art professionals. Those professionals will be liable to their customers if they sell their customers stolen art.¹¹⁰ This ignores the fact that most auction houses limit their liability in their catalogues¹¹¹ and the fact that the statute of limitations for breach of warranty in the sale of goods under the Uniform Commercial Code is four years from the date of delivery.¹¹² Unless the lack of title is discovered quickly, the good-faith purchaser has no remedy against the merchant who sold the artwork.¹¹³

Still, if it were possible to warn all the world that a work of art had been stolen by notifying the local police and an international registry, it might be worthwhile. Unfortunately, it is not possible. The local police are likely to be local. Local control has led to a large number of police and sheriff departments in the U.S., estimated by some as around 18,000.¹¹⁴ It is unknown how many local police departments share their stolen art information with the FBI stolen art database.

International databases seem more promising until one carefully examines their operation. There is not one international registry, but a number of them. Most are reserved for use by law enforcement, so they cannot be searched at the request of a potential buyer.¹¹⁵ The FBI's database can be searched by anyone.¹¹⁶ There are two

109. Nearly every stolen art decision recites that the rule of law it propounds will reduce art theft and/or induce buyers to only buy art to which their seller has good title. *E.g.*, *Menzel v. List*, 246 N.E.2d 742, 745 (1969).

110. *Bibas*, *supra* note 28, at 2463.

111. *E.g.*, *Greenwood v. Koven*, 880 F. Supp. 186, 192–193 (S.D.N.Y. 1995) (auction house conditions of sale modified agency loyalty requirements).

112. U.C.C. § 2-725. The same four-year statute applies to international sales under the U.N. Convention on the Limitation Period in the International Sale of Goods art. 8, June 14, 1974, 13 I.L.M. 952, 1511 U.N.T.S. 3, effective for the U.S. in 1994.

113. Sometimes the merchant cannot assert the statute of limitations. That was the case when the possessor lost in *Menzel v. List*, 267 N.Y.S.2d 804 (Sup. Ct. 1966), *modified on other grounds* 279 N.Y.S.2d 608 (1967), *modification reversed* 246 N.E.2d 742 (1969). The court adequately explains why *List* could not assert the statute of limitations in *Menzel's* replevin action, but fails to explain why the Perls gallery, which had sold *Albert List* the painting six years previously, could not assert the statute of limitations in *List's* third-party breach of warranty claim. The Appellate Division explains that the reason the statute of limitations has not run is that this is a warranty of quiet possession that is a future covenant not breached until possession is disturbed. The statute of limitations also created a major loss for the gallerist *Richard Feigen*, who refunded a client's full purchase price for what turned out to be a forged *Max Ernst* and then discovered that he could not obtain a refund of the \$216,000 sales tax paid on the sale transaction from New York state because the statute of limitations for refunds had expired. *In re Richard L. Feigen & Co., Inc.*, N.Y. Div. of Tax Appeals Determination 824996 of July 10, 2014.

114. *Police Departments in the US: Explained*, USA FACTS (Aug. 13, 2020, 2:15 PM), <https://usafacts.org/articles/police-departments-explained> [<https://perma.cc/CG6Z-7U4Z>] [<https://web.archive.org/web/20221010213801/https://usafacts.org/articles/police-departments-explained>].

115. The London Stolen Art Database is maintained by the Metropolitan Police Department (Scotland Yard).

116. *National Stolen Art File*, FBI, <https://www.fbi.gov/investigate/violent-crime/art-theft/national-stolen-art-file> [<https://perma.cc/Q7EW-HX5P>] [<https://web.archive.org/web/20221010214629/https://www.fbi.gov/investigate/violent-crime/art-theft/national-stolen-art-file>] (last visited Oct. 10, 2022). The same was true of the Italian Carabinieri Database—as can be seen in an archived version of the database

databases where a buyer can order a search. The first database claims to be the largest and has a checkered history. It operates a registry where one can order a search, and it also undertakes the recovery of stolen art on a contingency basis. It derives considerably more revenue from recovering a stolen artwork than from searching for that work in its registry, and there is an allegation that it provided a false negative search report that led to its recovery of the work from a good faith purchaser.¹¹⁷ It is a private, profit-making enterprise.¹¹⁸ However, it has never made a profit.¹¹⁹ The second is too new to know much about it.¹²⁰ Neither's list of stolen artworks is comprehensive.¹²¹

Approached from the viewpoint of the buyer, finding assurance that the work one wants to purchase has not been stolen is often impossible. Provenance is easily faked and is usually so indefinite that no serious investor would consider buying based on the provenance provided. Constructing your own provenance would be both expensive and time-consuming. It would also likely be fruitless, as the work is likely to be sold to someone else before the provenance is complete.¹²²

Nor is removing the statute of limitations entirely practical. The evidentiary rationale of the statute remains. It may be easy to prove that the person who claims to be the owner once owned the artwork, but difficult to prove, as the years roll by, that the work was stolen rather than gifted or sold.¹²³ The Schiele may have been one of the 417

captured by the Wayback Machine at https://web.archive.org/web/20110831092958/http://tpcweb.carabinieri.it/tpc_sito_pub/simplecerca.jsp (last visited Nov. 17, 2021)—but it is no longer searchable by the public. One needs to apply for permission to use the Interpol database. Presumably, once granted, you can search it yourself. *Application form to access INTERPOL's Works of Art Database*, INTERPOL, <https://www.interpol.int/en/Crimes/Cultural-heritage-crime/Stolen-Works-of-Art-Database/Application-form-to-access-INTERPOL-s-Works-of-Art-Database> [<https://perma.cc/QRR9-HDNA>] [<https://web.archive.org/web/20221010221317/https://www.interpol.int/en/Crimes/Cultural-heritage-crime/Stolen-Works-of-Art-Database/Application-form-to-access-INTERPOL-s-Works-of-Art-Database>] (last visited Oct. 10, 2022).

117. E-mail from Julian Radcliffe, Chairman, The Art Loss Register, to the author (May 9, 2008) (on file with author); *Optical Due Diligence: Art Loss Register Claims To Vet Ancient Art. Does It?*, CHASING APHRODITE (Aug. 1, 2013), <https://chasingaphrodite.com/2013/08/01/optical-due-diligence-art-loss-register-claims-to-vet-ancient-art-does-it> [<https://perma.cc/QU49-LKBQ>] [<https://web.archive.org/save/https://chasingaphrodite.com/2013/08/01/optical-due-diligence-art-loss-register-claims-to-vet-ancient-art-does-it>].

118. London-based Art Loss Registry: *The Art Loss Register: Search*, ART LOSS, <https://www.artloss.com/search> [<https://perma.cc/ZGP5-GMZ9>] [<https://web.archive.org/web/20221010221836/https://www.artloss.com/search>] (last visited Oct. 10, 2022).

119. CHASING APHRODITE, *supra* note 117.

120. ARTIVE, www.artive.org [<https://perma.cc/P8F7-Z3QN>] [<https://web.archive.org/web/20221010222444/https://www.artive.org>] (last visited Oct. 10, 2022).

121. For a more complete discussion, see Lazerow, *supra* note 34 at 213–15.

122. This sometimes leads the prospective purchaser to disregard the excellent advice given him by his lawyer. *E.g.*, *Lindholm v. Brant*, 925 A.2d 1048 (2007) (counsel advised buyer to secure either an invoice from known owner showing sale to the seller or a representation that seller was authorized to convey clear title, but buyer purchased without securing either). For a more complete discussion, see Lazerow, *supra* note 34 at 203–212.

123. Even with renowned works of art where there was considerable evidence about the transfer, disagreements continue 200 years later about whether they were stolen or sold. Two recent news articles involve the Parthenon marbles—*Greece Agrees Parthenon Marbles Feud Should Not Strain Ties: UK*, ARTDAILY, <https://artdaily.cc/news/141231/Greece-agrees-Parthenon-Marbles-feud-should-not-strain-ties—>

artworks Mrs. Grünbaum shipped out of Vienna in 1938, but it could not be proven because both the shipper and the recipient were dead, and no written inventory of the shipment survived.¹²⁴

However, legislatures might well consider whether prompt reporting of the theft should extend the statute of limitations, especially in jurisdictions where the statute is exceptionally short.

3. Statute of Limitations Practicalities

The practicality of statutes of limitations is that their requirements are usually easy to both plead and prove, permitting a suit to be dismissed at the pleadings stage. Three items need to be established for the application of the statute of limitations: the date on which the cause of action accrued, the length of the applicable statute of limitations, and the date on which the lawsuit was filed.¹²⁵ The latter two questions can usually be decided on the pleadings. The suit filing date is usually obvious from the clerk's date stamp, and the applicable statute of limitations is a question of law. The date on which the cause of action accrued is readily ascertainable in a traditional jurisdiction or in a demand-and-refusal jurisdiction. In any of the various discovery jurisdictions, determining when the cause of action accrued will probably require discovery. That discovery might be limited to only the questions required to determine when the cause of action accrued, or it might be that discovery is a unitary process requiring that all discovery necessary to resolve the litigation be conducted before moving to the next stage of litigation. In either case, the decision on whether the suit is barred by the statute of limitations will be delayed, resulting in greater expense to the parties.

Expiration of the statute of limitations in theory does not extinguish claimant's right. It simply cuts off claimant's remedy. As a result, if claimant peacefully acquires possession of the property in question, expiration of the statute of limitations does not require that he relinquish that property, because he has a right to it, in some jurisdictions.¹²⁶ Others take a stronger view and require consensual acquisition.¹²⁷ One

UK#.YZW2yGDMJ5U [https://perma.cc/9HZQ-ABAS] [https://web.archive.org/web/20221010224821/https://artdaily.cc/news/141231/Greece-agrees-Parthenon-Marbles-feud-should-not-strain-ties—UK] (last visited Oct. 10, 2022)—and the Tipu Sultan tiger's head (1799)—Gareth Harris, *UK Puts Temporary Export Ban on Tipu Sultan Tiger's Head—but Commentators Claim it Was Looted in the 18th Century*, THE ART NEWSPAPER (Nov. 16, 2021), <https://www.theartnewspaper.com/2021/11/16/uk-puts-temporary-export-ban-on-finial-from-the-throne-of-tipu-sultanbut-commentators-claim-it-was-looted-in-the-18th-century> [https://perma.cc/KK4J-5SKF] [https://web.archive.org/web/20221010225302/https://www.theartnewspaper.com/2021/11/16/uk-puts-temporary-export-ban-on-finial-from-the-throne-of-tipu-sultanbut-commentators-claim-it-was-looted-in-the-18th-century].

124. *Bakalar v. Vavra*, 619 F.3d 136, 151 (2d Cir. 2010).

125. Technical requirements for initiating a cause of action, and the ability to amend the complaint after the statute of limitations has expired, are discussed at Harvard Law Review Ass'n, *supra* note 67, at 1237–44.

126. *Davis v. Savage*, 168 P.2d 851 (1946); *Priester v. Milleman*, 55 A.2d 540 (1947) (statute on the debt or for replevin had expired, but covenant in conditional sale contract permitted self-help on default).

127. *Chapin v. Freeland*, 8 N.E. 128 (1886) (Holmes, J.) (alleged converter can replevy from true owner who obtained possession after barred by statute of limitations).

might note that the number of instances in which someone can lawfully exercise self-help has declined over the years. Likewise, expiration of the statute of limitations on a debt does not prevent the disappointed claimant from offsetting the debt.¹²⁸

In short, expiration of the statute of limitations leaves the possessor with the undisputed right to retain the property against the owner because of that expiration, as well as against the rest of the world because of prior possession. However, the possessor does not have title to the property by virtue of the statute of limitations.

B. LACHES

Laches is a doctrine that originated in the equity courts.¹²⁹ The difference between statutes of limitation and laches amply illustrates the traditional difference between law and equity. Law operates best with clear rules that are easy to apply. Equity operates by considering and weighing all the circumstances of the case.

Laches is designed to assure that litigation is not unfairly maintained, but its parameters are different from the statute of limitations' parameters. There is no fixed time within which the litigation must be brought. It is thus more difficult and more expensive to apply.

An initial problem to confront is the role of laches in a situation where most states have merged their law and equity courts and procedure.¹³⁰ In some jurisdictions, laches only applies to causes of action that were originally equitable.¹³¹ This general principle has bled a bit: causes of action originally cognizable in law that carry equity-like remedies have had laches applied to them.¹³² This includes mandamus and replevin because in both cases the court is asked to order defendant to do something, just as it does when it issues an injunction or orders specific performance.

Suits for stolen art always request replevin. The reason for this is simple: the measure of damages for a successful conversion suit is the fair market value of the property at the time and place taken. With replevin, the property itself is returned to the owner. The last half century has seen the value of most artwork escalate vertiginously, so the claimant wants the art back, or its current fair market value, rather than its market value at some time in the past, because that is the greater value.¹³³ They

128. Harvard Law Review Ass'n, *supra* note 67, at 1245–46.

129. 1 DAN B. DOBBS, *LAW OF REMEDIES* 103 (2d ed. 1993).

130. A brief history of Chancery and the merger of law and equity can be found in Samuel L. Bray, *The System of Equitable Remedies*, 63 UCLA L. REV. 530, 537–540 (2016).

131. *Id.* at 548; *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014).

132. *E.g.*, *Bakalar v. Vavra*, 819 F.Supp.2d 293 (S.D.N.Y. 2011), *aff'd per curiam* 11-4042-cv, 2012 U.S. App. Lexis 21042 (2d Cir. Oct. 11, 2012); *contra* DAVID D. SIEGEL, *NEW YORK PRACTICE* 383 (5th ed. 2010).

133. Turning artwork into money, which most successful claimants must do in order to pay their lawyers, has a cost. The standard seller's commission charged by major auction houses is twenty percent of the hammer price. The buyer also pays a fee equal to twenty percent of the hammer price. Whether one can cut a better deal may depend on the market, the desirability of the work, and whether the seller is likely to be a repeat player. When Peter Brant sent Jeff Koons' *Balloon Dog (Orange)* to auction in 2013, Christie's waived the seller's commission in its entirety, and gave Brant a large share of the buyers' fee. Sale price: \$58.4 million. Graham Bowley, *The (Auction) House Doesn't Always Win*, N.Y. TIMES (Jan. 15, 2014), <https://www.nytimes.com/2014/01/16/arts/design/christies-and-sothebys-woo-big-sellers-with-a-cut.html> [<https://perma.cc/>

sometimes call for a constructive trust, an equitable remedy, but that is seldom granted when replevin is available.¹³⁴

In short, a claimant who is requesting the return of his art may need to overcome the statute of limitations and, if successful at that, may need to overcome laches.

1. Laches Doctrine

In order to invoke laches, a defendant must prove two elements. The classic statement is that a plaintiff must have unduly delayed bringing action, and that delay must have resulted in detriment to the defendant.¹³⁵

a. Undue Delay

The cases are unclear about how much delay is undue. Courts do not look to the length of the statute of limitations for guidance on this question. Indeed, since the merger of law and equity, the doctrine of laches is invoked when the statute of limitations has not yet run. A clear example of undue delay might be found in *Solomon R. Guggenheim Foundation v. Lubell*.¹³⁶ The museum knew that the Chagall gouache in question was missing by at least 1970. The museum decided not to report the loss to the police, the insurance company, or the art community, and deaccessioned it. It learned that the Lubells had the Chagall in 1985. After rejecting the Lubells' statute of limitations defense, the court remanded the case to determine whether the Guggenheim was barred by laches, and made it clear that all the facts and circumstances were to be considered in determining whether laches applied:

[A]lthough appellant's statute of limitations argument fails, her contention that the museum did not exercise reasonable diligence in locating the painting will be considered by the Trial Judge in the context of her laches defense. The conduct of both the appellant and the museum will be relevant to any consideration of this defense at the trial level, and as the Appellate Division noted, prejudice will also need to be shown On the limited record before us there is no indication that the equities favor either party. Mr. and Mrs. Lubell investigated the provenance of the gouache before the purchase by contacting the artist and his son-in-law directly. The Lubells displayed the painting in their home for more than 20 years with no reason to suspect that it was not legally theirs. These facts will

KFE2-MSES] [<https://web.archive.org/web/20220924010943/https://www.nytimes.com/2014/01/16/arts/design/christies-and-sothebys-woo-big-sellers-with-a-cut.html>].

134. DOBBS, *supra* note 129, at 935.

135. *Id.* at 103.

136. 569 N.E.2d 426 (1991).

doubtless have some impact on the final decision regarding appellant's laches defense.¹³⁷

This makes it clear that for laches it is not the time at which the plaintiff actually discovered what was necessary to sue but the time at which, in the exercise of reasonable diligence, the plaintiff would have discovered the needed facts.¹³⁸

It is also clear that a defendant need only prove that the owner should have been aware of his claim. The owner need not know the identity of the possessor in order for the period of delay to begin.¹³⁹

Lubell did not decide how long a delay is too long, and the parties settled instead of litigating the laches question.¹⁴⁰

While most courts do not discuss principles for deciding how much delay is undue, some delay may be reasonable. Delay may be reasonable if one must wait to file suit for the expiration of an administrative claim. It may be justified where necessary to prepare a complicated claim, or to determine whether the injury is serious enough to warrant litigation.¹⁴¹

It is not only the plaintiff whose delay may be important. If the plaintiff's ancestor had the cause of action, that ancestor's delay may bar the plaintiff. In one case, the heirs sued to replevy a Schiele drawing.¹⁴² Their parents knew that the owner and his wife had been killed in World War II and that the drawing was in the wife's sister's possession. Their parents did not sue or claim the gouache. The court held that bringing the action half a century later was undue delay.¹⁴³

137. *Id.* at 431.

138. Harvard Law Review Ass'n, *supra* note 67, at 1184.

139. Republic of Turk. v. Christie's, 17-cv-3086 (AJN), 2021 U.S. Dist. LEXIS 169215, at *27-31 (S.D.N.Y. Sept. 7, 2021) (*dicta*).

140. It is not surprising that the parties settled. They had already financed litigation all the way to the New York Court of Appeals. The museum was faced with the unpleasant prospect of trying to prove that it did not unreasonably delay in suing, while Ms. Lubell wondered how she would prove that the delay had worsened her position. The value of the Chagall gouache was estimated at \$200,000, but the fact that it spent most of its museum time in storage was a clear indication that it was not a central part of the Guggenheim collection. Like most settlements, this one was confidential. Rumor has it that Ms. Lubell kept the Chagall, while making a payment to the Guggenheim, and the gallery that had sold the work to the Lubells helped with the payment, which according to one source was \$212,000. Ashton Hawkins, Richard A. Rothman & David B. Goldstein, *A Tale of Two Innocents: Creating Equitable Balance between the Rights of Former Owners and Good Faith Purchasers of Stolen Art*, 64 *FORDHAM. L. REV.* 49, 59 n. 56 (1995).

141. *Evergreen Safety Council v. RSA Network, Inc.*, 697 F.3d 1221, 1227 (9th Cir. 2012) (plaintiff's delay of a dozen years in opening defendant's letter revealing copyright infringement was not reasonable).

142. *Bakalar v. Vavra*, 819 F. Supp. 2d 293 (S.D.N.Y. 2011), *aff'd per curiam* 11-4042-cv, 2012 U.S. App. Lexis 21042 (2d Cir. Oct. 11, 2012). In this case the heirs were the grandnephew of the owner's brother and the grandson of the owner's wife's sister. Neither of them was a blood relative of the owner. It is difficult to see how they could both be the heirs under Austrian law, but the identity of the heirs was determined by an Austrian court and could not be challenged in the New York proceeding.

143. *Id.* There was no discussion in this case about the fact that laches was being asserted by the plaintiff against the defendant, an unusual situation. The case also represents a strange choice on the part of the plaintiff's counsel to sue in New York instead of waiting for the owner's heirs to sue in Bakalar's home state, Massachusetts. By suing in New York, he faced two doctrinal challenges. One was the demand-and-refusal rule for accrual of the statute of limitations, which would doom an adverse possession argument. The second

In reality, in most cases what constitutes undue delay is determined by the second laches requirement: an adverse change in circumstances for the defendant. There must clearly be a delay from the time the plaintiff discovered or should have discovered his cause of action, but what seems to make the delay undue is the harm the defendant suffered.

b. Detriment

While some cases discuss the possibility that delay alone may be sufficient to find laches,¹⁴⁴ that is certainly not the doctrine. Laches requires that the delay has resulted in detriment to the defendant.¹⁴⁵

The most common change in circumstances is evidentiary prejudice such as the death or unavailability of a crucial witness or the destruction of records.¹⁴⁶ In *O'Keefe v. Snyder*,¹⁴⁷ the crucial substantive question would have been whether the paintings were sold, gifted, or stolen. The two witnesses who could have spoken to that question both died before the suit was brought. In *Bakalar v. Vavra*,¹⁴⁸ the crucial substantive question was whether the Schiele drawing was one of more than 400 artworks shipped out of Vienna by Elisabeth Grünbaum, the owner's wife, and her sister, or whether it was confiscated by the Nazis. The wife's sister, Mathilde Lukacs-Herzl, was the only surviving person who knew whether the Schiele drawing was in the shipment. She sold the drawing in 1956, but her testimony was unavailable because she died in 1979.¹⁴⁹

The other form of detriment is sometimes called expectation-based prejudice,¹⁵⁰ but I prefer reliance-based detriment, because its essence is that the defendant changed position in reliance on not being sued.

was New York precedent that once the owner showed the slightest evidence that the work might have been stolen, the burden of proof shifted to the possessor to prove that it was not stolen. Had the litigation taken place in Bakalar's home jurisdiction of Massachusetts, it is doubtful that either of those doctrines would have applied. Presumably, the suit was brought in New York because that was the only place in which jurisdiction over defendants could have been obtained, and the plaintiff wanted a quick disposition so that he could sell the drawing. Of course, the great advantage of hindsight is that it can always pretend to see 20-20 because it knows what the outcome was.

144. *Obert v. Obert*, 12 N.J. Eq. 423, 428–429 (1858) (twenty-two-year delay not unreasonable when plaintiff was incapacitated during first portion of it). I have found no case actually finding laches where defendant suffered no detriment.

145. DOBBS, *supra* note 129, at 103–05.

146. *Evergreen Safety Council v. RSA Network, Inc.*, 697 F.3d 1221 (9th Cir. 2012) (death of one witness, unavailability of others, and destruction of business records after a bankruptcy); *Republic of Turk. v. Christie's, Inc.*, No. 17-cv-3086 (AJN), 2021 U.S. Dist. LEXIS 169215, at *33–34 (S.D.N.Y. Sept. 7, 2021) (death of three potential witnesses and disappearance of documents).

147. 416 A.2d 862 (N.J. 1980).

148. 819 F. Supp. 2d 293 (S.D.N.Y. 2011), *aff'd*, 11-4042-cv, 2012 U.S. App. LEXIS 21042 (2d Cir. Oct. 11, 2012) (*per curiam*).

149. *Accord Garcia v. Garcia*, 808 P.2d 31 (N.M. 1991) (filing of quiet title action delayed 13 years until after death of person who arranged unrecorded sale-leaseback of the realty); *Stone v. Williams*, 873 F.2d 620 (2d Cir. 1989) (dictum).

150. *N.K. Collins, LLC v. William Grant & Sons, Inc.*, 472 F. Supp. 3d 806 (D. Haw. 2020).

Significant injury might include purchasing the artwork if the plaintiff could have brought suit against defendant's predecessor in interest.¹⁵¹ It would also include expenditure of substantial sums in reliance on ownership, such as for conservation or restoration.¹⁵² Whether it would include the ordinary expenses of ownership, such as insurance premiums, or special security devices required for insurance coverage, is unknown. One might also argue that an exceptionally volatile market causing the possessor to lose other investment opportunities would be a sufficient detriment.¹⁵³

Significant injury might include the expiration of contractual indemnities.¹⁵⁴ Those indemnities might result from express guarantees, or warranties implied by law. For example, U.C.C. section 2-312 provides a warranty of title, but the statute of limitations is four years.¹⁵⁵ If the buyer does not discover his lack of title before the expiration of four years from the date of the sale, that warranty cannot be enforced.

In one case, detriment was found where the defendant profitably licensed the contested property—copyright renewals—but might have made different arrangements had he known that he would be required to share the proceeds.¹⁵⁶ Such a result is to be criticized, especially where the defendant presents no solid proof of alternative uses considered or the fact that defendant chose one investment over another because he thought he was the sole owner. That situation should not be regarded as a detriment but should more appropriately be discussed under the rubric of other equitable considerations.

The same applies to the argument that an owner should not be allowed to say nothing while another invests time and money in developing a commercial opportunity, then swoops in claiming the profits.¹⁵⁷

151. Republic of Turk. v. Christie's, Inc., No. 17-cv-3086 (AJN), 2021 U.S. Dist. LEXIS 169215, at *35 (S.D.N.Y. Sept. 7, 2021).

152. See e.g., Deborah Vankin, *Blue Boy Revisited: The Huntington is Saving Its 18th-century Masterpiece—and You Get To Watch*, L.A. TIMES (Sept. 14, 2018, 3:00 AM), <https://www.latimes.com/entertainment/arts/la-ca-cm-project-blue-boy-20180914-story.html> [<https://perma.cc/JZM7-EY24>] [<https://web.archive.org/web/20221114071403/https://www.latimes.com/entertainment/arts/la-ca-cm-project-blue-boy-20180914-story.html>]. *Project Blue Boy*, THE HUNTINGTON, <https://huntington.org/exhibition/project-blue-boy> [<https://perma.cc/2HBE-RAB4>] [<https://web.archive.org/web/20221109202304/https://huntington.org/exhibition/project-blue-boy>] (last visited Nov. 9, 2022) sets forth the restoration schedule of the Thomas Gainsborough painting *The Blue Boy*, and indicates that the restoration was funded by the Bank of America Art Conservation Project, the Getty Foundation, Friends of Heritage Preservation, and Haag-Streit USA. The length and complexity of the restoration, together with the fact that it required four foundations to fund it, indicates its high cost.

153. *Hammond v. Wallace*, 24 P. 837 (Cal. 1890) (two-year delay in rescinding auction sale where value of land changed rapidly).

154. *N.K. Collins, LLC v. William Grant & Sons, Inc.*, 472 F. Supp. 3d 806 (D. Haw. 2020).

155. U.C.C. § 2-725. If the sale is international, the statute is likewise four years from performance under the U.N. Convention on the Limitation Period in the International Sale of Goods arts. 8, 10(2), June 14, 1974, 13 I.L.M. 952, 1511 U.N.T.S. 3.

156. *Stone v. Williams*, 873 F.2d 620 (2d Cir. 1989), vacated and remanded on other grounds 891 F.2d 491 (2d Cir. 1989).

157. *E.g.*, *Songbyrd, Inc. v. Est. of Grossman*, 206 F.3d 172 (2d Cir. 2000) (song writer did not sue for copyright infringement until song became successful, by which time both principals had died); *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916) (accounting ordered for profits from a song, but only until plaintiff learned of the copyright infringement).

It has been suggested that the appropriate remedy for reliance-based detriment is not to dismiss the case, but to require a plaintiff, if successful, to reimburse the defendant for his reliance-based expenditures (presumably plus interest from the date made and a reasonable profit given the circumstances).¹⁵⁸ This suggestion has not been incorporated into the laches decisions.

c. Other Equitable Considerations

In addition, whether a court will find that laches exists seems to be influenced by other equitable considerations. Later cases attribute to Learned Hand a holding that the defendant's exploitation of property in a business where plaintiff did not take the risk of loss is a detriment sufficient to invoke laches,¹⁵⁹ but Hand instead posed that as a separate equitable requirement:

It must be obvious to every one familiar with equitable principles that it is inequitable for the owner of a copyright, with full notice of an intended infringement, to stand inactive while the proposed infringer spends large sums of money in its exploitation, and to intervene only when his speculation has proved a success. Delay under such circumstances allows the owner to speculate without risk with the other's money; he cannot lose, and he may win.¹⁶⁰

In effect, Hand substitutes other equitable considerations for the requirement of detriment in determining whether a plaintiff will be barred by laches. The fact that whether a case will be dismissed for laches is subject to all equitable principles requires a very full exposure of all the facts surrounding the case. Exposing them to the court is neither quick nor inexpensive.

As detailed in the quotes above from *Lubell* and *Feist*, laches requires a consideration of all the facts and circumstances of the case in addition to delay and detriment.¹⁶¹ In a case involving Grünbaum art that took the same path as the Schiele in *Bakalar*, a New York court refused to apply laches because the defendant knew about the *Bakalar* case.¹⁶² Knowing all those facts, the defendant should have been aware that buying the artwork would expose him to suit. The court found that it would therefore be

158. 1 DAN B. DOBBS, *LAW OF REMEDIES* § 2.4(4) (3d ed. 2018) (commenting on *Kamberos v. GTE Automatic Elec., Inc.*, 454 U.S. 1060 (1981) (White, J., dissenting from denial of certiorari from *Kamberos v. GTE Automatic Elec., Inc.*, 603 F.2d 598 (7th Cir. 1979) (plaintiff in sex discrimination case was barred from collecting back pay from the time she could have requested EEOC permission to sue until the time she did, but not barred from other remedies)).

159. *E.g., Stone*, 873 F.2d.

160. *Haas v. Leo Feist, Inc.*, 234 F. 105, 108 (S.D.N.Y. 1916). This is not mere history. It is reaffirmed in *Seven Arts Filmed Ent., Ltd. v. Content Media Corp. PLC*, 733 F.3d 1251, 1255 (9th Cir. 2013), on statute of limitations grounds.

161. *Garcia v. Garcia*, 1991-NMSC-023, P.2d 31, 39.

162. *Reif v. Nagy*, 106 N.Y.S.3d 5 (App. Div. 1st Dept. 2019).

inequitable to apply laches, even though laches was applied in a case identical on all facts except knowledge at purchase.¹⁶³

The result is that the parties need to engage in extensive and costly discovery in many cases before the court can decide whether to dismiss the case on laches grounds.

2. Laches Theory

The purpose of the doctrine of laches is to prevent unfair lawsuits. It differs from the statute of limitations in that the latter presumes that after a pre-set period of time, the suit is unfair. Laches requires an actual showing of unfairness by asking that both the detriment to defendant be proven and the unreasonable delay in bringing the action be proven. The addition of other equitable considerations emphasizes this.

In addition to involving all the facts and circumstances, laches calls for a balancing act. “Where there is no excuse for delay . . . defendants need show little prejudice; a weak excuse for delay may . . . suffice to defeat a laches defense if no prejudice has been shown.”¹⁶⁴

3. Laches Practicalities

The defense of laches cannot be decided on the pleadings. In some cases, it will be clear from the pleadings that there has been significant delay in bringing suit since the plaintiff discovered the cause of action, and that the defendant has suffered detriment as a result. Even in those cases, because all factors must be examined to determine whether dismissal for laches is equitable, discovery will be required. This postpones the decision and raises the cost of the litigation.

Where one of the elements is doubtful, such as the time of discovering the cause of action or whether the detriment is sufficient to invoke equitable powers, the delay and additional expense are even clearer.

C. ADVERSE POSSESSION

The doctrine of adverse possession (or “acquisitive prescription” in civil law jurisdictions) holds that a person in possession for the requisite time is the owner of the property. No action need be taken (other than the possession) for the possessor to be the titleholder. The happening of the physical requirements results in the possessor’s title without either paperwork or court decree.¹⁶⁵

163. *Id.* The real loser in this case was the insurance company that had insured the title for Nagy.

164. *Stone*, 873 F.2d. at 625 (illegitimate daughter waited eleven years to claim her father’s copyright renewal rights; six years were justified and five unjustified).

165. *Henderson v. First Nat’l Bank*, 494 S.W.2d 452 (Ark. 1973). However, the wise adverse possessor will seek a court judgment because insurers and lenders are unlikely to be satisfied with a title that is not reduced to a paper record.

1. Adverse Possession Doctrine

One significant difference between statutes of limitation and laches, on the one hand, and adverse possession on the other, is that adverse possession makes the possessor a titleholder, while statutes of limitation and laches only cut off the former owner's right to recover the property without giving the possessor title. As will be seen, the adverse possession doctrine's requirements and policy focus exclusively on the possessor,¹⁶⁶ with the exception of statutes that toll the running of the period for adverse possession because the owner was unable to assert that ownership due to minority, imprisonment, or lack of mental capacity.¹⁶⁷

It thus becomes evident that disposing of a case on statute of limitations grounds where it is not a discovery jurisdiction can be done at an earlier time in the litigation than in a discovery jurisdiction, thereby saving costs for the court and both parties.

The reader should bear in mind that there are variances in adverse possession doctrine and results based on different state statutes and common law interpretations. There are also cases the results of which even within the same state cannot honestly be reconciled. The following presents the preponderant view.

a. Possession Required

To achieve adverse possession, the possessor must exercise the possession that a true owner would. A true owner would use the property in a way that was appropriate to the property. A true owner would use it openly, without the permission of anyone else, and his possession would not be interrupted.

i. Possession Appropriate To the Property

The possession of the true owner must be possession, and it must be possession that is appropriate to the property. Most of the cases that have arisen challenging the nature of possession have involved realty, but it is easy to see how they apply to personalty.

Possession is required to distinguish a possessor from a trespasser. A trespasser never acquires title by adverse possession.

166. Oliver Wendell Holmes, *The Path of the Law*, 10 HARV. L. REV. 457, 477 (1897); CHRISTOPHER COLUMBUS LANGDELL, A SUMMARY OF EQUITY PLEADING 139 (2d ed. 1883).

167. A typical statute was Ohio Rev. Code Ann. § 2305.04:

An action to recover the title to or possession of real property shall be brought within twenty-one years after the cause thereof accrued, but if a person entitled to bring such action, at the time the cause thereof accrues, is within the age of minority, of unsound mind, or imprisoned, such person, after the expiration of twenty-one years from the time the cause of action accrues, may bring such action within ten years after such disability is removed.

In one example, a person enclosed the neck of a peninsula suitable for grazing cattle and grazed cattle on it. The court held that the person was a possessor, not a trespasser, because he intended to and actually did control the land as an owner would.¹⁶⁸

Another case involved land that was useful for mining sand and gravel. The plaintiff argued that the defendant was not a possessor because he did not live on the land, place a structure on it, or enclose it. He did extract sand, prevent others from doing so, and pay taxes on the land. The court held that he was a possessor.¹⁶⁹

*ii. Open Possession*¹⁷⁰

A true owner normally possesses property openly—an owner has no reason to use property secretly. It is here that the possession of personalty differs from the possession of realty, and where the requirement of openness conflicts with the requirement of using property as a true owner would.

Real property is always used openly. Its location is known, and its use is easy to determine by visiting the property. Personalty is portable. Its location at any time is not necessarily known. Nonetheless, traditional personal property, such as wagons, horses, oxen, and boats, were used in a manner that would come to public attention.

Art, jewels, wine, and antiques are different. Their normal use is often private, within the owner's house. Their normal use would seldom come to the public's attention.

There are exceptions. If the possessor is a museum, art or antiques will normally be shown to the public from time to time. Today, such items might be listed permanently on the museum's website.¹⁷¹

Jewelry is often worn in public. Wearing jewelry frequently in public is open use of the property. Wine, on the other hand, is normally consumed in private, and such use would not be open. It might become an open use if the wine is raffled off to support a charity, especially if it generates news stories.¹⁷²

Much art is used openly; some is not. Art may be lent to museums or galleries for exhibition. Art displayed to the public is an open use because the public is invited to view it, either for free or with an admission charge. When art is sold, especially high-value art, it is usually sold at public auction. This brings it to the attention of those who frequent art auctions. The sale does not normally identify either the old or new owner,

168. *Brumagim v. Bradshaw*, 39 Cal. 24 (1870). That land is now the Potrero in San Francisco.

169. *Lessee of Ewing v. Burnet*, 36 U.S. 41 (1837).

170. Statements of the rule usually require that the possession be "open, notorious, continuous and hostile." It is not clear that notorious adds anything to the requirement that the possession be open. No case has been found holding that a possession was open, but not notorious, or notorious, but not open. DALE A. WHITMAN ET AL., *LAW OF PROPERTY* 749 (4th ed. 2019).

171. *E.g., Collection*, TIMKEN MUSEUM OF ART, <https://timkenmuseum.org/collection> [<https://perma.cc/D4N8-E2LQ>] [<https://web.archive.org/web/20221109205216/https://www.timkenmuseum.org/collection>] (last visited Nov. 9, 2022).

172. *See, e.g., Nonprofit Raffles*, OAG.CA.GOV, <https://oag.ca.gov/charities/raffles> [<https://perma.cc/5ZAA-L9HQ>] (last visited Nov. 9, 2022).

as ownership is not normally disclosed to the public.¹⁷³ However, a sale makes an *in rem* suit possible. It is also possible to use legal process to compel the auction house, or displaying museum or gallery, to disclose what it knows about ownership.¹⁷⁴ Such a sale is an open use. On the other hand, showing art in your home to a small number of dinner guests may not qualify as open use, as the community is unlikely to equate showing the art with owning it.

There are cases that discuss the open possession requirement being designed to put the owner on notice,¹⁷⁵ but the real reason for the open requirement is that the community should realize the claim of title.¹⁷⁶

iii. Without the Owner's Permission

If the possessor is holding the property with the owner's permission, the possessor never acquires title. This requirement is sometimes referred to as hostility, but that is misleading. The possessor's intention is quite irrelevant. A person who would apologize and move had he known that he was on another's land still gains title by adverse possession. Neither a bailee nor a tenant is an adverse possessor because they both hold the property with the owner's permission.¹⁷⁷ Likewise, co-tenants are not adverse possessors because they have the right to occupy the entire property. The bailee, co-tenant, or tenant must terminate the relationship either by denying the owner's rights or excluding the owner in order to become an adverse possessor.

iv. Uninterrupted

The possession must be uninterrupted. Possession is interrupted by the possession of the true owner,¹⁷⁸ by the unchallenged possession of a third party, or by the possessor abandoning his possession. Possession by the true owner requires a restart of the statute of limitations. Possession by a third party might or might not be inconsistent with the possessor acting like an owner. An owner would normally take action to

173. For a discussion of secrecy in the art world, see Lazerow, *supra* note 34 at 203–13 (2018) and HERBERT I. LAZEROW, *MASTERING ART LAW* 254–55, 260 (2d ed. 2020). N.Y. GEN. OBLIG. LAW § 5-701(a)(6) (McKinney 2022) requires disclosure of “the name of the person on whose account the sale was made.” It was argued in *William J. Jenack Est. Appraisers and Auctioneers, Inc. v. Rabizadeh*, N.E.3d 576, 982 (N.Y. 2013) that this required the auction house to name the beneficial owner of the work sold, but the Court of Appeals held that it sufficed to name his agent, the auction house.

174. FED. R. CIV. P. 26(b)(1); *Hicks v. Leslie Feely Fine Art, LLC*, No. 20 CIV. 1991 (ER), 2021 WL 3617208 (S.D.N.Y. Aug. 13, 2021) (name of purchaser was relevant to plaintiff's suit and not protected by confidentiality).

175. *E.g.*, *Reeves v. Porta*, 144 P.2d 493, 496 (Or. 1944) (occasional pasturing of cattle in a brushy wilderness area is not open).

176. *Merrill*, *supra* note 104, at 1141–42.

177. *Redmond v. N.J. Historical Soc'y*, 28 A.2d 189, 194 (1942) (Society did not adversely possess a Gilbert Stuart portrait loaned to it for more than fifty years).

178. *Mendonca v. Cities Serv. Oil Co.*, 237 N.E.2d 16 (Mass. 1968) (use of disputed land by owner's contractor for three-to-four weeks for storage of materials during construction without objection by plaintiff interrupted plaintiff's adverse possession).

recapture possession, so an attempt to do so would not destroy the continuity required to have uninterrupted possession. Where the possessor seems to abandon possession, the question would be whether the possessor's absence is inconsistent with a presumption of ownership. True owners do not remain on their property perpetually. Vacation absences and periods away while attending law school probably do not interrupt adverse possession. It depends on the facts and circumstances, such as the uses to which the property is suited and the reasons for the absence of the adverse possessor.

It is sometimes stated that the possession must be exclusive, but it is possible for several persons to possess the land at the same time by agreement. When there are so many possessors as to constitute public possession and the purported adverse possessor does nothing to discourage the general public, this does not amount to uninterrupted possession because an owner would not tolerate public use of his land.¹⁷⁹

b. Ancillary Doctrines to Adverse Possession

Two important doctrines travel with adverse possession: tacking and relation back. Tacking relates to establishing adverse possession when there are multiple actors on one side; relation back goes to the consequences of finding adverse possession.

i. Tacking

It sometimes occurs that no one individual maintains possession for the full length of the statute of limitations, but several individuals, if their possessions were added together, would qualify. If the parties have a relationship to each other, such as ancestor and heir or grantor and grantee, the possessions of the parties are said to be tacked together to create a length of possession sufficient to have adverse possession.¹⁸⁰

Where the ownership of the property changes hands after the adverse possessor enters, no such doctrine is necessary, as successive owners are always in privity with each other.

ii. Relation Back

When a person acquires title by adverse possession, the law considers that person to have always been the owner of the property. This is a logical assumption because it would be irrational to bar the former owner from recovering the property, but to permit the former owner to sue for trespass or for mesne profits or, in the case of personalty, conversion. This is driven by the underlying policy of confirming title to conform to possession, on the view that the adverse possessor always was the titleholder from the moment he went into possession.¹⁸¹

179. *State v. Brooks*, 166 S.E.2d 70, 74–75 (N.C. 1969).

180. This was the case in *Lessee of Ewing v. Burnet*, 36 U.S. 41 (1837).

181. HERBERT HOVENKAMP & SHELDON F. KURTZ, *PRINCIPLES OF PROPERTY LAW* 59 (6th ed. 2005); e.g., *Counce v. Yount-Lee Oil Co.*, 87 F.2d 572 (5th Cir. 1937) (owners who lost property by adverse possession may not recover the value of oil taken during defendant's possession within the statute of

While some view the doctrine of relation back as stripping the original owner of all rights related to the property, it is preferable to think of it as confirming the adverse possessor's title. This problem usually arises with realty, where every earning of mesne profits is deemed to be a separate cause of action. Absent the doctrine of relation back, if the statute of limitations were six years for mesne profits, the adverse possessor, now the title holder, would be liable to the former owner for profits earned during the last six years.¹⁸² While there is no reason why this problem should not also occur with personalty, and suits to replevy personal property often contain a count for conversion, judgments where the claim of adverse possession fails do not usually contain damages for conversion or mesne profits.¹⁸³

While the adverse possessor's title relates back to the start of possession, it is not a title derivative of the true owner. There is no fiction of a conveyance from the owner of record to the adverse possessor. The adverse possessor obtains a new title that has no predecessors.

2. Adverse Possession Policies

A number of policies have been assigned to the doctrine of adverse possession. Some of them do underlie the doctrine. Others should not be viewed as policies justifying the doctrine, but rather as the unintended results of it—collateral damage.

a. *Quiet Title in the Owner*

The first glimmering of adverse possession in the common law world occurs in feudal times. In 1085, William the Conqueror sent out royal commissioners to survey the wealth of the English lands he had conquered in 1066. Domesday Book provided a record of the reputed ownership of land as of 1086. Domesday Book was not an ownership document. It was tinged with avarice, rather than altruism, as it was designed to show William sources of wealth that he could tax. But it provided evidence of the (sometimes disputed) state of the title in 1086.¹⁸⁴

At that time, a freehold interest in land could only be transferred by the current owner and the prospective owner going on the land and going through a ceremony where one transferred a twig or a clod of earth to the other that was symbolic of the transfer of the land.¹⁸⁵ The wise potential transferee brought a couple of witnesses with

limitations for mesne profits); *Schmidt v. Marschel*, 2 N.W.2d 121 (Minn. 1942) (person who acquires title by adverse possession has title to land built up by accretion or reliction during the period of possession).

182. 1 A. JAMES CASNER, *AM. L. PROP.* § 15.14 (1952).

183. *Henderson v. First Nat'l Bank*, 494 S.W.2d 452 (Ark. 1973) (person who acquired bank stock by adverse possession was the owner from the time possession began and was entitled to dividends from the stock from the time of first possession). There is not much discussion of mesne profits in art cases, probably because most art possessors do not derive any revenue from their possession.

184. Frederick William Maitland, *Domesday Book and Beyond* (1897); Adolphus Ballard, *The Domesday Inquest* (2d ed. 1923); 2 William Holdsworth, *A History of English Law* 155–65 (4th ed. 1936).

185. POLLOCK, *supra* note 1, at 82–83; CORNELIUS J. MOYNIHAN & SHELDON F. KURTZ, *INTRODUCTION TO THE LAW OF REAL PROPERTY* 212–213 (4th ed. 2005).

him who could testify that the ceremony properly took place. At the time, so few people could read or write that anyone possessing that ability was entitled to benefit of clergy. Nonetheless, some grantees hired scribes to prepare charters of feoffment that certified the completion of the title transferring ceremony. Note that it was not the charter of feoffment that transferred the property; the charter of feoffment was only evidence that the transfer had taken place.¹⁸⁶ By the 13th century, charters of feoffment had become common.

Written evidence is certainly a useful thing, but the maxim *litera scripta manet* is not always accurate.¹⁸⁷ There was no government or religious institution that would preserve this evidence, and had there been such a repository, the incidence of fire in churches and stately manors would not have provided reassurance.¹⁸⁸ So the charter of feoffment, if it was ever prepared, was given to the grantee. But the grantee's house was likewise not immune to fire, and the heirs of most grantees, who could read no better than the grantees themselves, were likely to attach little importance to keeping track of this easily damaged piece of parchment.¹⁸⁹

As the time from 1086 grew longer than the normal life of man, a person had no living witnesses who could prove that he had received a transfer of the land because all the witnesses to the ceremony had died. Often, a charter of feoffment could not be produced. Parliament came to the rescue by declaring that anyone who could prove that he or his ancestors had been seized of the land, first since the death of Henry I (1135), then from the accession of Henry II (1154), then from the coronation of Richard I (1189) could not be legally removed from the land.¹⁹⁰ As time passed, fewer and fewer people could prove seizin since 1189, so sixty years was tried in 1540, until a period of twenty years was established in 1623.¹⁹¹

The initial purpose of adverse possession was to secure the title of the owner of land even though that owner might be unable to prove that title.¹⁹² It assumes that the person in longtime possession is the owner but cannot prove it.¹⁹³ It protects the owner

186. 1 A. JAMES CASNER, *supra* note 182, at 13, 22; DAVID A. THOMAS, THOMPSON ON REAL PROPERTY 189–94 (2d ed. 2009).

187. The full Latin proverb is *vox audita perit, litera scripta manet*: “The heard voice perishes, the written word endures.”

188. Destruction by fire was a serious problem in medieval times because both heating and cooking required open flames. One partial solution, available to the extremely wealthy, was to locate the kitchen in a separate building where a fire in the kitchen would not consume the entire building. The most famous of these is the octagonal kitchen at the Abbey of Fontevraud (dedicated 1119), with its five fireplaces and twenty chimneys. MICHELIN GREEN GUIDE, CHÂTEAUX OF THE LOIRE 67 (1974).

189. *Id.*

190. Pollock, *supra* note 1, at 81; Herbert Thorndike Tiffany, *The Law of Real Property Abridged* 470–72 (3d ed. 1970); William E. Burby, *Handbook of the Law of Real Property* 268 (3d ed. 1965).

191. 3 A. JAMES CASNER, *AM. L. PROP.* 755–756, 759 (1952); Statute of Monopolies 1623, 21 Jac. 1, c. 16. The preamble specifically states that it is for “quieting men’s estates.” 4 WILLIAM HOLDSWORTH, *A HISTORY OF ENGLISH LAW* 484–485 (1925).

192. John Lovett, *Disseisin, Doubt, and Debate: Adverse Possession Scholarship in the United States* (1881–1986), 5 *TEX. A&M L. REV.* 1, 12 (2017).

193. 7 WILLIAM HOLDSWORTH, *A HISTORY OF ENGLISH LAW* 79 (1925); Henry W. Ballantine, *Title by Adverse Possession*, 32 *HARV. L. REV.* 135, 135–36 (1918). The purpose is “to extinguish otherwise valid rights by dint of the mere passage of time, regardless of the underlying merits of the claim.” It prevents stale claims,

against bogus documents and bogus claims of transfer. It is not that the claimant is being penalized for negligent or intentional delay in asserting his rights; it is rather that the delay is so long that, as an evidentiary matter,¹⁹⁴ it is doubtful that the claimant has any rights to assert. The same purpose of securing title and preventing fraud was then applied to personal property.¹⁹⁵

b. Confirm Expectations

Humans operate in a context. Part of that context provides rules relating to stability and change. Property rules contribute to that context. If I own Blackacre, I have a strong expectation of being able to maintain its stability of condition and use, as well as a major voice in dictating the changes that will occur to it.¹⁹⁶ Property law says my control over neighboring Chartreuseacre is considerably less. My ability to provoke change in Chartreuseacre is almost non-existent, and my ability to enforce stability, while greater, is still quite minimal.¹⁹⁷ Nonetheless, it is a natural human expectation, even in the face of these ground rules, to believe that the status quo will continue. The more one uses a property, and the longer one uses that property, the more one psychologically expects to be able to do so.

In short, conforming ownership and long-term possession facilitates transactions, especially economic transactions.¹⁹⁸

Holmes put it this way: “A thing which you have enjoyed and used as your own for a long time, whether property or an opinion, takes root in your being and cannot be torn away without your resenting the act and trying to defend yourself, however you came by it. The law can ask no better justification than the deepest instincts of man.”¹⁹⁹

c. Conform Ownership to Appearance

It is useful to the community to know who owns property. Adverse possession is a doctrine that identifies the long-term possessor of property with ownership. This assures the community members that they can deal with the long-term possessor as an owner, whether they are potential lessees, mortgagees, or purchasers. This

promotes stability, and grants repose in commercial transactions. Ashton Hawkins, Richard A. Rothman & David B. Goldstein, *A Tale of Two Innocents: Creating Equitable Balance between the Rights of Former Owners and Good Faith Purchasers of Stolen Art*, 64 *FORDHAM. L. REV.* 49, 60 (1995).

194. Merrill, *supra* note 104, at 1128–30 (1985) (pointing out that the lost evidence rationale, while less pressing today for realty, is just as important for personal property because of a general lack of institutions for memorializing title to personalty, and that failure to extinguish old claims imposes a cost on transactions).

195. R.H. Helmholz, *Wrongful Possession of Chattels: Hornbook Law and Case Law*, 80 *NW. L. REV.* 1221, 1235–36 (1986).

196. My control is not absolute. Health and safety laws restrict me, my use must conform to zoning rules, and anything constructed must abide by the building code.

197. I am largely confined to a persuasive role at any land use control meeting.

198. Lovett, *supra*, note 192, at 10.

199. Holmes, *supra* note 166, at 477.

consideration became more important as land and art became more items of commerce and less the family homestead or heirlooms.²⁰⁰

d. Settle Boundary Disputes

While of no interest for personal property, adverse possession of realty has an important role in settling boundary disputes between adjacent neighbors.²⁰¹

e. Not Designed to Reward Development

When adverse possession confirms title in a long-time possessor over an absentee, development may be rewarded. Absentees make no improvements to property. Long-term possessors may likewise make no improvements, but they are more likely to do so than are absentees. This is not a purpose of adverse possession. Rather it is usually a by-product.²⁰² Classic adverse possession cases usually involved development, such as the extraction of sand or gravel²⁰³ or the construction of a building.²⁰⁴

Whether development is a good thing is debatable. It was clearly perceived as beneficial through most of the twentieth century, though questioned by both environmentalists and preservationists toward its end.²⁰⁵

This consideration seems to have little bite in art or other personal property controversies. Whatever else one might say about art, one seldom wishes it “developed.” In terms of capacity for public good, what development might be to land, exhibition is to art because it provides education and public entertainment.

f. Not Designed To Penalize the Negligent Owner

It is sometimes stated that the purpose of adverse possession is to penalize the negligent owner—it is not.²⁰⁶ That may be a consequence, but the doctrine focuses on the adverse possessor, his actions, and interactions. There is no intent to penalize an owner. The negligent owner is not penalized when no one is in possession.

In fact, there is only one part of the adverse possession doctrine that even considers the person not in possession who claims to be the owner. Statutes generally provide a limited delay in the running of the period for adverse possession when the claimant, at the time the adverse possessor takes possession, is a minor, of unsound mind, or

200. Merrill, *supra* note 104, at 1132.

201. In California, where adverse possession requires the payment of taxes, the doctrine of agreed boundaries has been evolved to provide this function. Averill O Mix, *Payment of Taxes as a Condition of Title by Adverse Possession*, 9 SANTA CLARA L. REV. 244, 255 (1969).

202. Lovett, *supra*, note 192, at 62.

203. Ewing’s Lessee v. Burnet, 36 U.S. 41 (1837).

204. Raab v. Casper, 51 Cal. App. 3d 866 (1975).

205. E.g., John G. Sprankling, *An Environmental Critique of Adverse Possession*, 79 CORNELL L. REV. 816 (1994).

206. 3 A. JAMES CASNER, *supra* note 191, at 759.

imprisoned.²⁰⁷ The cases refusing adverse possession for the long occupation of underground caves or mines do not do so out of concern for the person claiming ownership but rather because the occupations were insufficiently open to provide the surrounding community with notice.²⁰⁸

3. Adverse Possession Practicalities

Adverse possession is a complete remedy; it gives title to the adverse possessor. It cuts off all lawsuits against him with regard to the property's ownership, relating back to his taking possession.²⁰⁹ This is more useful than simply winning a lawsuit due to expiration of the statute of limitations or laches. Looking backward, the adverse possessor is not liable for trespass, conversion, or mesne profits. Looking forward, the adverse possessor now has a title good against all the world and can freely alienate the property without fear of having the conveyance annulled. In Hohfeldian terms, there is no right without a corresponding duty.²¹⁰ One writer has phrased it, "The law does not recognize a title which it will not protect."²¹¹

If the property is to be sold, there is normally a warranty of title. This is true under the UCC²¹² for domestic sales and the UN Convention on the International Sale of Goods²¹³ for certain international sales.²¹⁴ Real estate is normally sold with a warranty of title, among other warranties. A person who has succeeded at adverse possession can give those warranties without fear of liability; a person who holds the property as a result of invoking the statute of limitations or laches cannot. Yet what are the

207. *E.g.*, Ohio Rev. Code Ann. § 2305.04:

An action to recover the title to or possession of real property shall be brought within twenty-one years after the cause thereof accrued, but if a person entitled to bring such action, at the time the cause thereof accrues, is within the age of minority, of unsound mind, or imprisoned, such person, after the expiration of twenty-one years from the time the cause of action accrues, may bring such action within ten years after such disability is removed.

208. *E.g.*, *Marengo Cave Co. v. Ross*, 10 N.E.2d 917 (Ind. 1937), holding modified by *Fraley v. Minger*, 829 N.E.2d 476 (Ind. 2005) (fact that a cave for which admission was charged to the public including landowner extended under owner's land was insufficiently obvious). The case sets forth the proposition that the possession must be obvious both to the general community and to a diligent owner or his agent who visits the site.

209. Assuming that the owner against whom the adverse possessor acts has full title, not just the right to present possession.

210. REST. PROP. § 1 (1936).

211. 3 A. JAMES CASNER, *supra* note 191, at 760.

212. U.C.C. § 2-312.

213. U.N. Convention on the Limitation Period in the International Sale of Goods art. 41, June 14, 1974, 13 I.L.M. 952, 1511 U.N.T.S. 3.

214. Arts. 1-4, 6, and 10, and the U.S. reservation to art. 1(1)(b) limit the sales to which the United Nations Convention on Contracts for the International Sale of Goods applies. U.N. Convention on the Limitation Period in the International Sale of Goods arts. 1-4, 6, 10, June 14, 1974, 13 I.L.M. 952, 1511 U.N.T.S. 3.

purchaser's damages? Neither the old owner nor anyone else can take the property from him. It may be a technical breach, but not an actionable one.

A second problem is that some insurance policies require that the insured be the owner of the property. If that is the case, the insurance company will not pay when there is a loss if the insured's possession results from the statute of limitations or laches, but it will pay if it results from adverse possession.²¹⁵

III. CONCLUSION: SHOULD ADVERSE POSSESSION APPLY TO ART?

To recap, both the statute of limitations and laches have the result of terminating the litigation before trial. The statute of limitations usually ends the lawsuit at the pleading stage if there is certainty about when the statute begins to run, thereby reducing the opportunity for litigation extortion. Laches seldom terminates the litigation before discovery because it requires extensive fact determinations.

The statute of limitations and adverse possession permit disposition of the litigation at the pleading stage because the facts on which those decisions are made are usually easy to determine from the pleadings. This is a significant advantage because fewer resources are wasted on fruitless litigation, there is less opportunity for a plaintiff to extort a settlement from defendant, and the matter is settled more quickly.

This is most true where the statute of limitations accrues on the occurrence of the wrong or after the owner's demand has been refused. It is less true where the statute of limitations accrues on discovery, whether actual or imputed, because the time of discovery is a fact-intensive inquiry that pushes the litigation through the discovery phase.

Neither the statute of limitations nor the doctrine of laches gives the defendant what we think he should want: title to the property. Only adverse possession provides title.

That being the case, we are confronted with the curious fact that defendants in art cases often do not seek to invoke adverse possession when they could.²¹⁶ Why not? Also, the possessors of art who have prevailed in laches cases do not appear to have any difficulty selling that art at public auction. Why?

With real estate, it is easy to explain why the doctrine of adverse possession is important. One reason is that mesne profits can be significant. In a typical case, there will be a long statute of limitations for recovery of the property that accrues at the moment of entry and a relatively shorter statute of limitations for mesne profits that accrues repetitively, as the profits are earned. If the statute of limitations for mesne profits is six years, the possessor would normally be liable to the true owner for the last

215. Because one is dealing with an institution, the insurance company may demand a court judgment certifying title. The reason is that the insurance company, having paid you for the loss, is subrogated to your rights in the property.

216. *E.g.*, *G & G Prods. LLC v. Rusic*, 902 F.3d 940 (9th Cir. 2018); *Adler v. Taylor*, No. CV 04-8472-RGK (FMOx), 2005 U.S. Dist. LEXIS 5862 (C.D. Cal. Feb. 2, 2005), *dismissed with prejudice sub nom. Orkin v. Taylor*, NO. CV04-8472(RGK)(FMOx), 2005 U.S. Dist. LEXIS 43321 (C.D. Cal. Apr. 20, 2005), *aff'd sub nom. Orkin v. Taylor*, 487 F.3d 734 (9th Cir. 2007); *Grosz v. Museum of Mod. Art*, 403 F. App'x 575 (2d Cir. 2010).

six years of mesne profits. To avoid that liability, it is important for the possessor to seek the shelter of adverse possession's doctrine of relation back.

A second reason for seeking adverse possession with realty is that there are perceived gatekeepers for realty. Gatekeepers come in many disguises. The possessor who wishes to take money out of his realty may face a potential mortgagee who will not make the loan unless the possessor has title. If the possessor decides to sell the realty, he may find few buyers unless he is willing to give a warranty deed, which asserts that he has title.²¹⁷ Giving a quitclaim deed in an area where warranty deeds are the norm is bound to raise problems. In many jurisdictions, it is common for the escrow agreement to provide for the purchase of title insurance. It is doubtful that title insurance would be available without a court's declaration that the possessor has title by adverse possession.

There seem to be few gatekeepers in the art world. Most art owners do not use their art as security for loans.²¹⁸ In theory, art sellers are subject to the same gatekeeping provisions as are the sellers of realty—they give a warranty of title. What is missing with art are the gatekeepers. For instance, after Mr. Bakalar prevailed on laches grounds, he sent his Schiele gouache to be auctioned at Sotheby's. It should have been clear to everyone that Bakalar did not have title, but that did not prevent Sotheby's from offering the work, or a winning bid of \$1,325,000, including buyer's premium, on November 4, 2014.²¹⁹ The catalogue description said that the gouache was sold "as is," which probably refers to its condition rather than the state of its title.²²⁰ On the question of title, the catalogue says, "At one time it was claimed that the present work was looted from Fritz Grünbaum or his widow Elizabeth Grünbaum-Herzl after the *Anschluß* in 1938; however, the New York trial court found that the drawing had never been looted by the Nazis and in a decision affirmed by the appellate court, confirmed the current ownership of the drawing."²²¹ This is a child's garden of inaccuracies and half-truths. The trial court did indeed find that the plaintiffs had not proven that the gouache had been stolen,²²² but that finding was reversed on appeal because of the New York law presumption that even the slightest evidence of theft put the burden on the possessor to prove that the work had not been stolen. The trial court eventually

217. The normal California version is a grant deed, which does not assert all six of the warranties (three present and three future) given in the traditional warranty deed. The grantor only asserts that he has not conveyed an interest in the property to any third party, and that the grantor has not placed any encumbrances on the property. Cal. Civ. Code § 1113 (West 2007). A person whose possession of the property is confirmed by expiration of the statute of limitations or the doctrine of laches can give those two warranties.

218. An exception to the general rule that artwork is not used as security for loans is detailed in *Wildenstein & Co. v. Wallis*, 756 F.Supp. 158 (S.D.N.Y. 1991), *rev'd*, 983 F.2d 1047 (2d Cir. 1992). The wife of a movie director needed money and decided that the best way to get it was to take a loan on the security of paintings. In order to prevent her husband from discovering that the paintings were missing, she hired an artist to make copies of them, while the originals disappeared into the vaults of the lenders.

219. Sotheby's Impressionist & Modern Art Evening Sale 4 November 2014 New York Catalogue 264–66, 266 (2014).

220. *Id.* at 304 (2014).

221. *Id.* at 303.

222. To be technical, it was not a "New York trial court," but the federal district court for the Southern District of New York. *Bakalar v. Vavra*, 550 F. Supp. 2d 548 (S.D.N.Y. 2008).

dismissed the action on grounds of laches, but it was not asked to and did not confirm “the current ownership” of the gouache.²²³

Inaccuracies in the title description aside, it is clear that no one was worried about the fact that the seller unnamed by Sotheby’s (as is the tradition of auction houses) did not have title. Perhaps they were relying on the expiration of the four-year statute of limitations of the UCC, where the cause of action accrues at the moment of sale, before the purchaser discovered the lack of title.²²⁴ Perhaps they were relying on the purchaser’s inability to prove damages because no one could take the gouache from him as a matter of right.

If the purchaser had any difficulty in insuring the gouache, news of that difficulty has not reached this author’s ears.

In conclusion, as a theoretical matter, it makes great sense to apply the doctrine of adverse possession to situations where the original owner cannot recover personal property because of the expiration of the statute of limitations. That would permit the art owner to warrant the title when the work is sold and would facilitate borrowing against the work. As a practical matter, it does not seem to make much difference whether adverse possession applies or not. What is important? The statute of limitations and the doctrine of laches. All that seems to matter to the possessor is being free of the claimant’s lawsuit. The possessors cannot be unaware of the possibility of claiming title by adverse possession. The fact that they often do not include such a request indicates that it is unimportant to them.

223. *Bakalar v. Vavra*, 619 F.3d 136 (2d Cir. 2010); *Bakalar v. Vavra*, 819 F.Supp.2d 293 (S.D.N.Y. 2011), *aff’d per curiam* 11-4042-cv, 2012 U.S. App. Lexis 21042 (2d Cir. Oct. 11, 2012).

224. N.Y. U.C.C. Law § 2-725 (Consol. 2014). The statute of limitations will be the same if the purchaser is a businessperson with his place of business in another contracting state. U.N. Convention on the Limitation Period in the International Sale of Goods arts. 8, 10(2), June 14, 1974, 13 I.L.M. 952, 1511 U.N.T.S. 3. The U.S. ratification was effective in 1994; by 2016, thirty states had ratified the convention. Auction houses do not commonly reveal the name of either the buyer or the seller, so it is impossible to know the country in which the buyer has his place of business. If the gouache was purchased for personal, family or household use, it is not subject to this limitation provision “unless the seller . . . neither knew nor ought to have known that the goods were bought for any such use[.]” U.N. Convention on the Limitation Period in the International Sale of Goods art. 4(a), June 14, 1974, 13 I.L.M. 952, 1511 U.N.T.S. 3. Since the seller does not know the identity of an auction buyer, he could not know the use to which the buyer was going to put the work.

The Trademark Problem of “TRUMP TOO SMALL”

Michael Grynberg *

INTRODUCTION

Consider the phrase—and my apologies for asking—“Trump too small.” It comes from the 2016 campaign for the Republican presidential nomination. A back-and-forth between Donald Trump and Florida Senator Marco Rubio culminated in a debate exchange about the size of Trump’s penis.¹ This cultural low prompted one Steve Elster to seek registration of the trademark TRUMP TOO SMALL for use on shirts.² The Patent and Trademark Office (“PTO”) refused, relying on section 2(c) of the Lanham Act, which bars registering a mark that “[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual” absent written consent.³

In re Elster reversed the PTO’s rejection of Elster’s application.⁴ The Federal Circuit ruled that applying the section 2(c) bar to TRUMP TOO SMALL would unduly burden Elster’s First Amendment rights.⁵ This is nonsense. If we are concerned with burdens on speech, the larger issue is the prospect that registering the mark would create opportunities to limit others’ ability to use the phrase as speech.⁶ But it is nonsense well-grounded in recent Supreme Court opinions that use the First Amendment to strike down the Lanham Act’s bars to registering disparaging and scandalous marks.⁷

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1. Emily Crockett, “Donald Trump Just Defended His Penis Size at the Republican Debate,” VOX (Mar. 3, 2016, 10:03 PM), <https://www.vox.com/2016/3/3/11158910/trump-penis-republican-debate-fox> [<https://perma.cc/56EN-6RV8>] [<https://web.archive.org/web/20221003200708/https://www.vox.com/2016/3/3/11158910/trump-penis-republican-debate-fox>].

2. U.S. Trademark Application Serial No. 87749230 (filed Jan. 10, 2018). More precisely, the application is based on intent to use, so even if approved, Elster would still need to use the mark in commerce before it could be registered. 15 U.S.C. § 1051(d).

3. 15 U.S.C. § 1052(c).

4. 26 F.4th 1328 (Fed. Cir. 2022).

5. *Id.*

6. *In re Tam*, 808 F.3d 1321, 1378 (Fed. Cir. 2015), *as corrected* (Feb. 11, 2016), *aff’d sub nom.*, *Matal v. Tam*, 137 S. Ct. 1744 (2017) (Reyna, J., dissenting) (“But if the expressive content of the mark precludes regulation, on what authority may the government grant . . . the exclusive right to use this mark in commerce?”).

7. *See Matal v. Tam*, 137 S. Ct. 1744 (2017) (striking down the bar); *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019) (striking down the bar to registering scandalous marks).

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First Amendment implications aside, *Elster* highlights the bind facing the PTO when presented with low-quality trademarks. TRUMP TOO SMALL is not an effective brand name. When seen on a T-shirt, the phrase will naturally be read as an insulting commentary on the former President, not as a source indicator. But trademark law allows logos and slogans to be protected as merchandise.⁸ Even if the TRUMP TOO SMALL application is intended to support a merchandising play,⁹ that is not enough reason in and of itself to deny the registration.

But apparent merchandising efforts like TRUMP TOO SMALL *are* different in kind from merchandising related to sports or university paraphernalia, for they lack any pre-existing goodwill to monetize. In effect, many would-be merchandisers are free riders, seeking to reap where they have not sown by capitalizing on cultural moments or other circumstances unconnected to their efforts.¹⁰ Trademark law lacks an effective vocabulary for these situations, placing significant pressure on nebulous doctrines like “failure to function” that may not be able to bear the weight increasingly placed on them to screen out low-quality trademarks.¹¹ *In re Elster* thus illustrates a problem relating not to the First Amendment but rather to the choice to make trademark doctrine the vehicle for vindicating markholders’ merchandising interests.

I. THE HISTORY OF TRUMP TOO SMALL

A. THE ATTEMPTED REGISTRATION

In case you repressed the memory, the Republican Presidential Debate of March 3, 2016, featured a surreal exchange. Florida Senator Marco Rubio and future President Donald Trump traded arguments about whether Rubio had personally attacked Trump. Trump then stated: “I have to say this. He hit my hands. Nobody has ever hit my hands.

8. See *infra* Part II.B.

9. To be clear, I do not know Elster’s plans and make no claims about them. The application was based on intent to use, so there was no specimen. That said, one of Elster’s submissions to the PTO contained this image:



Serial No. 87749230, Response to Office Action at 7, Sept. 9, 2019.

10. See *infra* Part II.C.

11. See *infra* Part II.D.

I have never heard of this. Look at those hands. Are they small hands?" The audience laughed, and Trump continued, "he referred to my hands, if they are small, something else must be small. I guarantee you there is no problem. I guarantee."¹²

What was that about? One account summarized:

Yes, Rubio made fun of Trump on the campaign trail for having small hands. But it wasn't the first time that's happened. Trump has famously been defensive of his hands since *Spy* magazine first called him a "short-fingered Vulgarian" in 1988. Trump still occasionally sends the editor of the now-defunct publication pictures of his hands to prove that his fingers aren't short.¹³

Enter Steve Elster, who sought to register TRUMP TOO SMALL with the PTO as a trademark. His application, filed on an intent-to-use basis,¹⁴ sought registration of the mark for: "Shirts; Shirts and short-sleeved shirts; Graphic T-shirts; Long-sleeved shirts; Short-sleeve shirts; Short-sleeved shirts; Short-sleeved or long-sleeved t-shirts; Sweat shirts; T-shirts; Tee shirts; Tee-shirts; Wearable garments and clothing, namely, shirts in International Class 25."¹⁵

The examining attorney refused registration based on sections 2(a) and 2(c) of the Lanham Act.¹⁶ Section 2(a) prohibits registration of a mark containing matter that may "falsely suggest a connection with persons, living or dead."¹⁷ Section 2(c) blocks registration of a mark that "[c]onsists of or comprises a name, portrait, or signature identifying a particular living individual" absent written consent.¹⁸ Neither bar may be surmounted by showing that the claimed mark has acquired secondary meaning.¹⁹

Citing *l'affaire* Rubio, Elster argued that registration was appropriate because the mark "is political commentary about presidential candidate and president Donald Trump that the relevant consumer in the United States would not understand to be

12. Ryan Teague Beckwith, *Read the Full Transcript of the Eleventh Republican Debate in Detroit*, TIME (Mar. 4, 2016, 1:06 AM), <https://time.com/4247496/republican-debate-transcript-eleventh-detroit-fox-news> [<https://perma.cc/8QWR-DD46>] [<https://web.archive.org/web/20221003201804/https://time.com/4247496/republican-debate-transcript-eleventh-detroit-fox-news>].

13. Crockett, *supra* note 1. Senator Rubio later apologized for the precipitating insinuation. Salvador Hernandez, *Marco Rubio Says He's Sorry for Implying Donald Trump Has a Small Dick*, BUZZFEED NEWS (May 29, 2016, 5:11 PM), <https://www.buzzfeednews.com/article/salvadorhernandez/yep> [<https://perma.cc/V4XB-39HL>] [<https://web.archive.org/web/20221003202337/https://www.buzzfeednews.com/article/salvadorhernandez/yep>].

14. Filing a trademark application on an intent-to-use basis means that the application is not based on existing uses of the claimed mark. *Trademark Applications—Intent-to-Use (ITU) Basis*, PTO, <https://www.PTO.gov/trademarks/apply/intent-use-itu-applications> [<https://perma.cc/UE23-LV2B>] [<https://web.archive.org/web/20221009183400/https://www.PTO.gov/trademarks/apply/intent-use-itu-applications>] (last visited Oct. 9, 2022).

15. U.S. Trademark Application Serial No. 87749230 (filed Jan. 10, 2018).

16. Serial No. 87749230, Office Action Outgoing, dated Oct. 7, 2019.

17. 15 U.S.C. § 1052(a).

18. 15 U.S.C. § 1052(c).

19. 15 U.S.C. § 1052(f).

sponsored by, endorsed by, or affiliated with Donald Trump.²⁰ The Trademark Trial and Appeal Board (“TTAB”) affirmed the section 2(c) refusal, not reaching the 2(a) bar.²¹ Elster raised a First Amendment challenge to the application of section 2(c), but the TTAB argued that section 2(c) is narrowly tailored to serve two government interests: specifically, protecting the rights of privacy and publicity of the person referred to by the mark.²²

B. *IN RE ELSTER*

Elster’s appeal to the Federal Circuit met with more success.²³ *In re Elster* begins its analysis by noting how the Supreme Court changed trademark registration law in *Matal v. Tam*²⁴ and *Iancu v. Brunetti*.²⁵ The cases struck down the Lanham Act’s bars against registering marks containing disparaging²⁶ and scandalous²⁷ matter, respectively, as unconstitutional viewpoint discrimination. *Elster* adheres to the frame established by *Tam* and *Brunetti* by treating denials of trademark registrations as speech burdens. In doing so, the opinion acknowledges the counterargument that registration denials do not prevent anyone from using the content in question:

We recognize . . . that section 2(c) does not prevent Elster from communicating his message outright. But whether Elster is free to communicate his message without the benefit of trademark registration is not the relevant inquiry—it is whether section 2(c) can legally disadvantage the speech at issue here.²⁸

20. Serial No. 87749230, Response to Office Action at 1, Feb. 19, 2018.

21. *Elster*, Serial No. 87749230 (T.T.A.B. July 2, 2020), <https://ttabvue.uspto.gov/ttabvue/ttabvue-87749230-EXA-23.pdf> [<https://perma.cc/GZ7F-ZLRE>] [<https://web.archive.org/web/20221003203808/https://ttabvue.uspto.gov/ttabvue/ttabvue-87749230-EXA-23.pdf>]. The opinion was not published.

22. *Id.* at 10 (“Thus, even if Section 2(c) were subject to greater scrutiny, as Applicant alleges, the statutory provision is narrowly tailored to accomplish these purposes[.]”). The Board also argued that the law prevents source confusion. *Id.* at 10.

23. *In re Elster*, 26 F.4th 1328 (Fed. Cir. 2022).

24. *Matal v. Tam*, 137 S. Ct. 1744 (2017).

25. *Iancu v. Brunetti*, 139 S. Ct. 2294 (2019).

26. 15 U.S.C. § 1052(a) (prohibiting registration of any matters that “disparage” any persons).

27. *Id.* (prohibiting registration of “immoral” or “scandalous” matter).

28. *Elster*, 26 F.4th at 1331–32. And, as noted above, though registration denials do not prevent anyone from using a mark’s content, registrations *do*. Judge Reyna noted the problem in his dissent at the Circuit level in *In re Tam*, the case that brought First Amendment scrutiny to the registration process. *In re Tam*, 808 F.3d 1321, 1378 (Fed. Cir. 2015), *as corrected* (Feb. 11, 2016), *aff’d sub nom.*, *Matal v. Tam*, 137 S. Ct. 1744 (2017) (Reyna, J., dissenting) (“But if the expressive *content* of the mark precludes regulation, on what authority may the government grant . . . the exclusive right to use this mark in commerce?”); see generally Rebecca Tushnet, *The First Amendment Walks into A Bar: Trademark Registration and Free Speech*, 92 NOTRE DAME L. REV. 381, 386 (2016) (“Another constitutional jurisprudence could use the fact that a trademark confers a private right to suppress other people’s speech as a reason that the government can make balancing decisions about whom to favor.”).

The court also rejected the argument that trademark registrations are government subsidies that should escape scrutiny if viewpoint discrimination is not at issue.²⁹ In any case, the court viewed *Tam* and *Brunetti* as requiring First Amendment scrutiny even if registrations were considered to be subsidies.³⁰ Finally, the fact that the speech in question was on merchandise did not affect the level of First Amendment scrutiny.³¹

Having set the stage, the court described TRUMP TOO SMALL as precisely the kind of speech that requires close First Amendment review. "[T]he right to criticize public men' is '[o]ne of the prerogatives of American citizenship.'"³² With those stakes in mind, the court turned to whether enforcement of the section 2(c) bar protects any compelling or substantial government interests.³³ Echoing the TTAB, the government argued that by protecting privacy and publicity rights, section 2(c) vindicates both compelling and substantial government interests.³⁴

Without passing on the argument as a general matter, the court responded that Trump's status as a political figure and celebrity complicates matters. "[T]he government has no legitimate interest in protecting the privacy of President Trump, 'the least private name in American life,' from any injury to his 'personal feelings' caused by the political criticism that Elster's mark advances."³⁵ As for Trump's publicity interests, no one claimed that his "name is being misappropriated in a manner that exploits his commercial interests or dilutes the commercial value of his name, an existing trademark, or some other form of intellectual property."³⁶ Nor was there any "plausible claim" that Trump had endorsed Elster's product, which the court viewed as more a question for analysis under the section 2(a) bar in any case.³⁷ Finally, Elster's use was likely not a violation of Trump's publicity rights given the doctrine's built-in safeguards for protecting freedom of expression.³⁸

29. *Id.* at 1332.

30. *Id.* Nor, in the court's view, do registrations constitute a limited public forum. *Id.* at 1332–33.

31. *Id.* at 1333.

32. *Id.* at 1334 (quoting *Baumgartner v. United States*, 322 U.S. 665, 673–74 (1944)).

33. The court described the section 2(c) bar as a content-based, rather than viewpoint-based, limitation. *Id.* at 1331.

34. Brief for Appellee at 8, *In re Elster*, 26 F.4th 1328 (Fed. Cir. 2022) ("Under the widely recognized rights of publicity and privacy, individuals possess a protectable intellectual property interest in the commercial use of their own identities."); *id.* at 41 ("Section 2(c) furthers the substantial governmental interest in ensuring that the federal government does not facilitate the infringement of the rights of publicity and privacy recognized under state law, while also buttressing provisions designed to prevent consumers from mistakenly believing an identified individual is associated with a product.").

35. *Elster*, 26 F.4th at 1335 (quoting Brief for Appellant at 35).

36. *Id.* at 1336.

37. *Id.*

38. *Id.* at 1337 ("The Restatement of Unfair Competition recognizes that challenges under state-law publicity statutes are 'fundamentally constrained by the public and constitutional interest in freedom of expression,' such that the 'use of a person's identity primarily for the purpose of communicating information or expressing ideas is not generally actionable as a violation of the person's right of publicity.") (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 47 cmt. (c)); *id.* at 1338 ("The government has no valid publicity interest that could overcome the First Amendment protections afforded to the political criticism embodied in Elster's mark. As a result of the President's status as a public official, and because Elster's mark communicates his disagreement with and criticism of the then-President's approach to governance, the government has no interest in disadvantaging Elster's speech.").

Accordingly, regardless of whether strict or intermediate scrutiny applies,³⁹ “[t]he PTO’s refusal to register Elster’s mark cannot be sustained because the government does not have a privacy or publicity interest in restricting speech critical of government officials or public figures in the trademark context—at least absent actual malice, which is not alleged here.”⁴⁰

Elster only brought an as-applied challenge, so the court left section 2(c) on the books, but noted the prospect that the provision may be constitutionally overbroad:

It may be that a substantial number of section 2(c)’s applications would be unconstitutional. The statute leaves the PTO no discretion to exempt trademarks that advance parody, criticism, commentary on matters of public importance, artistic transformation, or any other First Amendment interests. It effectively grants all public figures the power to restrict trademarks constituting First Amendment expression before they occur.⁴¹

II. TRUMP TOO SMALL AND THE LOGIC OF MERCHANDISING

Following Supreme Court precedent, *Elster* frames the dispute over TRUMP TOO SMALL as primarily a question of First Amendment—rather than trademark—law. The Federal Circuit’s approach therefore overlooks several important trademark questions at stake in this case and others like it. They include the way merchandising interests may undermine trademark quality and the difficulty trademark law has with accommodating merchandising interests in general.

A. TRUMP TOO SMALL AND TRADEMARK QUALITY

Imagine you are opening a widget factory, and you need a brand name. Imagine further that Donald Trump were not famous for all the reasons that he is. Which mark looks better to you, TRUMP or TRUMP TOO SMALL? If it helps to return to reality and a famous Donald Trump, do you prefer EAGLE or TRUMP TOO SMALL?

If either decision gives you pause, think about what you need from your mark. It needs to stand as a repository of meaning that you will fill with associations concerning your product. What is the product? How good is it? Who is it for? How much does it cost? For a mark to answer these questions, it needs to be something that consumers can remember and pick out from the competition. That is, it needs to be distinctive and memorable.⁴² Is TRUMP TOO SMALL easy to remember? When your buyers see it, will they think trademark, or something else? A joke, perhaps? Maybe they’ll think the

39. The court continued the trend of withholding judgment on whether the intermediate scrutiny standard of commercial speech cases would apply. *Id.* at 1338–39.

40. *Id.* at 1339.

41. *Id.*

42. BYRON SHARP, *HOW BRANDS GROW* 195 (2010) (“Distinctive, consistent icons and imagery build memory associations that allow a brand to be noticed and recalled in a range of buying situations.”).

phrase is political commentary. But you are not in the political commentary business, you are selling widgets.⁴³

On this logic, TRUMP or EAGLE is a superior mark to TRUMP TOO SMALL. Either mark has significantly more potential for being mentally available to purchasers, that is, they are easier to remember. And because they do not bring other meanings along as baggage, they will be easier to pair with associations that are expected to promote sales.⁴⁴ In earlier work, I've argued that trademark law systematically favors "empty vessels" like these because they are better able to perform the trademark function⁴⁵ than marks that bring market-relevant or distracting information to the table. Trademark law's promotion of empty vessels dovetails with the demands of effective branding. Marketers should prefer marks that are mentally available to consumers so shoppers can distinguish them from competing products.⁴⁶ Small wonder, then, that TRUMP was a federally-registered trademark long before Donald Trump was even born.⁴⁷

Nonetheless, "TRUMP TOO SMALL" *could* be a trademark. Given its insulting nature, moreover, TRUMP TOO SMALL does not mislead as to approval, nor would it—in my view, anyway—infringe existing TRUMP marks. But in the ordinary case, we wouldn't expect a reasonable seller to select such a mark to identify and distinguish their goods. Stated another way, seller incentives alone ordinarily do a lot to promote the trademark quality function without the need for trademark law to intervene. In the ordinary course of events, one would not expect to see marks like TRUMP TOO SMALL regardless of how the PTO does its job.

B. THE PROBLEM OF MERCHANDISING

Of course, Elster *did* attempt to register TRUMP TOO SMALL, and his decision is perfectly sensible if he's not selling widgets but merchandise. Stated another way, placing TRUMP TOO SMALL on T-shirts makes sense if the slogan *is* the product (as when the slogan is on the face of the shirts themselves), but not if his purpose is to brand a product (as when the slogan is used on shirt labels).

We thus arrive to the problem of merchandising in trademark law. Nobody would think that TRUMP TOO SMALL emblazoned on a shirt identifies the source of the shirt. The message is an obvious insult. Though not a good mark for that reason, there may well be a market for T-shirts and other paraphernalia bearing that message. Although protection for the insult is a poor fit for trademark law, trademark law has for decades allowed trademark holders to claim merchandising rights over their

43. And if you are in the political commentary game? Hold that thought.

44. See Michael Grynberg, *A Trademark Defense of the Disparagement Bar*, 126 YALE L.J. F. 178, 184–87 (2016).

45. *Id.* at 183–90.

46. SHARP, *supra* note 42, at 180 ("Brands largely compete in terms of physical and mental . . . availability. . . . Building mental availability requires distinctiveness and clear branding.")

47. See TRUMP, Registration No. 235,312. The registration was for "dress and negligee shirts" and the registration date of November 15, 1927 predates the Lanham Act. PTO records show an assignment to Donald Trump, recorded on May 10, 2006. The registration is now dead for lack of renewal.

marks.⁴⁸ Even though merchandised marks fail to identify source—no Red Sox fan believes that a baseball cap featuring the Boston Red Sox “B” is made by either the team or Major League Baseball—judges typically conclude that consumers seeing unauthorized merchandise are likely to be confused about whether the mark holder has licensed the trademark on the good in question.⁴⁹

As a result, trademark holders can extract monopoly rents from consumers. However much trademark scholars criticize this state of affairs,⁵⁰ it is one that seems to comport with the moral intuitions of judges and consumers alike.⁵¹ Unfortunately, the merchandising right creates multiple problems for trademark law independent of my inability to find a fairly priced Red Sox cap.

C. MERCHANDISING, WELL-KNOWN MARKS, AND FREE RIDERS

The merchandising right incentivizes the pursuit of low-quality marks whose appeal is independent of any effort by the would-be trademark holder. This is a form of free riding, which trademark law normally condemns.⁵² To understand why, consider popular merchandised marks. Imagine your favorite sports team, or university. Now picture the name or logo that adorns its merchandise. Does it perform the trademark function effectively? Usually, these are perfectly good marks in their “home” market. For example, BOSTON RED SOX identifies a source of baseball services independently of the mark’s licensed use on baseball caps.⁵³ DUKE names a provider of education services independent of its use on various BLUE DEVIL merchandise.⁵⁴ So too for trademark holders outside the sports realm. Suppose Volkswagen wants control of the

48. See, e.g., *Boston Pro. Hockey Ass’n, Inc. v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1011 (5th Cir. 1975).

49. See, e.g., *Bd. Of Supervisors for La. State Univ. Agric. & Mech. Coll. v. Smack Apparel Co.*, 550 F.3d 465, 485 (5th Cir. 2008) (“[T]he inescapable conclusion is that many consumers would likely be confused and believe that [defendant’s] t-shirts were sponsored or endorsed by the [plaintiff] Universities.”). The approach of focusing on perceived licensing at least has a textual basis in the Lanham Act. See 15 U.S.C. § 1125(a) (providing cause of action against use of a device that is “likely to cause confusion” as to “the origin, sponsorship, or approval” by the plaintiff of the defendant’s goods). PTO practice has long accepted this view of trademark rights. See *In re Olin Corp.*, 181 U.S.P.Q. (BNA) 182 (T.T.A.B. 1973) (observing that a university’s name on a shirt is ornamentation, but the name “will also advise the purchaser that the university is the secondary source of that shirt. . . . [T]he university’s name on the shirt will indicate the sponsorship or authorization by the university.”).

50. See Michael Grynberg, *Living with the Merchandising Right*, — YALE J.L. & TECH. — (forthcoming) (Sept. 22, 2022) at 2 n.2 (collecting citations) (unpublished manuscript) https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4055689 [<https://perma.cc/93A7-PWY7>] [https://web.archive.org/web/20220922193029/https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4055689].

51. *Id.* at 11–19; Matthew B. Kugler, *The Materiality of Sponsorship Confusion*, 50 U.C. DAVIS L. REV. 1911, 1953, 1957 (2017).

52. See, e.g., Mark A. Lemley & Mark P. McKenna, *Owning Mark(et)s*, 109 MICH. L. REV. 137, 146–156 (2010).

53. See BOSTON RED SOX, No. 1,095,47 (for “Entertainment services in the nature of baseball exhibitions”).

54. For an account of Duke’s aggressive practices policing its marks, see James Boyle & Jennifer Jenkins, *Mark of the Devil: The University as Brand Bully*, 31 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 391, 411 (2020).

market for VW keychains.⁵⁵ Volkswagen cannot claim that right unless VW functions as a trademark in the first instance. That is, merchandising rights in keychains will not work for the letters "VW" if those letters do not also function in their original role of identifying and distinguishing Volkswagen cars.⁵⁶

The dual function of merchandised marks helps explain why the law grants trademark holders control over the merchandising markets. Logoed merchandise is typically purchased by fans. Because the mark holders played a role in generating the goodwill motivating the purchases, courts assume that they "earned" the merchandising markets. *Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Mfg, Inc.*, the foundational merchandising rights case, makes the point explicitly in its observation that "the major commercial value of the emblems is derived from the efforts of plaintiffs."⁵⁷

To be sure, we might disagree with the underlying moral premise.⁵⁸ Alternatively, one might argue that fans should enjoy the consumer surplus that would come with free competition in the sale of merchandised marks given the role of fandom in creating the value of merchandised marks. Nonetheless, cases like *Boston Professional Hockey* reflect a common intuition⁵⁹ To the courts, trademark holders in merchandising cases have earned their markets. By contrast, defendants seeking to merchandise goods featuring others' trademarks are free riders who are reaping where they have not sown.⁶⁰

In many cases, however, those pursuing merchandising rights are not seeking to exploit earned goodwill but are rather free riding themselves. Some attempted registrations look like efforts to capitalize on someone else's fame⁶¹ or exploit a cultural moment.⁶² In these cases, the person seeking to reap where they have not sown is the applicant.

The multiple applications seeking a trademark registration for the phrase "I can't breathe" provide a particularly stark example. In 2014, Eric Garner was killed by police during his arrest on suspicion of selling untaxed cigarettes. Before losing consciousness

55. There is no need to suppose. See *Au-Tomotive Gold v. Volkswagen of Am.*, 457 F.3d 1062 (9th Cir. 2006).

56. *Id.* at 1074–75 (refusing to allow aesthetic functionality defense for products incorporating trademarks because the complementary appeal of such products for owners of trademarked cars is "is indistinguishable from and tied to the marks source-identifying nature").

57. 510 F.2d at 1011.

58. See, e.g., Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031, 1032 (2005).

59. Kugler, *supra* note 5151, at 1957.

60. See, e.g., *Bos. Athletic Ass'n v. Sullivan*, 867 F.2d 22, 33 (1st Cir. 1989).

61. See, e.g., *In re Sauer*, 27 U.S.P.Q.2d 1073 (T.T.A.B 1993), *aff'd*, 26 F.3d 140 (Fed. Cir. 1994) (refusing registration of BO BALL for object evoking football and baseball and thus Bo Jackson).

62. The COVID-19 pandemic, for example, produced many attempted registrations. See Irene Calboli, *Trademarks and the Covid-19 Pandemic: An Empirical Analysis of Trademark Applications Including the Terms "Covid," "Coronavirus," "Quarantine," "Social Distancing," "Six Feet Apart," and "Shelter in Place"*, 54 AKRON L. REV. 401, 415 (2020) ("That sensational events may function as a powerful tool to sell products is further evidenced by the fact that the largest number of applications were filed for merchandising and promotional products. These products include apparels, household items such as coasters, mugs, and glassware, decorations, adhesive stickers, and more.").

from a chokehold after being brought to the ground, Garner said “I can’t breathe.”⁶³ His death by head and chest compression was declared a homicide,⁶⁴ though no charges were brought against the arresting officers.⁶⁵ Many of the protests that followed featured the phrase,⁶⁶ as did some of the protests following the 2020 murder of George Floyd, who also spoke the words as he was dying.⁶⁷

In both cases, trademark registration applications were filed for the phrase “I can’t breathe” soon after the incidents.⁶⁸ Like “Trump too small,” “I can’t breathe” evokes significant non-source meanings. Moreover, granting trademark rights over the phrase would not reward (or form the basis of rewarding in the future) goodwill generated in a traditional market where the mark is actually used as a source indicator. Such rights only enable exploitation of fame that the would-be trademark owners had nothing to do with creating.⁶⁹

63. Al Baker, David J. Goodman, & Benjamin Mueller, *Beyond the Chokehold: The Path to Eric Garner’s Death*, N.Y. TIMES (June 13, 2015), <https://www.nytimes.com/2015/06/14/nyregion/eric-garner-police-chokehold-staten-island.html> [<https://perma.cc/3P5M-TRKE>] [<https://web.archive.org/web/20220922025744/https://www.nytimes.com/2015/06/14/nyregion/eric-garner-police-chokehold-staten-island.html>].

64. Jake Pearson, *Autopsy: Police Chokehold Caused NYC Man’s Death*, ASSOCIATED PRESS (Aug. 1, 2014), <https://web.archive.org/web/20140804033643/https://bigstory.ap.org/article/medical-examiner-says-chokehold-police-officer-caused-death-nyc-man-ruled-homicide> [<https://perma.cc/57AG-QPZC>] [<https://web.archive.org/web/20140804033643/https://bigstory.ap.org/article/medical-examiner-says-chokehold-police-officer-caused-death-nyc-man-ruled-homicide>].

65. Al Baker et al., *supra* note 63.

66. See, e.g., Scott Cacciola, *At Nets’ Game, a Plan for a Simple Statement Is Carried Out to a T*, N.Y. TIMES (Dec. 9, 2014), <http://www.nytimes.com/2014/12/10/sports/basketball/i-cant-breathe-tshirts-in-the-nba-how-jayz-lebron-james-and-others-made-them-happen.html> [<https://perma.cc/PWX5-CYRT>] [<https://web.archive.org/web/20220922030013/https://www.nytimes.com/2014/12/10/sports/basketball/i-cant-breathe-tshirts-in-the-nba-how-jayz-lebron-james-and-others-made-them-happen.html>].

67. Mike Baker, Jennifer Valentino-DeVries, Manny Fernandez, Michael LaForgia, *Three Words. 70 Cases. The Tragic History of ‘I Can’t Breathe,’* N.Y. TIMES (June 29, 2020), <https://www.nytimes.com/interactive/2020/06/28/us/i-cant-breathe-police-arrest.html> [<https://perma.cc/PN36-STXP>] [<https://web.archive.org/web/20220922030254/https://www.nytimes.com/interactive/2020/06/28/us/i-cant-breathe-police-arrest.html>]. The *New York Times* reports that “[o]ver the past decade . . . at least 70 people have died in law enforcement custody after saying the same words—‘I can’t breathe.’” *Id.*

68. A TESS search of the phrase “I can’t breathe” shows twelve attempts for the phrase alone as well as others containing additional words or variations. As might be expected, these efforts drew public condemnation. See, e.g., Tim Lince, *‘Reprehensible’—GEORGE FLOYD and I CANT BREATHE Trademark Applications Filed*, WORLD TRADEMARK R. (June 8, 2020), <https://www.worldtrademarkreview.com/governmentpolicy/reprehensible-george-floyd-and-i-cant-breathe-trademark-applications-filed> [<https://perma.cc/NKK2-CXJB>] [<https://web.archive.org/web/20220922030427/https://www.worldtrademarkreview.com/article/reprehensible-george-floyd-and-i-cant-breathe-trademark-applications-filed>]; Derrick Clifton, *Worst Person Ever Just Filed a Trademark for ‘I Can’t Breathe,’* MIC, (Dec. 19, 2014), <https://www.mic.com/articles/106890/someone-filed-a-trademark-for-i-can-t-breathe-and-it-s-utterly-disgusting> [<https://perma.cc/T6NC-KJHP>] [<https://web.archive.org/web/20220922030537/https://www.mic.com/articles/106890/someone-filed-a-trademark-for-i-can-t-breathe-and-it-s-utterly-disgusting>].

69. It would also create the prospect that a trademark registration might be used to suppress speech, thus placing pressure on trademark law’s various doctrinal mechanisms to protect free expression.

D. GAPS IN THE SYSTEM

Trademark law does not have reliable mechanisms for dealing with the pursuit of weak marks for merchandising purposes. One of the benefits of section 2(c) was that it offered a fairly "clean" way to dispose of applications to register a subset of weak marks. The provision is both statutory (and therefore not open to challenge as the product of administrative fiat) and relatively easy to apply. Thanks to *In re Elster*, however, it may be on its way to joining the now-unavailable disparagement and scandalous bars on the sidelines of trademark law.

The PTO may need to fill the gap with increasing use of the sometimes-vague failure-to-function doctrine. Failure-to-function has traditionally been best known as a way of managing the submission of registration specimens, giving the PTO a basis for rejecting applications that use marks in a manner inconsistent with ordinary branding⁷⁰—e.g., placing a trademark on the face of a shirt, rather than on a label.⁷¹ This allows the rejection of marks used as merchandise, but leaves would-be merchandisers with the ability to modify their applications to include more traditional trademark uses.⁷² Having then secured a registration, they may be able to deploy the registration in support of merchandising-based claims.⁷³ This is so even though trademark holders may not have done anything to earn the goodwill that courts normally see as deserving of merchandising rights.⁷⁴

In recent years, the PTO has made increasing use of the failure-to-function principle to challenge marks that do not perform the trademark function well as a matter of semantic meaning.⁷⁵ This is how the PTO turned away the first effort to register "I can't breathe" as a mark. The examining attorney concluded that it was informational

70. See TMEP § 904.07(b) (July 2022); § 1202.03; see generally Alexandra J. Roberts, *Trademark Failure to Function*, 104 IOWA L. REV. 1977, 1989–97 (2019).

71. The TMEP explains that one needs to "consider the size, location, and dominance of the proposed mark, as applied to the goods, to determine whether ornamental matter serves a trademark function." Accordingly, a "small, neat, and discrete word or design feature (e.g., small design of animal over pocket or breast portion of shirt) may be likely to create the commercial impression of a trademark, whereas a larger rendition of the same matter emblazoned across the front of a garment (or a tote bag, or the like) may be perceived merely as a decorative or ornamental feature of the goods. However, a small, neat, and discrete word or design feature will not necessarily be perceived as a mark in all cases." TMEP § 1202.03(a) (July 2022).

72. *LTTB, LLC v. Redbubble, Inc.*, 385 F. Supp. 3d 916, 919 (N.D. Cal. 2019) (describing initial refusal to register the mark LETTUCE TURNIP THE BEET), *aff'd*, 840 F. App'x 148 (9th Cir. 2021). Moreover, the PTO will accept registrations where there is reason to view the otherwise ornamental mark as signaling sponsorship. See TMEP § 1202.03 (July 2022) ("Ornamental matter that serves as an identifier of a 'secondary source' is registrable on the Principal Register. For example, ornamental matter on a T-shirt (e.g., the designation 'NEW YORK UNIVERSITY') can convey to the purchasing public the 'secondary source' of the T-shirt (rather than the manufacturing source). Thus, even where the T-shirt is distributed by a party other than that identified by the designation, sponsorship or authorization by the identified party is indicated."); § 1202.03(c) (July 2022).

73. *LTTB*, 385 F. Supp. 2d at 917–18.

74. Grynberg, *supra* note 50, at 43–48.

75. Lucas Daniel Cuatrecasas, Note, *Failure to Function and Trademark Law's Outermost Bound*, 96 N.Y.U. L. REV. 1312, 1328 (2021) ("[A] mark's semantic meaning and inherent nature have become essential to today's failure-to-function cases."); *id.* at 1326 (charting refusals).

matter.⁷⁶ A similar argument could be made with respect to “Trump too small.” Semantic uses of failure-to-function principles may also fill the gap left by the use of the First Amendment to strike down the disparagement and scandalous bars.⁷⁷ But the option faces several difficulties. While traceable to the statute,⁷⁸ failure-to-function analysis is open to challenge as being unclear in practice.⁷⁹ This, in turn, invites potential second guessing by the often IP-maximalist Federal Circuit.⁸⁰

Whatever the end equilibrium, it is worth bearing in mind that the root of the problem lies not in First Amendment law but in trademark doctrine. The PTO is in this box due to the successful effort by markholders to create a special trademark right for the use of marks as merchandise. By their very nature, such uses are hard to fit into trademark doctrine. Instability in the law is the inevitable result.⁸¹

III. CONCLUSION

The increasing prominence of First Amendment challenges to statutory registration bars disrupts the already unsteady relationship between trademark law and merchandising practices. In a normal market, would-be trademark holders have an incentive to select marks that perform the trademark function well. The judicial invention of a trademark merchandising right altered these incentives. For many mark holders, the merchandising right created an opportunity to exploit the goodwill of existing, functional, marks in a new market. But for some, the merchandising right is an opportunity to pursue ineffective marks that lack either preexisting goodwill or the plausible prospect of developing such goodwill. These marks may nonetheless be profitable as merchandise if trademark law may be used to confer monopoly rights over their sale. The PTO has some tools to moderate these pursuits, but courts are using the First Amendment to remove some of them. *In re Elster* continues this trend, increasing the pressure on vaguer alternatives like failure-to-function. Ultimately, however, the

76. Serial No. 86479784, Office Action Outgoing, Mar. 4, 2015; *see also* TMEP § 1202.04 (July 2022) (“[m]erely informational matter fails to function as a mark to indicate source and thus is not registrable.”). Notably, however, the examining attorney also pointed to the possibility of the creation of a false suggestion of a connection with Eric Garner.

77. *See, e.g.*, *In re Snowflake Enters.*, No. 87496454 (T.T.A.B. June 24, 2021) (non-precedential) (using failure-to-function analysis to refuse registration of a variant of the most offensive slur in the English language).

78. *See* 15 U.S.C. § 1052 (unless a mark runs afoul of a registration bar, “[n]o trademark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature.”).

79. Cuatrecasas, *supra* note 75, at 1316 (contending that as currently employed by the TTAB, “the failure-to-function doctrine is incoherent. Overall, it lacks clarity. On a more granular level, the doctrine rests on inconsistent multifactor tests whose factors the TTAB adds, subtracts, modifies, reconceptualizes, and weighs differently across cases, giving the PTO little meaningful criteria by which to decide what marks merit registration”); *see id.* at 1325–55.

80. *But see In re Vox Populi Registry Ltd.*, 25 F.4th 1348, 1351 (Fed. Cir. 2022) (affirming refusal to register SUCKS on failure-to-function grounds and observing that “though our court has had limited occasion to address the issue, the source identifier requirement is broader than just whether a proposed mark is generic or descriptive.”).

81. *See generally* Grynberg, *supra* note 50, at 24–54.

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root problem is not the First Amendment, but in the decades-old decision to press trademark law into the service of creating and protecting merchandising markets.

The Five-Factor Framework: A New Approach to Analyzing Public Benefits in Fair Use Cases

Joshua Berlowitz*

Fair use is among “the most troublesome [doctrines] in the whole law of copyright.”¹ Despite being one of the primary defenses against a claim of copyright infringement, the doctrine is confusingly unpredictable, providing copyright users little *ex ante* certainty about the lawfulness of their actions. Unfortunately, the Supreme Court’s latest fair use pronouncement may only further muddle the doctrine.

In *Google, LLC v. Oracle America, Inc.*, the Supreme Court accepted Google’s fair use defense for its appropriation of Oracle’s copyrighted code.² In reaching that conclusion, Justice Breyer made a few unusual moves in his majority opinion. First, he “sidestep[ped]” the threshold question of the allegedly copyrighted work’s copyrightability.³ Second, he contemplated the four fair use factors out of their statutory order.⁴ Finally, his analysis of the fourth factor incorporated public benefits as an unconventional market effect.⁵ This Note argues that, of these jurisprudential choices, the last—explicit recognition of public benefits’ relevance to fair use—is likely to have an outsize impact on future cases. It further contends that Justice Breyer’s method for incorporating public benefits will negatively affect the clarity and

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1. *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939).

2. 141 S. Ct. 1183, 1209 (2021). Oracle sued as successor in interest to Sun Microsystems, which owned the allegedly infringed copyright at the time of Google’s appropriation. *Id.* at 1194. For simplicity’s sake, this Note refers to the code as Oracle’s.

3. *Id.* at 1212 (Thomas, J., dissenting).

4. *Id.* at 1201; *see also id.* at 1214–15 (Thomas, J., dissenting) (“[T]he majority evaluates the factors neither in sequential order nor in order of importance.”); 17 U.S.C. § 107 (directing courts to consider four nonexclusive factors).

5. Oracle, 141 S. Ct. at 1206; *see also* 4 NIMMER ON COPYRIGHT § 13.05[1][4][d] (describing Justice Breyer’s public benefits concerns as “less conventional” market effects); Gary Myers, *Muddy Waters: Fair Use Implications of Google LLC v. Oracle America, Inc.*, 19 NW. J. TECH. & INTELL. PROP. 155, 181 (2022) (public benefits was a “seemingly new consideration”).

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transparency of these future fair use decisions.⁶ Public benefits are relevant to courts' ultimate equitable fair use decisions, but courts must nevertheless accord the statutory considerations their due weight by engaging in the focused, factor-by-factor discussions of them that Congress provided for.

While the public may benefit from a challenged use, “public benefits”—as Justice Breyer used the term—do not bear on the fourth fair use factor as codified by Congress. The fourth factor directs courts to consider “the effect of the use upon the potential market for or value of the copyrighted work.”⁷ Courts analyze this factor by investigating whether the use usurps the original work's primary market⁸ or licensing opportunities,⁹ as well as whether the use creates a new market for the original work.¹⁰ “Public benefits,” meanwhile, represent non-competitive contributions to social welfare.¹¹ Public benefits may include facilitating access to copyrighted works (through providing access to new users¹² or making already-authorized users' access more efficient¹³); supporting the challenged user's broader, public-oriented goals;¹⁴ or

6. Fair use presents a “mixed question of law and fact.” *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985); *accord Oracle*, 141 S. Ct. at 1199. Nevertheless, “questions of law predominate.” *Id.* at 1214 (Thomas, J., dissenting) (questioning juries' role in determining fair use). Accordingly, courts, not juries, are central to fair use decisions. To the extent that juries engage in fair use analysis, public benefits analyses may nevertheless be teased out on appeal, as in *Oracle*. This Note collapses judge and jury consideration of fair use under the premise that, in either case, the deciding body can make the appropriate determinations. *See generally* David Nimmer, *Juries and the Development of Fair Use Standards*, 31 HARV. J.L. & TECH. 563 (2018).

7. 17 U.S.C. § 107(4).

8. *See, e.g.,* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 592 (1994); *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 48 (2d Cir. 2021) (amended opinion) (citing *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 614 (2d Cir. 2006)), *cert. granted*, 142 S. Ct. 1412 (2022); *Monge v. Maya Mags., Inc.*, 688 F.3d 1164, 1182 (9th Cir. 2012).

9. *But see* *Dr. Seuss Enters., L.P. v. ComicMix LLC*, 983 F.3d 443, 460 (9th Cir. 2020) (citing *Campbell*, 510 U.S. at 591–92) (relevance of licensing opportunities dependent on copyright owner's likelihood of exploiting them); *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 930 (2d Cir. 1994) (only “traditional, reasonable, or likely to be developed markets” count in the copyright owner's favor).

10. *Oracle*, 141 S. Ct. at 1207. Courts may also weave a range of privacy and other personal harms into their fourth factor analyses. *See* Andrew Gilden, *Copyright's Market Gibberish*, 94 WASH. L. REV. 1019, 1071 (2019).

11. *See* *MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981) (contrasting public benefits with economic considerations); *see also* *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1523 (9th Cir. 1992) (“Public benefit need not be direct or tangible, but may arise because the challenged use serves a public interest.”).

12. *E.g.,* *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 103 (2d Cir. 2014) (expanding access to non-lucrative print-disabled market); *Folsom v. Marsh*, 9 F. Cas. 342, 349 (C.C.D. Mass. 1841) (No. 4901) (expanding access to students).

13. *E.g.,* *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 454 (1984) (time-shifting device made authorized third parties' access to copyrighted content more convenient); *HathiTrust*, 755 F.3d at 97 (search engine made researching key terms easier); *Authors Guild v. Google, Inc. (Google Books)*, 804 F.3d 202, 207 (2d Cir. 2015) (a use may “augment[] public knowledge” by easing access rather than by contributing new material).

14. *E.g.,* *Tresóna Multimedia, LLC v. Burbank High Sch. Vocal Music Ass'n*, 953 F.3d 638, 643 (9th Cir. 2020) (raising funds for a high school); *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 44 (2d Cir. 2021) (amended opinion) (defendant had a “mission . . . to advance the visual arts, a mission that is doubtless in the public interest”), *cert. granted*, 142 S. Ct. 1412 (2022); *Texaco*, 60 F.3d at 918–

“promot[ing] or . . . protect[ing] the creative process.”¹⁵ In *Oracle*, the challenged use facilitated third parties’ creation of new copyright-eligible works.¹⁶ In any given case, therefore, public benefits represent externalities that the public is set to receive notwithstanding the challenged use’s effect on the original author’s incentives to create or its own creative expression. Justice Breyer’s public benefits analysis—necessary though it is to resolving fair use cases equitably—therefore departed from the fourth factor’s ambit.¹⁷ If lower courts follow his lead, the relevance of fair use’s statutory language will decrease. And if the statutory framework stops guiding fair use analysis, copyright owners and users will face greater uncertainty when predicting whether any given use will be fair, for they will no longer have a means to predict courts’ methodologies, let alone what decisions will issue.

Fair use requires contextual analysis within a standardized and coherent framework.¹⁸ To produce greater transparency and predictability, this Note proposes reorganizing fair use analysis to isolate and incorporate public benefits as a fifth factor. Part I uses a potted history of fair use to argue that the defense exists to ensure the public reaps the maximum benefits from copyrighted works. Part II contends that existing approaches to fair use fail to adequately value public benefits deriving from challenged uses of copyrighted works. Part III proposes the five-factor framework, whereby courts would investigate public benefits as a fifth factor and then incorporate their findings into fair use’s ultimate holistic balancing. Finally, Part IV applies the new framework to *Oracle* to demonstrate the virtues of clearer reasoning.

19 (for-profit company copied and distributed scientific articles to its researchers, easing the researchers’ access by making the articles safer and lighter to carry into laboratories).

15. *Golan v. Holder*, 565 U.S. 302, 365 (2012) (Breyer, J., dissenting); see, e.g., *A.V. ex rel. Vanderhye v. iParadigms*, 562 F.3d 630, 634 (4th Cir. 2009) (plagiarism detector making it more difficult for students to receive credit for unoriginal papers indirectly produces more original student essays); *Williams & Wilkins Co. v. United States*, 487 F.2d 1345, 1356 (Ct. Cl. 1973) (concluding that “medical science would be seriously hurt if such library photocopying [at issue] were stopped”).

16. *Google, LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1206 (2021); accord *Sega*, 977 F.2d at 1523 (public benefits found where defendant’s “identification of the functional requirements for . . . compatibility [with plaintiff’s console] has led to an increase in the number of independently designed video game programs offered for use with the [plaintiff’s] console.”). American copyright law is premised on the idea that the creation of new works is a boon to social welfare. See Terry Hart, *Breyer’s Flawed Fourth Fair Use Factor in Google v. Oracle*, COPYHYPE (June 1, 2021), <https://www.copyhype.com/2021/06/breyers-flawed-fourth-fair-use-factor-in-google-v-oracle> [<https://perma.cc/46EY-PQ7P>] [<https://web.archive.org/web/20221007192824/https://www.copyhype.com/2021/06/breyers-flawed-fourth-fair-use-factor-in-google-v-oracle>] (copyrighted works provide “diffuse public benefits”); Laura A. Heymann, *Everything Is Transformative: Fair Use and Reader Response*, 31 COLUM. J.L. & ARTS 445, 450 (2008) (all later authors “contribute[] something socially beneficial by building on a previous work” to produce a new one); see also discussion *infra* Part I.

17. *Oracle* is likely to have an outsize effect on the future of fair use, despite its peculiar, software-specific context. See *Goldsmith*, 11 F.4th at 51 (emphasizing *Oracle*’s “unusual context” while nevertheless accounting for its precedent, including consideration of public benefits); *Grant v. Trump*, 563 F. Supp. 3d 278, 289 (S.D.N.Y. 2021) (following *Oracle*’s direction to analyze public benefits as part of the fourth factor); but see Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 LEWIS & CLARK L. REV. 715, 721 (2011).

18. See 17 U.S.C. § 107 (directing courts to apply a framework comprising four nonexclusive factors to the facts “in any particular case”).

I. FAIR USE EXISTS TO ENSURE THE PUBLIC RECEIVES THE BENEFITS OF COPYRIGHT

Copyright bargains that protecting works of authorship will stimulate creative production, which in turn will generate societal Progress.¹⁹ The Constitution grants Congress the power to issue copyrights and patents “[t]o promote the Progress of Science and useful Arts”—not to reward individual intellectual labor on its own merits.²⁰ But the public needs access to protected works if it is to experience the fruits of that Progress.²¹ Access is also necessary for authors themselves, who must build off prior works to create new works and thereby generate social Progress.²² Thus, copyright law balances authorial incentives to create new works against the public’s need for access to those works.

Liberal readings of early copyright laws to ensure this necessary access was lawful eventually developed into the equitable defense against infringement claims that we now call fair use.²³ In *Folsom v. Marsh*, Justice Story shaped what would become fair use by introducing factors to guide courts toward determining when permitting otherwise-unauthorized access to and use of copyrighted works was justified.²⁴ The *Folsom* defendants had adapted an exhaustive biography of George Washington into a school-library version.²⁵ In reaching his conclusion that the challenged appropriation of copyrighted material was not “justifiable,” Justice Story weighed “the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.”²⁶ Describing the use as potentially “justifiable” hints at inspiration from criminal law’s utilitarian idea that society should tolerate blameworthy actions where their benefits outweigh their costs.²⁷ That the challenged use had public benefits relevant to the case’s disposition is evident in Justice Story’s lament that equity required

19. Gilden, *supra* note 10, at 1021; *Google Books*, 804 F.3d at 212 (copyright incentivizes authors “to create informative, intellectually enriching works for public consumption”); REGISTER OF COPYRIGHTS, 87TH CONG., REPORT ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 5 (H.R. Judiciary Comm. Print 1961) (Copyright “foster[s] the growth of learning and culture for the public welfare, and the grant of exclusive rights . . . is a means to that end.”); H.R. REP. NO. 60-2222, at 7 (1909) (“Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given.”).

20. U.S. CONST. art. I, § 8, cl. 8; *see also Oracle*, 141 S. Ct. at 1203 (“[C]reative ‘progress’ . . . is the basic constitutional objective of copyright itself.”); H.R. REP. NO. 100-609, at 17 (1988) (Copyright’s objective is to “secure for the public the benefits derived from the author’s labors”). From the start, Anglo-American copyright law has granted protection “for the Encouragement of Learning.” 8 Anne., ch. 19 (1710) (as quoted in *Cambridge Univ. Press v. Patton*, 769 F.3d 1232, 1256 (11th Cir. 2014)); *see also* Haochen Sun, *Copyright Law as an Engine of Public Interest Protection*, 16 NW. J. TECH. & INTELL. PROP. 123, 142 (2019).

21. BJ Ard, *Taking Access Seriously*, 8 TEX. A&M L. REV. 225, 226 (2021).

22. Heymann, *supra* note 16, at 450.

23. *See* Matthew Sag, *The Prehistory of Fair Use*, 76 BROOK. L. REV. 1371, 1381 (2011).

24. *Folsom v. Marsh*, 9 F. Cas. 342, 348–49 (C.C.D. Mass. 1841) (No. 4901).

25. *Id.* at 345.

26. *Id.* at 348.

27. *See generally* Mitchell N. Berman, *Justification and Excuse, Law and Morality*, 53 DUKE L.J. 1 (2003). *Cf.* *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169, 174 (2d Cir. 2018) (holding that defendant’s work could not be “justified as a fair use”) (emphasis added).

upholding an injunction against the defendants' "very meritorious labors."²⁸ This merit lurked beneath Justice Story's reasoning, though he did not rest his decision on it. His decision to include this lament, however, demonstrates that equity requires accounting for a challenged use's public benefits, even where they do not outweigh other concerns.

In the century after *Folsom*, courts developed "justifiable use" into fair use.²⁹ In doing so, courts inconsistently weighed Justice Story's factors and weighed them alongside a fluctuating host of other considerations, including the challenged use's public benefits.³⁰ In line with Justice Story's conception of fair use as "justifiable," courts expressly engaged in cost-benefit analysis to find that public benefits compelled authorizing even substantial copyright infringement.³¹

Congress' codification of fair use in the Copyright Act of 1976 attempted—but perhaps failed—to add consistency to the doctrine.³² The fair use provision, § 107, includes an illustrative list of archetypal fair uses, then mandates courts "shall" consider four nonexclusive factors in their determinations:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.³³

28. *Folsom*, 9 F. Cas. at 349.

29. See Laura G. Lape, *Transforming Fair Use: The Productive Use Factor in Fair Use Doctrine*, 58 ALB. L. REV. 677, 693 (1995).

30. *Id.* at 694–95 (collecting cases).

31. *Meredith Corp. v. Harper & Row, Publishers, Inc.*, 378 F. Supp. 686, 690 (S.D.N.Y. 1974); *accord, e.g.*, *Gardner v. Nizer*, 391 F. Supp. 940, 944 (S.D.N.Y. 1975); *Williams & Wilkins Co. v. United States*, 487 F.2d 1345, 1352 (Ct. Cl. 1973); *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 309 (2d Cir. 1966); *Berlin v. E. C. Publ'ns, Inc.*, 329 F.2d 541, 544 (2d Cir. 1964); *Time, Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130, 146 (S.D.N.Y. 1968).

32. See Pub. L. No. 94-553, 90 Stat. 2541 (1976) (codified at 17 U.S.C. §§ 101–810). Fair use is codified at 17 U.S.C. § 107. The codification of a common-law doctrine is, by nature, an effort at precision. See H.R. REP. 94-1476, at 65 (1976).

33. 17 U.S.C. § 107(1)–(4). This Note mostly ignores the second and third factors, as they have played an unimportant role in both the general history of fair use and in the specific incorporation of public benefits into fair use. See, e.g., *Google, LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1215 (2021) (Thomas, J., dissenting) (the first and fourth factors are "more important under our precedent"). The Supreme Court has characterized the fourth factor as "undoubtedly the single most important element of fair use." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985). The first factor, meanwhile, "can prove dispositive." *Google, LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1215 n.5 (2021) (Thomas, J., dissenting) (citing *Harper & Row*, 471 U.S. at 550); see also Jane C. Ginsburg, *Fair Use Factor Four Revisited: Valuing the "Value of the Copyrighted Work,"* 67 J. COPYRIGHT SOC'Y U.S.A. 19, 19–20 (2020) (the first factor often "engulf[s]" the others). Justice Breyer's unusual move to weigh the second factor first may revitalize the importance of that factor, though not in the context of public benefits. See discussion *supra* note 4 and accompanying text.

Codification attempted to recognize how courts had “evolved” fair use since *Folsom*³⁴ but “not to change, narrow, or enlarge [the doctrine] in any way.”³⁵ Moreover, Congress intended to preserve fair use’s common law tradition, leaving courts “free to adapt the doctrine” as equity required—though only so long as they, at the least, considered the four factors Congress determined they “shall” evaluate in any case.³⁶ Accordingly, the statutory text provides only limited guidance while explicitly authorizing “courts to excuse infringement because it is not the sort of thing that really is copyright infringement.”³⁷ Congress’ understanding of fair use as an “equitable rule of reason”³⁸ resulted in a deliberately unclear statutory provision.³⁹ Unsurprisingly, § 107 immediately proved difficult to apply.⁴⁰ And with no obvious place in the statutory scheme for incorporating public benefits, courts and commentators have adopted and proposed a variety of unsatisfying approaches to doing so.

II. THE FAILURES OF PRIOR APPROACHES TO INCORPORATING PUBLIC BENEFITS

The statutory fair use factors filter evaluating the challenged use through its relation to the original work. In doing so, the factors elevate copyright’s concern for incentivizing authors to produce works in the first place over copyright’s role in increasing social welfare via the public’s enjoyment of those works. This Part questions prior attempts to integrate public benefits back into fair use determinations, especially through liberally interpreting the existing statutory factors.

A. THE FOURTH FACTOR CONTEMPLATES MARKET HARM, NOT PUBLIC BENEFITS

The fourth fair use factor concerns market effects.⁴¹ Because public benefits are inherently non-competitive with the original work, no amount of public benefits should affect the fourth factor’s disposition.⁴² Justice Breyer’s declaration in *Oracle* that public benefits do, in fact, evince fourth-factor market effects thus deviates from fair

34. H.R. REP. 94-1476, at 65 (1976); *Oracle*, 141 S. Ct. at 1197.

35. H.R. REP. 94-1476, at 66 (1976).

36. *Id.*

37. Michael J. Madison, *A Pattern-Oriented Approach to Fair Use*, 45 WM. & MARY L. REV. 1525, 1563 (2004) (emphasis in original).

38. H.R. REP. 94-1476, at 65 (1976).

39. See Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1106 (1990); David Nimmer, *The Public Domain: “Fairest of Them All” and Other Fairy Tales of Fair Use*, 66 L. & CONTEMP. PROB. 263, 281 (2003) (“Congress included no mechanism for weighing divergent results [for each factor] against each other and ultimately resolving whether any given usage is fair.”); Madison, *supra* note 37, at 1552.

40. See Nimmer, *supra* note 39, at 267.

41. The fourth factor mandates that courts consider “the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107(4); see discussion *supra* notes 7–10 and accompanying text.

42. See discussion *supra* notes 11–17 and accompanying text.

use's statutory language.⁴³ This Section identifies the origins of Justice Breyer's statement and challenges the prudence of his interpretation.

1. The Origins of *Oracle's* Market Effects Analysis

Justice Breyer's one citation for his public benefits theory of the fourth factor is to *MCA, Inc. v. Wilson*, a forty-year-old Second Circuit ruling.⁴⁴ In *MCA*, the Second Circuit affirmed a district court's rejection of the fair use defense for a "take-off" of a copyrighted song in an off-color theatrical production.⁴⁵ The *MCA* court understood that copyright's grant of limited monopolies attempts to "stimulate artistic creativity for the benefit of the public."⁴⁶ When expounding the fourth factor, the panel accordingly wrote that fair use balances "the benefit the public will derive if the use is permitted and the personal gain the copyright owner will receive if the use is denied."⁴⁷ That is, the less the market harm, the less the public benefits needed to offset it. In support of this proposition, the *MCA* court cited several cases contemporary with fair use's codification, all of which demonstrate that fair use *as a whole* requires this balancing, not that this balancing should be part of the market effects inquiry.⁴⁸ In its subsequent review of the case at bar, the *MCA* court did not review the district court's fact findings factor-by-factor,⁴⁹ nor did the panel explicitly identify, let alone incorporate, public benefits into its analysis. Indeed, the *MCA* panel never held public benefits are specifically relevant to fair use's fourth factor, focusing instead on their relevance to fair use's holistic inquiry.⁵⁰ Thus, although the *MCA* court pontificated on the relationship between market harm and public benefits while expounding the fourth factor, these lines may amount to dicta.

Because much of its statutory interpretation is arguably dicta, the *MCA* panel provided limited practical guidance to future fair use adjudicators. In *Wright v. Warner Books, Inc.*, for example, a subsequent Second Circuit panel quoted *MCA's* fourth factor interpretation but incorporated the challenged use's "contribut[ions] to the public's understanding" at the final fair use balancing stage rather than within its market harm discussion.⁵¹ Similarly, the *Bill Graham Archives v. Dorling Kindersley Ltd.* court quoted the same language from *MCA* while restricting its market harm analysis to licensing

43. See *Google, LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1206 (2021).

44. 677 F.2d 180 (2d Cir. 1981); see *Oracle*, 141 S. Ct. at 1206.

45. *MCA*, 677 F.2d at 181–82, 188.

46. *Id.* at 183; cf. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994) (directing courts to weigh the fair use factors "in light of the purposes of copyright").

47. *MCA*, 677 F.2d at 183.

48. See *id.* (citing *Williams & Wilkins Co. v. United States*, 487 F.2d 1345, 1352 (Ct. Cl. 1973)); *Berlin v. E. C. Publ'ns, Inc.*, 329 F.2d 541, 543–44 (2d Cir. 1964); *Meeropol v. Nizer*, 560 F.2d 1061, 1070 (2d Cir. 1977); *Elsmere Music, Inc. v. Nat'l Broad. Co.*, 482 F. Supp. 741, 747 (S.D.N.Y. 1980), *aff'd*, 623 F.2d 252 (2d Cir. 1980) (per curiam); *Time, Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130, 146 (S.D.N.Y. 1968); cf. Hart, *supra* note 16 (asserting a contextual reading of *MCA* entails weighing public benefits against the other factors, not within them).

49. Cf. *Campbell*, 510 U.S. at 578 (analyzing each factor separately).

50. *MCA*, 677 F.2d at 183.

51. 953 F.2d 731, 739, 740 (2d Cir. 1991).

markets.⁵² Thus, although these courts perpetuated *MCA*'s meditation on fair use, they did not adhere to it in the way Justice Breyer later did. But these courts nevertheless decontextualized *MCA*'s dicta—setting up the foundation for Justice Breyer's error—by omitting internal citations. The upshot was a pithy but misleading quote instructing courts to consider public benefits within the fourth factor.

Swatch Group Management Services Ltd. v. Bloomberg L.P. demonstrates the consequences of this misrepresentation of *MCA*.⁵³ There, the district court confronted the defendant news organization's dissemination of an audio recording of the plaintiff's earnings call.⁵⁴ In its analysis of the fourth factor, the district court held that the fourth factor favored fair use partially because the defendant's "use conferred substantial benefit on the public"⁵⁵—thereby understanding *MCA* as holding public benefits bear on the fourth factor. In doing so, it presaged *Oracle*'s flawed fourth factor analysis and the need for jurisprudential reform.

2. *Oracle*'s Fourth Factor Analysis Departs from § 107

In *Oracle*, the oddness of considering public benefits as part of market harm reached its zenith, with the Supreme Court replicating *Swatch*'s statutorily unmoored analysis. Justice Breyer began his majority opinion's fourth factor discussion ordinarily enough, by distinguishing relevant market harms (e.g., usurping an obvious licensing market) from irrelevant ones (e.g., suppressed sales following a scathing review).⁵⁶ Next, however, Justice Breyer opined:

Further, we must take into account the public benefits the copying will likely produce. Are those benefits, for example, related to copyright's concern for the creative production of new expression? Are they comparatively important, or unimportant, when compared with dollar amounts likely lost (taking into account as well the nature of the source of the loss)?⁵⁷

There are two problems with this interpretation. First, to the extent that public benefits embodied by the challenged use represent "new expression," the transformativeness inquiry under the first factor accounts for them.⁵⁸ Because, as discussed *infra*, Justice Breyer engaged in the transformativeness inquiry as well, he double-counted the new

52. 448 F.3d 605, 614–15 (2d Cir. 2006).

53. *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.* (*Swatch I*), 861 F. Supp. 2d 336 (S.D.N.Y. 2012). On appeal, the Second Circuit reached the related conclusion that no market harm existed because marketing the call at issue did not motivate *Swatch*'s production of it. *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.* (*Swatch II*), 756 F.3d 73, 90–91 (2d Cir. 2014) (quoting *Bill Graham Archives*, 448 F.3d at 613).

54. *Swatch I*, 861 F. Supp. 2d at 338.

55. *Id.* at 342; cf. Jacob Victor, *Utility-Expanding Fair Use*, 105 MINN. L. REV. 1887, 1916 (2021) (predicating fair use on utility assumes social value outweighs true market harm).

56. *Google, LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1206 (2021).

57. *Id.* (citing *MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981)).

58. See discussion *infra* Part II.B.

use's creative value.⁵⁹ Second, Justice Breyer also counterintuitively indicated that the fourth factor may favor fair use where the challenged use harms the copyrighted work's market.⁶⁰ This interpretation is too absurd to represent congressional intent. Why mandate courts consider the original work's market if harm to that market could favor fair use? A use may be fair *despite* its negative market effects, but it cannot be fair *because of* its market usurpation. Nevertheless, Justice Breyer's misinterpretation of the fourth factor flows directly from the decontextualized reading of *MCA*, one that infuses the congressionally mandated investigation of market effects with extraneous information.

Justice Breyer's framing thus led him to deviate from the statute when applying the fourth factor to *Oracle's* facts. First, he speculated Google's use might have benefited Oracle's market by producing a greater valuation of its code.⁶¹ He reached this conclusion despite the substantial, actual market harm in the record.⁶² On this evidence, the fourth factor should have *disfavored* fair use. And Justice Breyer seemingly betrayed doubt in his holding by introducing irrelevant evidence to justify his fourth factor conclusion—evidence related to public benefits. Rejecting fair use, he wrote, would inhibit the public's ability to vindicate “copyright's basic creativity objectives,”⁶³ whereas accepting Google's fair use defense would allow developers to create new programs.⁶⁴ The public benefits of facilitating the development of these new, third-party works certainly bear on the case's equity, but because these public benefits were not shown to compete with Oracle's code, they bear little on the original work's market and the fourth factor.⁶⁵

Copyrighted works provide “diffuse public benefits” that courts protect by investigating challenged uses' effects on incentives to create new works.⁶⁶ The fourth fair use factor uses market substitution effects as one such proxy. Complicating the fourth factor's inquiry with extraneous considerations disrespects Congress's attempt to focus attention on it. Although public benefits are relevant to fair use, they are irrelevant to the fourth factor.

59. See discussion *infra* notes 87–93 and accompanying text; see also *Swatch I*, 861 F. Supp. 2d at 340–42 (double-counting public benefits).

60. *Oracle*, 141 S. Ct. at 1206 (citing *MCA*, 677 F. 2d at 183, as “calling for a balancing of public benefits and losses to copyright owner *under this factor*”) (emphasis added).

61. *Id.* at 1207–08.

62. See *id.* at 1216–17 (Thomas, J., dissenting) (internal citations omitted) (noting the Federal Circuit had found “overwhelming” evidence of “disastrous” market effects); Myers, *supra* note 5, at 182 (Oracle's market harm estimated at \$9 billion); cf. *Oracle*, 141 S. Ct. at 1207–08 (implicitly conceding market harm by recognizing that rejecting the fair use defense could “prove highly profitable” to Oracle).

63. *Oracle*, 141 S. Ct. at 1208. *But see id.* at 1217 (Thomas, J., dissenting) (arguing that future creativity was irrelevant in a suit for damages where the challenged use had already been discontinued).

64. *Id.* at 1207.

65. Moreover, if the creation of third-party works does bear on the original work's market indirectly, it is through the creation of competing works, which should confirm the fourth factor weighs against fair use.

66. Hart, *supra* note 16; cf. *Oracle*, 141 S. Ct. at 1218 (Thomas, J., dissenting) (arguing that the majority's analysis failed to account for creativity-related harms that might result from sanctioning Google's use).

B. UNDER CURRENT PRECEDENT, THE FIRST FACTOR REQUIRES TRANSFORMATIVENESS, NOT PUBLIC BENEFITS

If the fourth factor does not provide a textual hook for incorporating public benefits into fair use analysis, the first factor, perhaps, might. This factor directs courts to consider the “the purpose and character of the use,” including its commerciality.⁶⁷ Either the character or the purpose of a use might be providing public benefits. Fair use cases, however, have evolved the first factor into an inquiry into “transformativeness,” an interpretation that should exclude public benefits from the first factor.

1. Transformativeness Entails Shedding Light on Appropriated Content

“Transformativeness” has its origins in Judge Pierre N. Leval’s seminal article *Toward a Fair Use Standard*. Perhaps the article’s most important contribution was Judge Leval’s conclusion that a challenged use’s “purpose and character” favors fair use where the use is transformative—where it “adds value to the original” by imbuing it with “new information, new aesthetics, new insights and understandings.”⁶⁸ Leval thus saw Congress as having directed courts to consider the use’s “purpose and character” in relation to the original work, not in isolation.⁶⁹ The preambular example fair uses indicate Leval’s intuition was correct; all of Congress’s examples supplement the meaning of copyrighted works.⁷⁰

When the Supreme Court adopted Judge Leval’s understanding of § 107 in *Campbell v. Acuff-Rose Music, Inc.*, it confirmed that public benefits do not bear on the first factor.⁷¹ In *Campbell*, the Court held the first factor will favor fair use where the use alters the original work “with new expression, meaning, or message.”⁷² Considering whether a challenged parody should be permitted, the Court wrote that, to the extent that “social

67. 17 U.S.C. § 107(1). The first factor’s commerciality language has done relatively little work in courts’ first factor analyses. *See, e.g., Oracle*, 141 S. Ct. at 1204 (commerciality does not make the first factor weigh against fair use where the use is transformative); *Authors Guild v. Google, Inc. (Google Books)*, 804 F.3d 202, 219 (2d. Cir. 2015) (summarizing Second Circuit decisions as “repeatedly reject[ing] the contention that commercial motivation should outweigh a convincing transformative purpose”). Following *Oracle*, in which the Supreme Court held the first factor favored fair use despite the defendant’s billions of dollars in revenue, it is unclear how much commerciality matters at all. *See Oracle*, 141 S. Ct. at 1194 (the allegedly infringing software generated \$42 billion in revenue for the defendant within eight years of its release); *cf. Nunez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 22 (1st Cir. 2000) (examples of protected fair use in the preamble of § 107, including news reporting, are frequently conducted for commercial gain). Although not written into the statute, courts sometimes also consider a defendant’s good faith as relevant to the first factor. *E.g., Bell v. Eagle Mountain Saginaw Indep. Sch. Dist.*, 27 F.4th 313, 322–23 (5th Cir. 2022). The *Oracle* Court indicated skepticism toward this approach. *Oracle*, 141 S. Ct. at 1204 (citing *Campbell v. Acuff Rose Music, Inc.*, 510 U.S. 569, 585 n.18 (1994); Leval, *supra* note 39, at 1126). *But see Myers, supra* note 5, at 184–85 (arguing that *Oracle* has no holding on good faith).

68. Leval, *supra* note 39, at 1111.

69. *Id.*

70. *See* 17 U.S.C. § 107; *cf. Campbell*, 510 U.S. at 577–78 (preambular examples guide interpreting the first factor).

71. Pamela Samuelson, *Possible Futures of Fair Use*, 90 WASH. L. REV. 815, 818 (2015).

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

benefit[s]” might bear on the first factor, these benefits included only the challenged use’s ability to “shed[] light on an earlier work.”⁷³ Under Judge Leval’s theory, as incorporated in *Campbell*, the challenged use’s value-add must be to the original work, not to the public. Public benefits included within the first factor—the use’s “transformativeness”—are therefore limited to the use’s ability to supplement the public’s understanding of the copyrighted work.

Courts since *Campbell* have nevertheless disagreed as to what, exactly, transformativeness requires while mostly accepting transformativeness as the correct inquiry under the first factor.⁷⁴ Some courts have held transformativeness means adding *any* expressive content to the work.⁷⁵ Under this interpretation, use of copyrighted material “in the furtherance of distinct creative or communicative objectives” is transformative.⁷⁶ In *Cariou v. Prince*, the “high-water mark” of this line of cases,⁷⁷ the Second Circuit nevertheless recognized that adding a new aesthetic or new expression would not necessarily make a work transformative.⁷⁸ To hold otherwise might conflate transformative uses with derivative works.⁷⁹

Other cases indicate that, as Judge Leval intended, transformativeness requires creativity or communication that *relates back* to the appropriated work.⁸⁰ This

73. *Id.* Later courts have interpreted *Campbell* as requiring an inquiry into whether the challenged use has a new expressive purpose, not whether it has added new expressive content. Netanel, *supra* note 17, at 747–48; see also Victor, *supra* note 55, at 1895–96 (observing *Campbell*’s ambiguity as to whether the challenged use must transform the content or purpose of the original work, or both, and how). Nevertheless, the *Campbell* inquiry remains expressive in nature.

74. Compare *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1203 (2021), and *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 37–39 (2d Cir. 2021) (amended opinion), *cert. granted*, 142 S. Ct. 1412 (2022), and *Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1176 (9th Cir. 2013) (collecting cases), *with* *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014) (Easterbrook, J.) (observing that the transformativeness test is judicially adopted but not compelled by the text of § 107). Despite agreement on its relevance, disagreement on its meaning has imbued transformativeness with a “Delphic oracular quality.” Samuelson, *supra* note 71, at 825. The Supreme Court may resolve this tension when it decides the *Goldsmith* appeal, which presents the question of “[w]hether a work of art is ‘transformative’ when it conveys a different meaning or message from its source material . . . , or whether a court is forbidden from considering the meaning of the accused work where it ‘recognizably deriv[es] from’ its source material (as the Second Circuit has held).” Petition for a Writ of Certiorari at i, *Andy Warhol Found. for the Visual Arts v. Goldsmith*, No. 21-869 (2021), *cert. granted*, 142 S. Ct. 1412 (2022).

75. See Heymann, *supra* note 16, at 455 (transformativeness originally considered whether the challenged use “signif[ied] something different from the first,” not whether it signified something *about* the first).

76. *Blanch v. Koons*, 467 F.3d 244, 253 (2d Cir. 2006).

77. *Goldsmith*, 11 F.4th at 38 (quoting *TCA Television Corp. v. McCollum*, 839 F.3d 168, 181 (2d Cir. 2016), *cert. denied*, 137 S. Ct. 2175 (2017)).

78. *Id.* at 38–39 (discussing *Cariou v. Prince*, 714 F.3d 694, 711 (2d Cir. 2013)).

79. *Id.* at 39.

80. Netanel, *supra* note 17, at 746 (identifying the two potential meanings of “added expression”). Compare, e.g., *Goldsmith*, 11 F.4th at 41 (“[W]here a secondary work does not obviously comment on or relate back to the original or use the original for a purpose other than that for which it was created, the bare assertion of a ‘higher or different artistic use,’ is insufficient to render a work transformative.”) (quoting *Rogers v. Koons*, 960 F.2d 301, 310 (2d Cir. 1992)), and *Dr. Seuss Enters., L.P. v. ComicMix LLC*, 983 F.3d 443, 453 (9th Cir. 2020) (“extensive new content” alone does not make an artistic work transformative), *with*

interpretation flows from the preambular list of example fair uses, each of which communicates something about the content it appropriates.⁸¹ New expression alone, therefore, does not make an unauthorized use transformative.⁸² This is especially true where *any* source material would enable the author to generate their insight, because the author then lacks a justification for infringing a *particular* source material.⁸³ Instead, transformative uses alter the “*expressive content or message* of the original work.”⁸⁴ For example, a museum exhibition’s focus on a guitar featured in a photograph would transformatively use the photograph by expanding the viewer’s understanding of its contents.⁸⁵ The consistent theme through case law is that the first factor directs courts to investigate whether the challenged use communicates new information “not inherent to the [original] Work itself,”⁸⁶ as opposed to whether the work has the sort of freeform public benefits Justice Breyer envisioned.

2. Incorporating Public Benefits Would Muddle the First Factor

Oracle affirmed *Campbell*’s holding that the first factor centers on transformativeness while simultaneously confusing the meaning of the term.⁸⁷ The Court held Google’s use was transformative because it “add[ed] something new and important” to Oracle’s

Marano v. Metro. Museum of Art, 844 F. App’x 436, 438 (2d Cir. 2021) (museum’s use of a photo was transformative where it provided context on the subject in the photograph).

81. See 17 U.S.C. § 107 (fair use may be “for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research”).

82. *Goldsmith*, 11 F.4th at 41.

83. *Id.* at 41, 47 (“Nor can Warhol’s appropriation of the Goldsmith Photograph be deemed reasonable in relation to his purpose. While Warhol presumably required a photograph of Prince to create the Prince Series, AWF proffers no reason why he required Goldsmith’s photograph.”); *accord* *Kienitz v. Scion Nation LLC*, 766 F.3d 756, 759 (7th Cir. 2014) (Easterbrook, J.) (“There’s no good reason why defendants should be allowed to appropriate someone else’s copyrighted efforts as the starting point in their lampoon, when so many noncopyrighted alternatives . . . were available. The fair-use privilege under § 107 is not designed to protect lazy appropriators.”); *MCA, Inc. v. Wilson*, 677 F.2d 180, 185 (2d Cir. 1981) (“[I]f the copyrighted song is not at least in part an object of the parody, there is no need to conjure it up.”); *cf.* *Campbell v. Acuff Rose Music, Inc.*, 510 U.S. 569, 580 (1994) (distinguishing parody, which “needs to mimic an original to make its point, and so has some claim to use the creation of its victim’s (or collective victims’) imagination” from satire, which “can stand on its own two feet and so requires justification for the very act of borrowing”).

84. *Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1177 (9th Cir. 2013) (emphasis in original).

85. *Marano*, 844 F. App’x at 438; *cf.* *Perfect 10, Inc. v. Amazon, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (transformative use may occur through recontextualization where the material is “transformed into a new creation”). *But see* *TCA Television Corp. v. McCollum*, 839 F.3d 168, 181–83 (2d Cir. 2016), *cert. denied*, 137 S. Ct. 2175 (2017) (recontextualization alone is insufficient for transformativeness); *Brammer v. Violent Hues Prods., LLC*, 922 F.3d 255, 263–64 (4th Cir. 2019) (“new context” alone may not be sufficiently transformative). Recontextualization through verbatim copying, moreover, may amount to a mere change of medium, resulting in a derivative work—not a fair use. See 17 U.S.C. § 101 (defining derivative works); *Authors Guild v. Google, Inc. (Google Books)*, 804 F.3d 202, 215–16 (2d Cir. 2015) (distinguishing derivative works and transformative uses).

86. *Peterman v. Republican Nat’l Comm.*, 369 F. Supp. 3d 1053, 1061 (D. Mont. 2019).

87. *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1203 (2021); *accord id.* at 1218 (Thomas, J., dissenting) (the first factor concerns commerciality and transformativeness).

code, in part by identifying its most useful features.⁸⁸ Moreover, Google's own use demonstrated how these utilitarian elements might be repurposed.⁸⁹ Under *Campbell*, that should have sufficed for transformativeness, and Justice Breyer expressly disclaimed altering precedent with his opinion.⁹⁰

Justice Breyer also wrote, however, that transformativeness lay in how Google's code served as an "innovative tool" with which programmers might "further the development of computer programs."⁹¹ This functionality inhered in the code Google took—and the boon to developers represents the public benefits Justice Breyer thought bore on the fourth factor as well.⁹² This line of analysis, therefore, accepts the original work's character as bearing on the use's character (when transformativeness and § 107(1) direct courts to look at the relationship the other way around) and also double-counts public benefits in elucidating the case's equities.⁹³ But because *Oracle* claims to affirm *Campbell*, *Oracle* should be read as holding that appropriation for continued use by third parties may be transformative, but only because of such appropriation's illumination of the original work's most functional features. The public benefits of expanding the code's utility perhaps shine a light on how Google's use itself shined a light on Oracle's code, but they do not directly bear on the use's transformativeness because they exist separate from the challenged use–original work relationship.

Earlier "utility-expanding" technology cases expose the limits of weighing public benefits within, rather than against, the first factor.⁹⁴ Courts have, for example, held search engines transformative.⁹⁵ But a search engine does not shed light on the works it compiles or create new meaning or message; it merely catalyzes research processes.⁹⁶ Thus, a searcher could more laboriously peruse all relevant, copyrighted content and reproduce the results of a search engine. If copying and distributing alone could make

88. *Id.* at 1203; accord *Oracle Am., Inc. v. Google Inc.*, No. C 10-03561 WHA, 2016 U.S. Dist. LEXIS 74931, at *32–34 (N.D. Cal. June 8, 2016) (holding Google's discerning selection and recontextualization of Oracle's code was transformative).

89. *Oracle*, 141 S. Ct. at 1203–04.

90. *Id.* at 1208 ("[W]e have not changed the nature of [traditional copyright] concepts. We do not overturn or modify our earlier cases involving fair use.").

91. *Id.* at 1203–04.

92. *Id.* at 1203 (Google's use was a "reimplementation"); see also *id.* at 1219 (Thomas, J., dissenting).

93. Cf. Myers, *supra* note 5, at 186–87 (arguing Justice Breyer's understanding of transformativeness might lead courts to find transformativeness more often).

94. See, e.g., *Brammer v. Violent Hues Prods., LLC*, 922 F.3d 255, 263 (4th Cir. 2019) (equating transformativeness with "generat[ing] a societal benefit").

95. *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97 (2d Cir. 2014); *Perfect 10, Inc. v. Amazon, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (search engine's "social benefit" demonstrates its transformativeness); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 820 (9th Cir. 2003).

96. *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169, 177 (2d Cir. 2018) (search engine allows "nearly instant access to a subset of material—and to information about the material—that would otherwise be irretrievable, or else retrievable only through prohibitively inconvenient or inefficient means"); see also *L.A. News Serv. v. CBS Broad., Inc.*, 305 F.3d 924, 938–39 (9th Cir. 2002) ("[m]erely plucking" the most valuable content from a work "cannot be said to have added anything new" and thereby be transformative), *amended*, 313 F.3d 1093 (9th Cir. 2002); cf. *Folsom v. Marsh* 9 F. Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4901) (Story, J.) (For fair use, "[t]here must be real, substantial condensation of the materials, and intellectual labor and judgment bestowed thereon; and not merely the facile use of the scissors; or extracts of the essential parts, constituting the chief value of the original work.").

a use transformative, then every act of infringement would be transformative.⁹⁷ Perhaps utility-expanding uses are *justifiable* where their public benefits outweigh their harms to authorial incentives, but not because the uses are transformative.⁹⁸ If the first factor contemplates transformativeness, added utility for third parties does not bear on its disposition. As with including public benefits when applying the fourth factor, including public benefits when applying the first factor devalues Congress' intended inquiry.

C. OTHER SOLUTIONS RISK OVER- OR UNDERVALUING PUBLIC BENEFITS

Other ideas for incorporating public benefits into fair use analyses fall mainly into three camps. The first approach involves inserting cursory mentions of public benefits at fair use's final balancing stage without expository analysis. The second approach involves reinterpreting the first or fourth factors to accommodate public benefits. And the third approach employs patterns to guide fair use decisions toward more predictable outcomes. None of these options appropriately weighs public benefits within Congress' vision of copyright's access-incentives paradigm.

The first alternative approach involves inserting public benefits casually when balancing the factors. This is the *Folsom* approach: referencing offhandedly how "very meritorious" the defendant's labors were as the court pronounces its judgment.⁹⁹ Justice Story left the import of public benefits on his decision unstated—public benefits clearly weighed on him, but his casual reference to them fails to demonstrate to what extent. The modern version of this approach amounts to vaguely weighing the statutory factors "along with any other relevant considerations"¹⁰⁰ or "in light of the purposes of copyright."¹⁰¹ The *Castle v. Kingsport Publ'g Corp.* court, for example, casually included in its holistic balancing that the defendant's use "provided a benefit to the community."¹⁰² Offhandedly throwing in references to public benefits at this stage, however, risks double-counting relevant considerations, and it provides no guidance to copyright users on how courts might rule on their fair use defenses.¹⁰³ A separate

97. *Cambridge Univ. Press v. Patton*, 769 F.3d 1232, 1282 (11th Cir. 2014).

98. See Dotan Oliar, *Making Sense of the Intellectual Property Clause: Promotion of Progress as a Limitation on Congress's Intellectual Property Power*, 94 GEO. L.J. 1771, 1840 (2006) (accusing the *Kelly v. Arriba* court of "twisting" the first factor "to accommodate" discussion of Progress).

99. *Folsom*, 9 F. Cas. at 349.

100. *TVEyes*, 883 F.3d at 180.

101. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994). Professor Dotan Oliar suggests courts should "recognize the constitutional purpose of the copyright system" as a fifth factor. Oliar, *supra* note 98, at 1840. This approach minimizes Congress' attempt to define relevant considerations in § 107. That is, § 107 already points courts toward one half of copyright's bargain, authorial incentives. What is missing is the *quo* to this *quid*—what the public receives in exchange for copyright's limited monopoly. This Note proposes incorporating public benefits as an express consideration in fair use analysis.

102. No. 2:19-CV-00092-DCLC, 2020 WL 7348157, at *8 (E.D. Tenn. Dec. 14, 2020); accord *Wright v. Warner Books, Inc.*, 953 F.2d 731, 740 (2d Cir. 1991) (incorporating public benefits at the final stage).

103. See discussion *supra* Part II.B (without guiding constraints, the transformative use inquiry, like the market effects inquiry, may improperly incorporate public benefits).

inquiry into public benefits, by contrast, would reveal just how meritorious a challenged use really is.

Other scholars propose recharacterizing the first or fourth factors to incorporate public benefits. Professor Haochen Sun, for example, argues that the first factor should be reinterpreted to ask whether the challenged use “added something new to [the primary work] with a further purpose.”¹⁰⁴ This proposal replicates the challenged interpretations in the search engine cases.¹⁰⁵ Rather than simplifying matters, this proposal asks courts to determine not only if the challenged use adds something expressively new but also if that something new has a subjectively defined further purpose.¹⁰⁶ Professor Sun also proposes market harm analysis incorporate tolerance of public benefits,¹⁰⁷ an approach that lacks textual grounding and, when combined with his redefinition of the first factor, would double-count public benefits.¹⁰⁸ The pitfalls of *Oracle* would thus be reproduced in every case, increasing ambiguity rather than transparency. As the *MCA* court recognized, public benefits are best balanced against the statutory factors, not within them.¹⁰⁹

Finally, some scholars have proposed meta frameworks that sort challenged uses into predictable patterns. Professor Pamela Samuelson proposes that courts identify a challenged use’s “policy-relevant cluster,” then consider the cluster in addition to the four factors.¹¹⁰ One problem with this solution, besides the difficulty of placing a use within an unknown number of clusters,¹¹¹ is that it offers little guidance on what, exactly, courts are supposed to do with the policy cluster. Considering, for example, the “public interest in access to newsworthy information” within Professor Samuelson’s news cluster might reproduce *Swatch*’s errant analysis.¹¹² Professor Michael J. Madison’s similar “pattern-oriented” proposal requires courts to consider to what extent the application of each factor fits within an identified pattern of uses.¹¹³ His patterns, however, are each defined by the information they add to an original work—in effect,

104. Sun, *supra* note 20, at 139. Moreover, Sun argues that the first factor should include a public interest analysis, which, at its broadest, would consume or render null the other factors. *Id.* at 149.

105. See discussion *supra* notes 94–98 and accompanying text.

106. Related approaches focus on incorporating functionality into transformativeness. See, e.g., Jeremy Kudon, Note, *Form over Function: Expanding the Transformative Use Test for Fair Use*, 80 B.U. L. REV. 579, 583–84 (2000) (concluding that transformativeness should include functionality); Edward Lee, *Technological Fair Use*, 83 S. CAL. L. REV. 797, 837 (2010) (proposing a distinct fair use framework for technology cases); see also discussion *supra* notes 87–93 and accompanying text (discussing shining light on preexisting functionality—as opposed to adding functionality—as a transformative element in *Oracle*).

107. Sun, *supra* note 20, at 151.

108. See discussion *supra* Part II.A (arguing that public benefits do not and should not be thought to bear on market effects).

109. *MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981).

110. Pamela Samuelson, *Unbundling Fair Uses*, 77 FORDHAM L. REV. 2537, 2542 (2009).

111. Professor Samuelson pointedly refuses to identify all clusters, suggesting instead that doing so is impossible. *Id.* at 2546.

112. *Id.* at 2558; see *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P. (Swatch I)*, 861 F. Supp. 2d 336, 340–341 (S.D.N.Y. 2012).

113. Madison, *supra* note 37, at 1530, 1643.

turning the whole fair use inquiry into a search for transformativeness.¹¹⁴ These approaches disregard statutory and precedential directions to consider each factor independently and fail to give independent weight to non-creative benefits from challenged uses.

None of these alternative approaches satisfactorily incorporates public benefits into fair use analysis. The statutory fair use factors do not contemplate public benefits, but reinterpreting the factors risks exacerbating their ambiguities. Approaching public benefits first at the balancing stage produces opaque decisions, while patterned approaches simply duplicate existing inquiries. Public benefits bear on fair use, and the best solution to incorporating them is the simplest one: respecting their relevance as distinct from the statutorily mandated inquiries.

III. THE FIVE-FACTOR FRAMEWORK

This Part proposes a new solution to the problem of public benefits in fair use analysis: analyze public benefits as a fifth factor and then insert the fruits of this analysis into fair use's holistic balancing. The five-factor framework offers a structural method of identifying, analyzing, and incorporating—without giving undue weight to—public benefits. The five-factor framework can and should be implemented immediately by courts.

A. WEIGHING PUBLIC BENEFITS

After applying the four statutory factors to any case's facts, courts should analyze the challenged use's public benefits as a fifth factor and then incorporate their findings into their final equitable determination on fair use.¹¹⁵ Courts already bring normative judgments on public benefits into fair use cases; what courts need is purchase for expounding these judgments and their relevance to case outcomes.¹¹⁶ The statutory factors focus courts' attention on the diffuse public benefits of a copyrighted work's expressive invention,¹¹⁷ but considering only the statutory factors may lead courts to miss, discount, or fumble the accused use's concentrated public benefits. Fifth-factor analyses, by contrast, would elucidate the challenged use's full social utility.¹¹⁸ The five-

114. Professor Madison's taxonomy of patterns includes journalism/news reporting, parody/satire, scholarship/research, criticism/comment, reverse engineering, legal/political argument, storytelling, comparative advertising, and so-called intrinsic function. *Id.* at 1646–65.

115. See *Monge v. Maya Mags., Inc.*, 688 F.3d 1164, 1183 (9th Cir. 2012) (describing the final step of fair use analysis as tossing the factors “in the judicial blender to find the appropriate balance”).

116. Cf. Matthew Africa, Note, *The Misuse of Licensing Evidence in Fair Use Analysis: New Technologies, New Markets, and the Courts*, 88 CALIF. L. REV. 1145, 1148–49 (2000) (encouraging courts to find a way to sanction works that should rightfully belong to the public).

117. See Hart, *supra* note 16. Relatedly, the Supreme Court has held that because copyright and fair use advance expressive interests, there is no need for a separate First Amendment defense against copyright infringement. See *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560 (1985).

118. Cf. Africa, *supra* note 116, at 1166 (suggesting areas in which there are greater public benefits than authorial benefits are areas where fair use can curb the author's outsize and improper power as a gatekeeper).

factor framework thus allows courts to contemplate public benefits without displacing other considerations.

A key advantage to this approach is that it can be implemented immediately.¹¹⁹ Fair use “originat[ed] in the courts,”¹²⁰ and codification “preserve[d] the courts’ discretion” to evolve the doctrine.¹²¹ Moreover, the four factors are nonexclusive—§ 107’s text recognizes that courts may contemplate other factors as they deem necessary.¹²² Accordingly, courts have the power to consider whether permitting a particular use would “disrupt[] the copyright market without a commensurate public benefit” through the five-factor framework.¹²³

The five-factor framework acknowledges a challenged use may be justifiable for its contributions to public welfare even where it substantially harms authorial incentives.¹²⁴ A use may help advance education without itself being educational,¹²⁵ or it may facilitate transformative research without embodying advances in research,¹²⁶ or it may enable the public to access creative works more conveniently.¹²⁷ The public indeed benefits from such uses, but the author whose work has been appropriated may be substantially harmed. The five-factor framework accepts a utilitarian premise: Uses are justifiable where their public benefits outweigh their authorial harms.¹²⁸

119. By contrast, many other fair use reform proposals would require congressional action to implement. For example, Professor Jane C. Ginsburg has proposed turning fair use into a form of compulsory licensing. See generally Jane C. Ginsburg, *Fair Use for Free, or Permitted-but-Paid?*, 29 BERKELEY TECH. L.J. 1383 (2014); cf. Victor, *supra* note 55, at 1932 (noting that congressional action “would be the most straightforward way to allow for a compulsory license alternative”). Another proposal suggests eliminating two of the factors. Clark D. Asay, Arielle Sloan & Dean Sobczak, *Is Transformative Use Eating the World?*, 61 B.C. L. REV. 905, 962–63 (2020). Other scholars propose recodifying fair use as a public right. Wendy J. Gordon & Daniel Bahls, *The Public’s Right to Fair Use: Amending Section 107 to Avoid the “Fared Use” Fallacy*, 2007 UTAH L. REV. 619, 656 (2007). Unlike these proposed changes to the statutory text, the five-factor framework does not require legislation because the statutory factors are expressly nonexclusive.

120. *Google, LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1196 (2021) (internal citation omitted).

121. *Ard*, *supra* note 21, at 259; H.R. Rep. 94-1476, at 66 (1976) (“[T]he courts must be free to adapt the doctrine.”).

122. *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 16 (2d Cir. 2021) (amended opinion), *cert. granted*, 142 S. Ct. 1412 (2022); see also Lloyd L. Weinreb, *Fair’s Fair: A Comment on the Fair Use Doctrine*, 103 HARV. L. REV. 1137, 1152 (1990) (“[U]nless one disregards the plain language of the statute, the statutory factors are not exclusive.”); cf. *id.* at 1150 (proposing courts implement fundamental fairness as a fifth factor).

123. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 n.9 (1985).

124. Cf. Samuelson, *supra* note 110, at 2617 (copyright “promotes the public good” when it authorizes “developers of new technologies [to] provide new opportunities for the public to make . . . reasonable uses” of copyrighted works).

125. See, e.g., *Tresóna Multimedia, LLC v. Burbank High Sch. Vocal Music Ass’n*, 953 F.3d 638, 643 (9th Cir. 2020).

126. See, e.g., *Author’s Guild v. Google, Inc. (Google Books)*, 804 F.3d 202, 207 (2d Cir. 2015).

127. See, e.g., *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 454 (1984).

128. See *Andy Warhol Found. For the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 35–36 (2d Cir. 2021) (amended opinion) (a use may “serve[] the public interest, either in and of itself or by generating funds that enable the secondary user to further a public-facing mission” without being transformative), *cert. granted*, 142 S. Ct. 1412 (2022); cf. Lape, *supra* note 29, at 694–95 (discussing the public’s interest in diverse exploitations of copyrighted works).

B. THE FIFTH FACTOR MATTERS MOST WHEN A CHALLENGED USE IS NEARLY TRANSFORMATIVE

Applying the five-factor framework to past cases and hypotheticals will demonstrate its methodological superiority. The approach is likely to add the most value in the most confounding cases, including where a use is not transformative but enables third parties to make their own transformative uses of the copyrighted work.

1. Expressive Contexts

Professor Laura G. Lape hypothesizes challenges to a pornographic adaptation of a novel and a service that mails newspaper copies to underserved communities, suggesting the former is more likely to be declared fair use but the latter, because it contributes more to social welfare, is more worthy of fair use.¹²⁹ The pornographic adaptation, especially if it is a parody, may be a simple fair use case under *Campbell*, with all four factors favoring allowing the use to proceed.¹³⁰ Applying the five-factor framework, the reviewing court might additionally conclude that the pornographic use's utility is confined to increasing public knowledge in whatever ways that a pornographic adaptation sheds light on the work it parodies and that creative works in general advance social welfare. This fifth factor analysis would reveal a lack of additional spillover effects, and there is value in knowing whether and to what extent the case implicates persons other than the parties.

But the five-factor framework is more advantageous with expressive, *non*-transformative uses. Consider *Tresóna Multimedia, LLC v. Burbank High Sch. Vocal Music Ass'n*, involving a non-parodic mash-up of unlicensed, copyrighted sheet music, the arrangement of which the defendants performed at competitions and a school fundraiser.¹³¹ The Ninth Circuit held that including the appropriated material within "a new work with new meaning" was a transformative act.¹³² Recontextualization without commentary, however, should not be considered transformative.¹³³ And to the extent that commerciality bears on the first factor, the defendant's nonprofit educational identity does not mean its appropriation was for nonprofit educational purposes.¹³⁴ As to the crucial fourth factor, the defendants appropriated the sheet music

129. Lape, *supra* note 29, at 715.

130. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 597–98 (1994) (Kennedy, J., concurring); *accord SunTrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1268 (11th Cir. 2001) (most parodies will have colorable fair use defenses).

131. *Tresóna Multimedia, LLC v. Burbank High Sch. Vocal Music Ass'n*, 953 F.3d 638, 643 (9th Cir. 2020).

132. *Id.* at 650.

133. See discussion *supra* note 85.

134. See *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 45 (2d Cir. 2021) (amended opinion) (use by a nonprofit organization is not necessarily for nonprofit purposes), *cert. granted*, 142 S. Ct. 1412 (2022).

despite the copyright holder's existing licensing market.¹³⁵ The two key fair use factors thus might both disfavor allowing the use.

The five-factor framework could have channeled the *Tresóna* court to find the challenged use nevertheless justified. Generously, perhaps, the court might conclude that the use offered creative outlets for students and supported an educational institution—both of which have merit. That is, the infringement was indirectly related to teaching, and an equitable outcome should recognize this.¹³⁶ Once created, however, the mash-up could have been performed in less equitable settings, for which a court would presumably be less sympathetic—because the public benefits would not outweigh fair use's other considerations. The five-factor framework allows courts to distinguish unauthorized follow-on works from the uses to which they are put.

Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith presents that alternative example. Andy Warhol had licensed Lynn Goldsmith's photograph as a source image for a single work but created a full series.¹³⁷ She challenged his successor-in-interest Foundation's later licensing of one of the additional works to a magazine.¹³⁸ In dicta, the Second Circuit indicated it would find Warhol's creations non-transformative under an ordinary observer standard: Warhol had applied his signature style to the photograph but did so without adding meaning to the original work.¹³⁹ As to the case at hand, however, the court's holding was simply that *licensing* the Warhol silkscreen added no informational value to Goldsmith's original photograph.¹⁴⁰ Moreover, the original work was unpublished and creative, the appropriation was substantial, and the works had competing licensing opportunities.¹⁴¹ The panel concluded the four statutory factors all weighed against fair use.¹⁴² A public benefits discussion would buttress this decision by adding attention on the effects of the licensing use Goldsmith actually challenged, which at least indirectly provided support for the Foundation's "mission . . . to advance the visual arts."¹⁴³ As opposed to *Tresóna*, this connection between the use and its public benefits is more intermediate, lessening the value of the public benefits.¹⁴⁴

135. The Ninth Circuit considered whether the complete challenged use would substitute for the primary work but discounted whether authorizing the use would lead to widespread disregard of the plaintiff's licensing rights. *Tresóna*, 953 F.3d at 651; *but see Campbell*, 510 U.S. at 590 (the question posed by the fourth factor is whether "widespread," similar conduct would disrupt one of the markets to which the copyright holder is entitled). The *Tresóna* court essentially merged the first and fourth factors, holding that exploitation of a transformative market did not constitute market substitution. *Tresóna*, 953 F.3d at 652.

136. See 17 U.S.C. § 107 (including "teaching" among example fair uses).

137. *Goldsmith*, 11 F.4th at 32.

138. *Id.* at 34–35.

139. See discussion *supra* notes 80–83 and accompanying text.

140. See *Goldsmith*, 11 F.4th at 55 (Jacobs, J., concurring) ("Goldsmith does not claim that the original works infringe and expresses no intention to encumber them; the opinion of the Court necessarily does not decide that issue.").

141. *Id.* at 49.

142. *Id.* at 51.

143. *Id.* at 44.

144. It is important to bear in mind, however, that while any public benefits in *Goldsmith* came from "the character of the *user*[, not] the *use*," fair use, as its name suggests, considers the use itself. See *id.* at 44 (emphasis in original); see also 17 U.S.C. § 107(1) (courts must consider the "purpose and character of the *use*") (emphasis added).

By considering, and rejecting, public benefits as too indirect to affect the case's equity, a court may demonstrate its decision is truly supported by all relevant considerations.

2. Access-Expanding Contexts

The five-factor framework would also lead courts to evaluate Professor Lape's second hypothetical use more presciently. Under the statutory framework, commercial photocopying to increase access is unlikely to be declared fair use, despite its high social utility.¹⁴⁵ The challenged use adds no new information and intrudes on an obvious market opportunity. But efforts to foster a better-informed citizenry may have important social value, value the court may prudently recognize depending on what the information being conveyed is and how it is conveyed. How much the use contributes toward this goal, therefore, is relevant to justifying the use itself.¹⁴⁶

Authors Guild, Inc. v. HathiTrust suggests that supplying a market too small for a copyright owner to reasonably exploit may be fair use. HathiTrust usurped the plaintiffs' print-disabled market¹⁴⁷ without transformatively supplementing the original works.¹⁴⁸ To do so, HathiTrust appropriated substantial amounts of the plaintiffs' highly expressive works.¹⁴⁹ As in Professor Lape's hypothetical, therefore, *HathiTrust* presents a non-transformative, highly appropriative, market-usurping use—but one that provides significant public benefits through “assur[ing] equality of” access.¹⁵⁰ The *HathiTrust* court found these public benefits justified the use, but it did so while bending the statutory factors to accommodate discussion of them. Teasing out public benefits separately, by contrast, would transparently reveal when a use should be permitted despite harm to the copyright owner.

Swatch presents a similar example.¹⁵¹ In *Swatch*, the defendant's verbatim dissemination of the plaintiff's work had only an “arguably” transformative purpose.¹⁵² The defendant attempted news coverage but straddled the line of what qualifies as reporting.¹⁵³ As in *HathiTrust*, the market at issue in *Swatch* was probably insignificant to the plaintiff.¹⁵⁴ The crucial factors in *Swatch* thus appeared to favor fair use, but to

145. Lape, *supra* note 29, at 715.

146. Public benefits exist on a spectrum of value, not a yes/no binary.

147. *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 103 (2d Cir. 2014).

148. *But see id.* at 101 (finding the use transformative despite a failure to shed light on the original works).

149. *Id.* at 102–03.

150. *Id.* at 102.

151. See discussion *supra* notes 53–55 and accompanying text.

152. *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P. (Swatch II)*, 756 F.3d 73, 85 (2d Cir. 2014). The lack of other avenue to weighing public benefits may have contributed to internal pressure on the Second Circuit to betray doubt in its conclusion. Recontextualization may accomplish a transformative purpose, but only if it has the effect of supplementing the “meaning or message” of the original work. See discussion *supra* note 85.

153. *Swatch II*, 756 F.3d at 82 (describing the defendant's activities as constituting “‘news reporting,’ ‘data delivery,’ or any other turn of phrase”); *id.* at 84 (slotting defendant's activity within “the context of news reporting and analogous activities”); see also 17 U.S.C. § 107 (listing “news reporting” as a favored fair use).

154. *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P. (Swatch I)*, 861 F. Supp. 2d 336, 342 (S.D.N.Y. 2012); *Swatch II*, 756 F.3d at 91. The plaintiff, seeing the market's value after the defendant's exploitation of

an uncertain extent. Public benefits analysis would force the scales: The defendant's actions leveled the competitive, investment playing field by expanding access to information.¹⁵⁵ As in *HathiTrust*, improving equality of access to information provided public benefits that would outweigh unlikely market harm from an "arguably" transformative use where the information disparity put market participants without access at a competitive disadvantage. In access-expanding contexts, therefore, the public benefits of equal access may suffice to displace any concerns about authorial incentives, especially where the use targets smaller markets for copyright owners.

3. Access-Easing Contexts

Finally, there are contexts in which third-party end users already have authorized access to the appropriated work but in which the challenged use nevertheless eases the exercise of this access. In *HathiTrust*, for example, the challenged HathiTrust Digital Library allowed users to search across scanned full texts for keywords.¹⁵⁶ But anyone with access to the books could already find the keywords within the texts, albeit through intellectual labor.¹⁵⁷ The functionality of the use thus derived from the copyrighted works themselves. Because the HathiTrust library added nothing to the copyrighted works, it was not properly transformative even if it had merit. Market harm, moreover, was uncertain yet probable, in part because market harm inheres in a challenged use's proving that a market exists.¹⁵⁸ Thus, *HathiTrust* presented non-transformative appropriation of large portions of literary works, with some amount of market substitution likely to occur.¹⁵⁹ All four factors might have weighed against fair use.

it, nevertheless could license the audio from future earnings calls. The use might therefore be a "potential" market. See 17 U.S.C. § 107(4).

155. *Swatch II*, 756 F.3d at 92. International dimensions may have further played a role in *Swatch*: Had the earnings call at issue been conducted by an American company, SEC rules would have required greater disclosure, thus ensuring *ex ante* the equality of access that the defendant news organization provided. See *id.* at 82–83.

156. *Id.* at 91; see also *Authors Guild v. Google, Inc. (Google Books)*, 804 F.3d 202, 207 (2d Cir. 2015) (use similarly involved allowing third parties to search scanned books for keywords).

157. With the help of an index, the labor required to search a particular book might not be difficult, though the labor to search many books would remain painstaking. See *MidlevelU, Inc. v. ACI Info. Grp.* 989 F.3d 1205, 1224 (11th Cir. 2021) (affirming jury verdict against fair use for non-transformative, commercial indexing); cf. *VHT, Inc. v. Zillow Grp., Inc.*, 918 F.3d 723, 742 (9th Cir. 2019) (distinguishing "closed-universe" search engines from the crawlers at issue in *Kelly* and *Perfect 10*).

158. Compare *Google Books*, 804 F.3d at 224 ("We recognize that the snippet function can cause *some* loss of sales."), with *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 100 (2d Cir. 2014) ("[T]he full-text search function does not serve as a substitute for the books that are being searched.").

159. The defendant's use appropriated the quantitative wholes of original, creative works, and indicated the second and third factors should disfavor fair use. *Google Books*, 804 F.3d at 221 (quoting *HathiTrust*, 755 F.3d at 98). The *Google Books* court, citing *HathiTrust*, held the second factor had limited value but favored fair use because it enabled the challenged use to be transformative, perhaps betraying an unwillingness to conclude the "rarely . . . significant" factor should have weighed against fair use. *Id.* at 220 (quoting *HathiTrust*, 755 F.3d at 98).

The *HathiTrust* panel nevertheless stampeded toward a fair use outcome.¹⁶⁰ Considering separately the public benefits of these access-easing uses, however, might allow for an honest contemplation of the statutory factors.¹⁶¹ The challenged use did not represent scholarship or research, though it enabled third parties to engage in those activities.¹⁶² Courts should be willing to sanction such uses, at least where their support for third-party creativity is substantial. The public benefits factor would allow courts to justify their equitable outcome without mischaracterizing the statutory factors.

The decision in *Associated Press v. Meltwater U.S. Holdings, Inc.* demonstrates this point. The defendant Meltwater “use[d] a computer program to scrape news articles [and] provide[] excerpts” to subscribers.¹⁶³ The court found the challenged use copied “without adding any commentary or insight” and hence was not transformative.¹⁶⁴ Further, Meltwater’s use usurped the plaintiff’s market, so the fourth factor weighed “strongly against” fair use.¹⁶⁵ On these conclusions alone, the court likely should have rejected the defendant’s fair use defense.

Within the context of the first factor, however, the *Meltwater* court analyzed public benefits, proving their importance even where the statutory fair use analysis produces a clear-cut answer. The court distinguished defendant’s “business relat[ing] to news reporting and research” from whether its actions advanced those purposes.¹⁶⁶ As in *Goldsmith*, *Tresóna*, and *Swatch*, the defendant engaged in meritorious activities, though not necessarily through the particular use.¹⁶⁷ In *Meltwater*, the court reckoned with the concentrated public benefits of permitting the defendant’s use but reached the conclusion that they were less weighty than the diffuse public benefits gained from protecting the plaintiff’s incentives to create news. The defendant’s use was not justified, even after considering the effects of enjoining it. The *Meltwater* court thereby confirmed the value in engaging with the full, equitable stakes of the case—which the five-factor framework facilitates.

Where the statutory fair use analysis produces indeterminate results, courts need not stretch the statutory factors to reach an outcome. Instead, they should expand their inquiry to consider public benefits as a fifth factor. This enhanced framework improves even straightforward cases by providing transparent proof that courts have done the equitable balancing fair use requires.

160. *HathiTrust*, 755 F.3d at 101 (holding three of four factors favored fair use, and one had insubstantial import, and thus the use was justified); see also 4 NIMMER ON COPYRIGHT § 13.05[1][4][d] (discussing “stampeding” in *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183 (2021)); cf. Barton Beebe, *An Empirical Study of U.S. Copyright Fair Use Opinions, 1978–2005*, 156 U. PA. L. REV. 549, 584 (2008) (fair use factors are correlated with one another).

161. The five factors could then “drive the analysis, [rather than] serve as convenient pegs on which to hang antecedent conclusions.” Nimmer, *supra* note 39, at 281.

162. See 17 U.S.C. § 107.

163. *Associated Press v. Meltwater U.S. Holdings, Inc.*, 931 F. Supp. 2d 537, 541 (S.D.N.Y. 2013).

164. *Id.* at 552.

165. *Id.* at 560.

166. *Id.* at 552–53.

167. *Id.* at 553 (relevant public benefits included value to specific clients and providing “democratic, instantaneous, and efficient access to information”).

C. THE FIVE-FACTOR FRAMEWORK IS PRACTICABLE, NECESSARY, AND TRANSPARENT

Counterarguments against the five-factor framework are unavailing. First, there should be no concern about the judiciary adding a new factor to the statutory scheme. The § 107 factors are nonexclusive.¹⁶⁸ Moreover, courts *already* analyze public benefits; the five-factor framework suggests a procedural approach to consolidating and clarifying, not reinventing, fair use. Separately considering public benefits would not upset Congress' vision of copyright's access-incentives balance.¹⁶⁹ Copyright pursues Progress, not creativity.¹⁷⁰ If protecting creative endeavors is a means to an end, a court applying an equitable limit to copyright *should* inquire into whether the end is being achieved. Considering the diffuse benefits of protecting creativity while ignoring the concentrated benefits of allowing the defendant's use does a disservice to the public.

Parsing public benefits separately is also necessary. As the example applications show, public benefits analysis adds transparency and cements that a particular decision equitably resolves even obvious cases.¹⁷¹ In more difficult cases, the five-factor framework allows courts to stay faithful to congressional intent when applying the statutory factors while nevertheless transparently justifying their equitable conclusions.

Finally, courts are competent to analyze public benefits. Professor Edward Lee argues against turning fair use into a cost-benefit analysis because courts are likely to miscalculate public benefits.¹⁷² The problems with this objection are twofold: First, courts are already engaging with public benefits; the question is *how*, not *whether*, they should do so. The five-factor framework is thus normatively grounded in transparency. Second, courts are used to speculating in fair use analyses. The statutory factors already involve speculative line-drawing, for example, when courts determine that a use is "arguably" transformative,¹⁷³ that certain markets did not incentivize a work's creation,¹⁷⁴ or that the copyright owner might not be able to compete in a particular market.¹⁷⁵ The flexibility of considering public benefits is an asset, allowing courts to engage in truly holistic—and transparent—adjudication.

168. *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1197 (2021) ("In applying [§ 107], we, like other courts, have understood that the provision's list of factors is not exhaustive (note the words 'include' and 'including').").

169. *See* Hart, *supra* note 16 (comparing diffuse and concentrated benefits in the access-incentives paradigm).

170. *See* discussion *supra* Part I.

171. *See* discussion *supra* Part III.B; *cf.* Weinreb, *supra* note 122, at 1150 (proposing fairness as a fifth factor).

172. Lee, *supra* note 106, at 839. This concern may be particularly acute where new technologies are involved. *See* R. Anthony Reese, *The Problems of Judging Young Technologies: A Comment on Sony, Tort Doctrines, and the Puzzle of Peer-To-Peer*, 55 CASE W. RES. L. REV. 815, 882 (2005).

173. *E.g.*, *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P. (Swatch II)*, 756 F.3d 73, 85 (2d Cir. 2014).

174. *E.g.*, *id.* at 91.

175. *E.g.*, *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1208 (2021).

IV. ORACLE REVISITED

The five-factor framework represents a change to fair use methodology that aligns with prior outcomes. Fair use's problem is not that courts are blessing the wrong uses but that opaque reasoning limits *ex ante* predictability.¹⁷⁶ This Note provides a path forward. By facilitating the investigation of public benefits in fair use analyses, the five-factor framework will lead to clearer explanations of which uses fulfill copyright's mission.

This Note therefore ends where it began, considering why Google's appropriation of Oracle's code was justified. Google's use was arguably transformative, for it shed light on the functional parts of Oracle's code.¹⁷⁷ Oracle's code was also "further than are most computer programs . . . from the core of copyright."¹⁷⁸ But Google appropriated a "large" amount of code¹⁷⁹ to "disastrous effect" on Oracle's market.¹⁸⁰ The first and second factors might thus have favored fair use to some extent, while the third and fourth factors should properly have disfavored it. Reckoning with conflicting indicators may explain the Court's decision to stampede toward its desired outcome instead.¹⁸¹

Adding the fifth factor would illuminate the case's most equitable disposition. As Justice Breyer noted, allowing Google's use to proceed would produce substantial public benefits, including by enabling programmers' subsequent development of new computer programs.¹⁸² The context of the dispute was thus not *Oracle v. Google* but *Oracle v. Google and the Public*. This framing is implicit in all fair use cases, and the five-factor framework would make it explicit. When Google's use is considered in this broader context, the holistic fair use scales tip in Google's favor. The use is justified because the beneficial externalities are substantial; protecting Oracle's monopoly would deprive the public of the weighty spillover effects from Google's appropriation, including all the future programs third-party developers would create using Google's product to exploit their functional knowledge about Oracle's code. The five-factor framework supplies a transparent organizational structure for reaching this conclusion.

Fair use needs reform to accommodate public benefits. Currently, some courts subsume public benefits into one of the existing factors, despite textual and doctrinal indicators not to. Other courts rip through public benefits offhandedly, revealing that unmentioned factors lurked in the background of their decisions. Or courts ignore public benefits altogether and thereby fail to consider the full equity in fair use cases. Only by analyzing public benefits as a fifth factor can courts properly give public benefits their due.

176. See Myers, *supra* note 5, at 179 (discussing the unpredictable nature of fair use).

177. See discussion *supra* notes 87–93 and accompanying text.

178. *Oracle*, 141 S. Ct. at 1202.

179. *Id.* at 1204–06.

180. *Id.* at 1217 (Thomas, J., dissenting).

181. 4 NIMMER ON COPYRIGHT § 13.05[1][4][d].

182. *Oracle*, 141 S. Ct. at 1207.

The Case for the CCB: A Defense of the Constitutionality of the Copyright Claims Board

Adam Vischio*

INTRODUCTION

Copyright litigation is expensive. Since copyright is federal law, disputes must be heard in federal court. Federal litigation can be prohibitively costly for creators bringing small claims, essentially leaving them with a right without a remedy against infringement of their work. Congress sought to alleviate this financial burden in 2020 when it passed the Copyright Alternative in Small-Claims Enforcement (“CASE”) Act, thus creating the Copyright Claims Board (“CCB”) to adjudicate small copyright disputes.

Opponents raised constitutional concerns about the CCB throughout the legislative process. The concerns included the fact that the CCB officers would wield unreviewable power and that Congress cannot set up non-Article III courts to hear cases involving public rights. Critics renewed their concerns in the aftermath of the Supreme Court’s June 2021 decision in *United States v. Arthrex*, in which the Court found that the Patent Trial and Appeal Board administrative patent judges (“APJs”) wielded unreviewable authority that violated the appointments clause. Furthermore, a possible challenge to the constitutionality of the CCB could be forthcoming since the CCB is now operational.

This Note analyzes the evolution of Appointments Clause and Article III jurisprudence and finds that the CCB is constitutionally constructed. While copyright is likely a private right, the CCB is still constitutionally permitted to hear these claims because the parties voluntarily consent to use the CCB. The voluntary nature of CCB proceedings plus the fact that these small cases are typically not heard by federal courts ease Article III and reviewability concerns.

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Part I provides background information to the passage of the CASE Act and explores arguments for the necessity of the CCB. Part II outlines the structure of the CCB. Parts III and IV respectively detail relevant Appointments Clause and Article III jurisprudence then apply it to the CCB. Parts V and VI discuss the possible arguments critics may lodge against the CCB in a constitutional challenge and how these invariably fall short. Finally, Part VII takes a practical look at how the Supreme Court as currently constructed might analyze the CCB's constitutionality.

I. BACKGROUND

A. IDENTIFYING THE PROBLEM—THE PROHIBITIVE COST OF COPYRIGHT LITIGATION FOR THOSE BRINGING SMALL CLAIMS

Photographers, authors, and other freelance artists are often helpless as they repeatedly see their work infringed online. Take, for example, an anecdote about photographer Jeff Sedlik, briefly described in an NPR article.¹ One day, Sedlik opened up Amazon.com only to find several of his photographs impermissibly stamped on “T-shirts, hats, bibs, mugs, calendars, cellphone cases and so forth.”² While these Amazon sellers could have legally licensed Sedlik’s works for a fee, it is generally far cheaper to download his photos from the internet and then place them on products. Unfortunately for copyright holders, these sellers face little threat of legal consequences—even if their products are taken down following receipt of a DMCA notice, they can simply reupload them.³ As Sedlik told NPR, “if I want to go to federal court, I need to engage a lawyer. And if I want to engage a lawyer, it’s very expensive.”⁴

Unfortunately, Sedlik’s story is not unique. Douglas Preston, a journalist, author, and president of the Authors Guild shared a similar sentiment in a 2019 op-ed.⁵ Preston detailed the multiple daily Google alerts he receives that direct him to websites that upload illegal copies of his books. Preston noted the “devastating” effect infringement has had on authors’ careers and incomes and the prohibitive cost of bringing a copyright infringement lawsuit in federal court.⁶

1. Neda Ulaby, *Will Posting Memes or Pro Wedding Pics Land You in Copyright Small Claims Court?*, NPR (Mar. 12, 2021, 9:00 AM), <https://www.npr.org/2021/03/12/957054009/will-posting-memes-or-pro-wedding-pics-land-you-in-copyright-small-claims-court> [https://perma.cc/5V8J-9XSD] [https://web.archive.org/web/20220924163257/https://www.npr.org/2021/03/12/957054009/will-posting-memes-or-pro-wedding-pics-land-you-in-copyright-small-claims-court].

2. *Id.*

3. *Id.* See generally 17 U.S.C. § 512 (establishing the contours of DMCA). DMCA reform is an ongoing debate. For the sake of staying on topic, I will not dive into the nuances of that debate.

4. Ulaby, *supra* note 1.

5. Douglas Preston, *Congress Can Protect Creative Artists from Piracy. Why Won't the Senate Pass the Bill?*, HARTFORD COURANT (Nov. 10, 2019, 6:00 AM), <https://www.courant.com/opinion/op-ed/hc-op-preston-google-counterfeit-bill-1110-20191110-ltnx4qlxpcvjpjutebqdhvox4-story.html> [https://perma.cc/6EBU-CMWW] [https://web.archive.org/web/20220923135351/https://www.courant.com/opinion/op-ed/hc-op-preston-google-counterfeit-bill-1110-20191110-ltnx4qlxpcvjpjutebqdhvox4-story.html].

6. *Id.*

The United States Copyright Office (“USCO”) acknowledged in 2013 that the current federal system poses formidable challenges for small copyright claimants seeking to enforce their exclusive rights.⁷ Federal litigation remains prohibitively expensive for people with small infringement claims. The estimated median cost for a party to litigate a copyright infringement claim with less than \$1 million at stake through appeal is \$350,000.⁸

Stories like Sedlik’s and Preston’s illustrate the notion that many copyright holders possess a right without a remedy against infringement of their work. Since copyright holders with small claims generally are unable to take action, users infringe with impunity.

B. LEGISLATIVE HISTORY AND PASSAGE OF THE CASE ACT

Creators like songwriters and authors have long bemoaned the prohibitive costs of copyright litigation and have urged Congress to address the erosion of rights protection.⁹ The USCO took an initial look at the problem and outlined the structure for a copyright small claims board in a 2013 Report.¹⁰ The CASE Act, the legislation creating the CCB, was first introduced by Rep. Hakeem Jeffries (D-NY) in 2017 after years of Congressional deliberation, Copyright Office research and expertise, stakeholder input, and advocacy from individual creators.¹¹ The CASE Act was eventually included in an omnibus COVID relief package signed into law on December 27, 2020.¹²

While this part of the COVID relief package passed with minimal fanfare, the legislative history of the CASE Act involved some fireworks.¹³ The CASE Act passed the House with overwhelming bipartisan support, a rarity in modern D.C., with a 410–

7. U.S. COPYRIGHT OFF., *COPYRIGHT SMALL CLAIMS: A REPORT OF THE REGISTER OF COPYRIGHTS* 3 (2013).

8. AIPLA, *2021 REPORT OF THE ECONOMIC SURVEY* I–210 (2021).

9. See *Songwriters and Other Creators May Recoup Lost Money with Senate’s Passage of CASE Act*, SONGWRITERS GUILD OF AM., <https://songwritersguild.com/site/case-act-passes-senate> [<https://perma.cc/WF4M-HNA9>] [<https://web.archive.org/web/20220923141635/https://songwritersguild.com/site/case-act-passes-senate>] (last visited Feb. 18, 2022); *The Authors Guild Supports a Copyright Small Claims Court*, THE AUTHORS GUILD (May 2, 2019), <https://www.authorsguild.org/industry-advocacy/the-authors-guild-supports-a-copyright-small-claims-court> [<https://perma.cc/6LZE-MWVJ>] [<https://web.archive.org/web/20220923141845/https://www.authorsguild.org/industry-advocacy/the-authors-guild-supports-a-copyright-small-claims-court>].

10. U.S. COPYRIGHT OFF., *supra* note 7, at 4, 155–61.

11. Press Release, Rep. Hakeem Jeffries, Reps. Jeffries, Marino, Lead Bipartisan Effort to Help Musicians and Artists Protect Their Creative Work (Oct. 4, 2017), <https://jeffries.house.gov/2017/10/04/jeffries-marino-lead-bipartisan-effort-to-help-musicians-and-artists-protect-their-creative-work> [<https://perma.cc/SW36-GKP5>] [<https://web.archive.org/web/20220923142123/https://jeffries.house.gov/2017/10/04/jeffries-marino-lead-bipartisan-effort-to-help-musicians-and-artists-protect-their-creative-work>].

12. Claudia Rosenbaum, *Congress Passes CASE Act as Part of COVID-19 Relief Bill*, BILLBOARD (Dec. 12, 2020), <https://www.billboard.com/pro/congress-case-copyright-reforms-covid-19-relief-bill> [<https://perma.cc/F58S-YH2D>] [<https://web.archive.org/web/20220923142324/https://www.billboard.com/pro/congress-case-copyright-reforms-covid-19-relief-bill>]; see 17 U.S.C. §§ 1501–1511.

13. See *id.*

6 vote.¹⁴ However, in the lead up to the House vote, opposition groups lodged vociferous critiques. The Electronic Frontier Foundation (“EFF”) took aim at the bill, stating that it would lead to “copyright trolls” and “chill protected expression.”¹⁵ Similarly, the American Civil Liberties Union (“ACLU”) wrote a letter to the House urging members to vote against the bill because it would lead to people bringing bad faith claims, leaving unsophisticated internet users subject to large civil penalties.¹⁶ Public Knowledge, a D.C.-based nonprofit, raised constitutional concerns in its opposition, stating that the bill would create an unaccountable court.¹⁷ While these efforts were mostly unsuccessful, these groups and others remained opposed to the Copyright Small Claims Board. These concerns are possibly exacerbated by the unusual inclusion of a large intellectual property bill in an omnibus COVID relief package.¹⁸ This suggests that the next time supporters of the CASE Act and groups like EFF battle over this bill, it will be in a court room. A dispute between the two sides could arise if a default judgment is entered against a respondent, and a respondent brings suit in a federal court challenging constitutionality of the CCB.

II. STRUCTURE OF THE CCB & OVERVIEW OF PROCEEDINGS

The CCB is composed of three Copyright Claims Officers: two with experience in the resolution of copyright infringement and the third with knowledge of copyright

14. Copyright Alternative in Small Claims Enforcement Act of 2019: 116th Congress Final Vote Results for Roll Call 578 on H.R. 2426, CLERK: U.S. HOUSE OF REPRESENTATIVES (Oct. 22, 2019), <https://clerk.house.gov/Votes/2019578> [<https://perma.cc/DTQ9-VSGC>] [<https://web.archive.org/web/20220923143040/https://clerk.house.gov/Votes/2019578>].

15. Copyright “trolls” or “non-practicing entities” are people, companies, or even law firms that enforce “copyrights [they] hold for purposes of making money through litigation, in a manner considered unduly aggressive or opportunistic, and generally, without producing or licensing the works [they] own[] for paid distribution.” *Copyright Trolls*, THE FASHION L., <https://www.thefashionlaw.com/resource-center/copyright-trolls> [<https://perma.cc/SQX4-7K2Z>] [<https://web.archive.org/web/20220923143301/https://www.thefashionlaw.com/resource-center/copyright-trolls>] (last visited Mar. 13, 2021); Katharine Trendacosta, *Yet Another Year of Fighting a Bad Copyright Bill: 2019 Year in Review*, ELECTR. FRONTIER FOUND. (Dec. 22, 2019), <https://www.eff.org/deeplinks/2019/12/yet-another-year-fighting-bad-copyright-bill-2019-year-review> [<https://perma.cc/XGM6-C4NW>] [<https://web.archive.org/web/20220923143707/https://www.eff.org/deeplinks/2019/12/yet-another-year-fighting-bad-copyright-bill-2019-year-review>].

16. Letter from the ACLU to Members of H.R. (Oct 21, 2019), <https://www.aclu.org/letter/aclu-vote-recommendation-hr-2426-case-act> [<https://perma.cc/7GTM-UMZX>] [<https://web.archive.org/web/20220923144006/https://www.aclu.org/letter/aclu-vote-recommendation-hr-2426-case-act>].

17. Letter from Pub. Knowledge to Members of H.R. (Oct. 21, 2019), <https://publicknowledge.org/policy/public-knowledge-letter-opposing-case-act> [<https://perma.cc/7D7S-DY5X>] [<https://web.archive.org/web/20220923144130/https://publicknowledge.org/policy/public-knowledge-letter-opposing-case-act>]. Public Knowledge is a prominent D.C.-based nonprofit advocacy group that focuses on “intellectual property law, competition, and choice in the digital marketplace and an open standards/end-to-end internet.” *Public Knowledge*, INFLUENCE WATCH, <https://www.influencewatch.org/non-profit/public-knowledge> [<https://perma.cc/ZMC3-RKDX>] [<https://web.archive.org/web/20230317020906/https://www.influencewatch.org/non-profit/public-knowledge>].

18. See Emily Birnbaum, *Lawmakers Are Cramping Controversial Copyright Provisions into a Must-Pass Spending Bill*, PROTOCOL (Dec. 4, 2010), <https://www.protocol.com/Politics/copyright-provisions-in-spending-bill> [<https://perma.cc/QW7C-J55Y>] [<https://web.archive.org/web/20220923144314/https://www.protocol.com/Politics/copyright-provisions-in-spending-bill>].

law and experience in alternative dispute resolution.¹⁹ The Librarian of Congress appoints these officers for initial terms ranging from four to six years.²⁰

Proceedings before the CCB mirror federal district court in some ways but are simplified and streamlined to achieve its goal as a cheaper alternative to federal courts. In order to commence a proceeding before the CCB, a claimant must file a complaint-like document before the CCB that “includes a statement of material facts in support of the claim” and pay a filing fee.²¹ After a claimant files a claim, a copyright claims attorney reviews the claim to ensure that it complies with applicable regulations.²² If the reviewing attorney finds that the claim is not compliant, the claimant is given the opportunity to file an amended claim within thirty days of receiving the deficiency notice.²³

Once a claimant serves a potential respondent with notice and a claim, the respondent has sixty days to opt out of proceeding before the CCB.²⁴ If the respondent decides to opt-out, the case is dismissed *without prejudice*.²⁵ This opt-out component is key to making the tribunal truly voluntary, which supports the case for the CCB passing constitutional muster.²⁶

If a respondent decides not to opt out of proceedings, the respondent must file a response to the claim that can include “legal or equitable defense[s] under this title or otherwise available under law.”²⁷ The respondent has limited ability to file counterclaims.²⁸ The CCB may dismiss a claim or counterclaim after finding it unsuitable on account of: (1) failure to join a necessary party, (2) the lack of “essential witness[es], evidence, or expert testimony,” and (3) “the determination of a relevant issue of law or fact that could exceed either the number of proceedings the [CCB] could reasonably administer or the subject matter competence of the [CCB].”²⁹

Proceedings before the CCB are different from copyright litigation in federal courts. Discovery is “limited and mostly-paper based.”³⁰ Evidence can be admitted “without application of formal rules of evidence.”³¹ Formal motion practice is not part of the

19. *Frequently Asked Questions About the CCB*, CCB.GOV, <https://ccb.gov/faq> [<https://perma.cc/J4PH-FW4F>] [<https://web.archive.org/web/20220923211730/https://ccb.gov/faq>] (last visited Oct. 19, 2022).

20. *Id.*; 17 U.S.C. § 1502(b)(5).

21. 17 U.S.C. § 1506(e)(1).

22. 17 U.S.C. § 1506(f)(1).

23. 17 U.S.C. § 1506(f)(B).

24. 17 U.S.C. § 1506(i).

25. *Id.*

26. See June M. Besek, *Comment re Copyright Office Notice of Inquiry Concerning Remedies for Small Copyright Claims*, COPYRIGHT.GOV, https://www.copyright.gov/docs/smallclaims/comments/29_kernoachan_center_for_law.pdf [<https://perma.cc/XY45-KUQW>] [https://web.archive.org/web/20220923153407/https://www.copyright.gov/docs/smallclaims/comments/29_kernoachan_center_for_law.pdf] (last visited Nov. 7, 2022) (responding to Notice of Inquiry Concerning Remedies for Small Copyright Claims 76 FED. REG. 66,758 (2011) and noting that making a federal small claims resolution mechanism a voluntary system preserves the seventh amendment right to jury trial).

27. 17 U.S.C. § 1504(c)(5).

28. 17 U.S.C. § 1506(f)(2).

29. 17 U.S.C. § 1506(f)(3)(A)–(C).

30. CCB.GOV, *supra* note 19.

31. 17 U.S.C. § 1506(o).

proceedings “unless requested by the parties or the CCB.”³² Hearings can proceed virtually, and parties can appear without counsel.³³ Law students providing pro bono representation can also represent a party with appropriate supervision.³⁴

A majority of officers is required to issue a determination and a dissenting officer can append a statement to the determination.³⁵ CCB determinations must (1) be in writing along with an explanation “of the factual and legal basis of the determination,” (2) “set forth any terms by which a respondent or counterclaim respondent has agreed to cease infringing activity,” and (3) “include a clear statement of all damages and other relief awarded.”³⁶ CCB determinations do not have precedential effect, even in future cases before the CCB itself.³⁷ A CCB determination does not preclude the parties from relitigating in federal court or before the CCB again.³⁸

Remedies are limited to actual damages, profits, and statutory damages.³⁹ For registered works, statutory damages are capped at \$15,000 for each work infringed whereas the recovery for unregistered works is capped at \$7,500, “or a total of \$15,000 in any 1 proceeding.”⁴⁰ Regardless of the amount of claims a party brings, the total monetary recovery in a single proceeding may not exceed \$30,000.⁴¹ This figure excludes attorneys’ fees, which can be awarded upon a finding of bad faith and is capped at \$5,000.⁴² The CCB can also include “a requirement to cease conduct.”⁴³

Opportunities for appeal from CCB decisions are specifically limited to maintain the CCB’s purpose as a streamlined alternative to federal litigation. Parties can require reconsideration of a Board decision before the same Board “based on (a) a clear error of law or fact material to the outcome, or (b) a technical mistake.”⁴⁴ If such a request is denied, parties can request the review of the final determination by the Register of Copyrights within thirty days of the denial.⁴⁵ Appeals to a federal district court are extremely narrow, allowed only where the Board “(a) issued a determination resulting from fraud, corruption, misrepresentation, or other misconduct, (b) exceeded its authority or failed to render a final judgment, or (c) issued a determination based on default or failure to prosecute due to excusable neglect.”⁴⁶

32. CCB.GOV, *supra* note 19.

33. 17 U.S.C. § 1506(d), (p).

34. 17 U.S.C. § 1506(d)(2).

35. 17 U.S.C. § 1506(t)(1)(A).

36. 17 U.S.C. § 1506(t)(1)(A)–(E).

37. 17 U.S.C. § 1507(a)(3).

38. 17 U.S.C. § 1507(a)(1).

39. 17 U.S.C. § 1504(e)(1)(A).

40. 17 U.S.C. § 1504(e)(1)(A)(ii)(II).

41. 17 U.S.C. § 1504(e)(1)(D). Note, actual damages are also capped at \$30,000 for a single work although the amount depends on the evidence provided at the proceeding. See CCB.GOV, *supra* note 19.

42. 17 U.S.C. § 1506(y)(2).

43. 17 U.S.C. § 1504(e)(2).

44. 17 U.S.C. § 1506(w).

45. 17 U.S.C. § 1506(x).

46. 17 U.S.C. § 1508(c)(1)(A)–(C).

III. APPOINTMENTS CLAUSE FOUNDATIONS

A. A ROADMAP FROM THE CONSTITUTION TO PRESENT JURISPRUDENCE

The Appointments Clause of the Constitution empowers the President to appoint “Officers of the United States.”⁴⁷ Deciding who is an Officer of the United States is often the subject of litigation. Foundational Appointments Clause cases like *Buckley v. Valeo* and *Freytag v. Comm’r of Internal Revenue* provide guidelines in distinguishing an “employee” from an “officer.”⁴⁸ Slightly more complex is the principal/inferior officer line-drawing exercise, as the seminal case *Morrison v. Olson* illustrates.⁴⁹

Appointments Clause challenges remain a common avenue to overturn decisions. The D.C. Circuit case *Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd.* provides a notable look at an Appointments clause challenge in the copyright context.⁵⁰ And recently in *Lucia v. SEC* and *United States v. Arthrex*, the Court has demonstrated its willingness to examine potential Appointments Clause issues.⁵¹

The Court takes a fact intensive look in Appointments Clause cases and examines the responsibilities and authority of the Agency employee or officer at question. Often, the Court, as in *Lucia*, looks to see if a particular employee or officer wields federal judge-like power.⁵² Other times, as the Court did in *Arthrex*, it places great emphasis on the finality and reviewability of the decisions issued by an officer.⁵³ Thus, the Appointments Clause doctrine can be unruly and changeable, but in any Appointments Clause challenge, the Court looks to previous decisions and makes comparisons. The remainder of this section examines foundational cases and takes an in-depth look at the key features of the doctrine. Finally, the section concludes that CCB officers are likely inferior officers given where the caselaw currently stands.

B. EMPLOYEE V. OFFICER

The first task often performed in an Appointments Clause analysis is to distinguish between “officers” and “employees.” Two foundational cases, *Buckley* and *Freytag*, guide the analysis, providing the courts with the “significant authority” standard.⁵⁴

First, the challenge in *Buckley* centered around the Federal Elections Commission (“FEC”) as established by the Federal Election Campaign Act of 1971 and amended in

47. U.S. CONST. art. II, § 2, cl. 2. “[The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.”

48. *Buckley v. Valeo*, 424 U.S. 1, 125–26 (1976); *Freytag v. Comm’r*, 501 U.S. 868, 881 (1991).

49. 487 U.S. 654 (1988).

50. 684 F.3d 1332 (D.C. Cir. 2012).

51. *Lucia v. SEC*, 138 S. Ct. 2044 (2018); *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021).

52. *See Lucia*, 138 S. Ct. at 2049.

53. *Arthrex*, 141 S. Ct. at 1985.

54. *Buckley v. Valeo*, 424 U.S. 1, 125–26 (1976); *Freytag v. Comm’r*, 501 U.S. 868, 881 (1991).

1974.⁵⁵ The Act provided the FEC's eight-member body with "extensive rule-making, enforcement, and adjudicatory powers."⁵⁶ The Supreme Court specifically noted that FEC's enforcement power was "both direct and wide ranging" including the possibility of "institut[ing] a civil action for (i) injunctive or other relief."⁵⁷

The Court found that the FEC commissioners were "at the very least . . . inferior officers" and held their appointments unconstitutional.⁵⁸ In perhaps the most notable line from the case, the Court wrote that "any appointee exercising *significant authority* pursuant to the laws of the United States is an 'Officer of the United States.'"⁵⁹

Freytag endorsed the "significant authority" test when the Supreme Court analyzed whether the Chief Judge of the U.S. Tax Court had the constitutional authority to appoint "special trial judges" to the court.⁶⁰ These special trial judges ("STJs") were "authorized to hear (1) certain prescribed proceedings, in which the STJs were allowed to resolve disputes, and (2) any other proceeding which the chief judge may designate, in which the STJs could prepare only proposed findings and a proposed opinion (referred to as a subsection (b)(4) proceeding)."⁶¹ The Court reiterated the "significant authority" language from *Buckley* and held that the STJs wielded "significant discretion" and thus were inferior officers.⁶²

C. PRINCIPAL VS. INFERIOR OFFICERS: AN EXERCISE IN LINE-DRAWING

The next common step in an Appointments Clause challenge—distinguishing between principal and inferior officers—is more challenging and unruly than is delineating between an officer and employee. Usually, the principal/inferior officer analysis begins with *Morrison v. Olson*.⁶³

The Court in *Morrison* analyzed the status of an independent counsel appointed by the Attorney General to "investigate and, if appropriate, prosecute certain high-ranking Government officials for violations of federal criminal laws."⁶⁴ If the Attorney General ("AG") found reasonable grounds to continue an investigation of a government official, the AG was required to apply to the "Special Division" to appoint an independent counsel.⁶⁵ The Special Division was a newly created court that "appointed the counsel and defined the counsel's prosecutorial jurisdiction."⁶⁶ Once appointed, the

55. *Buckley*, 424 U.S. at 5–6.

56. OLIVER DUNFORD & DAMIEN SCHIFF, DISTINGUISHING BETWEEN INFERIOR AND NON-INFERIOR OFFICERS UNDER THE APPOINTMENTS CLAUSE—A QUESTION OF "SIGNIFICANCE" 29 (2021), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3917655 [<https://perma.cc/KHQ7-EE4X>] [https://web.archive.org/web/20221012142412/https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3917655].

57. *Buckley*, 424 U.S. at 111.

58. *Id.* at 126, 143.

59. *Id.* at 126 (emphasis added).

60. DUNFORD & SCHIFF, *supra* note 56, at 32; *Freytag v. Comm'r*, 501 U.S. 868, 870 (1991).

61. DUNFORD & SCHIFF, *supra* note 56, at 32 (internal quotation marks omitted).

62. *See Freytag*, 501 U.S. at 881 (quoting *Buckley*, 424 U.S. at 126).

63. *Morrison v. Olson*, 487 U.S. 654 (1988).

64. *Morrison*, 487 U.S. at 660.

65. *Id.* at 661.

66. DUNFORD & SCHIFF, *supra* note 56, at 34–35.

independent counsel had a wide range of latitude, including “full power and independent authority to exercise all investigative and prosecutorial functions and powers of the Department of Justice, the Attorney General, and any other officer or employee of the Department of Justice.”⁶⁷ Notably, the Act vested the AG with removal powers, albeit on a limited basis for “good cause, physical disability, mental incapacity, or any other condition that substantially impairs the performance of such independent counsel’s duties”⁶⁸

The Court ultimately concluded that the independent counsel was an inferior officer based on several factors.⁶⁹ Perhaps most importantly, the Court stressed that the independent counsel was removable by a higher executive branch official, the AG.⁷⁰ The Court also noted that the independent counsel was empowered with “only certain, limited duties.”⁷¹ The Court described the independent counsel as possessing “limited jurisdiction and tenure.”⁷² Concluding, the Court wrote “these factors relating to the ‘ideas of tenure, duration . . . and duties of the independent counsel . . . [are] sufficient to establish that [the independent counsel] is an ‘inferior’ officer in the constitutional sense.”⁷³

The *Morrison* Court acknowledged that the line between inferior and principal officer is “far from clear.”⁷⁴ Not surprisingly, the Court again engaged in another difficult line drawing exercise in *Edmond v. United States*.⁷⁵ In *Edmond*, the Court considered “whether the Secretary of Transportation can lawfully appoint civilian members of the Coast Guard Court of Criminal Appeals.”⁷⁶ The ability of the Secretary of Transportation to appoint these civilian adjudicators hinged on whether these members of the court were principal or inferior officers.⁷⁷

The Court held that members of the Coast Guard Court of Criminal Appeals were inferior officers and attempted to provide a guideline for principal/inferior officer analysis.⁷⁸ This guidepost in *Edmond* was supervision.⁷⁹ The Court described inferior officers as those administrative officials who wield significant authority and “whose work is directed and *supervised* at some level by others who were appointed by presidential nomination with the advice and consent of the Senate.”⁸⁰

The civilian court members checked enough boxes for the *Edmond* Court to be comfortable characterizing them as inferior officers. The Court noted that the Judge Advocate General has administrative oversight over the Court of Criminal Appeals and

67. *Morrison*, 487 U.S. at 662.

68. *Id.* at 663 (quoting 28 U.S.C. § 596(a)(1)).

69. *Id.* at 670–71.

70. *Id.* at 671

71. *Id.*

72. *Id.* at 691.

73. *Id.* at 672.

74. *Id.* at 671.

75. 520 U.S. 651 (1997).

76. DUNFORD & SCHIFF, *supra* note 56 at 39; *Edmond*, 520 U.S. at 653.

77. *Id.*

78. *Id.* at 666.

79. *Id.*

80. *Id.* at 663.

could both appoint and remove these officers.⁸¹ Notably, the Judge Advocate General could remove these officers “without cause,” providing the Judge with a “powerful tool for control.”⁸² The Court also stressed that the Court of Appeals for the Armed Forces had the power to review and reverse the Coast Guard court’s decisions.⁸³

D. CASELAW POST *MORRISON* AND *EDMOND*

1. Intercollegiate Broadcasting System

Copyright scholars are often familiar with Appointments Clause challenges because of the 2012 D.C. Circuit opinion in *Intercollegiate Broad. Sys., Inc. v. Copyright Royalty Bd.* Although this case can be overlooked because of the recent *Arthrex* opinion, an in-depth analysis of this case may provide some insight into how the Court might analyze a possible Appointments Clause challenge to the CCB.

In *Intercollegiate*, the D.C. Circuit considered a challenge to the constitutionality of the Copyright Royalty Judges (“CRJ”) of the Copyright Royalty Board.⁸⁴ The Copyright Royalty and Distribution Reform Act of 2004 established the Copyright Royalty Judges program in the Library of Congress.⁸⁵ The Librarian of Congress appoints three CRJs to serve staggered six-year terms.⁸⁶ The CRJs “oversee the copyright law’s statutory licenses, which permit qualified parties to use multiple copyrighted works without obtaining separate licenses from each copyright owner.”⁸⁷ The CRJs also “determine and adjust royalty rates and terms applicable to the statutory copyright licenses” and “oversee distribution of royalties deposited with the Copyright Office.”⁸⁸

The CRJs possessed the authority to issue final rate determinations and possessed strong removal protections.⁸⁹ The CRJs were protected with good-cause-like removal protections.⁹⁰ The Librarian of Congress could remove CRJs only for (1) violations of standards of conduct like financial conflicts of interest, (2) misconduct, or (3) neglect of duty.⁹¹ Furthermore, the Librarian of Congress could only indirectly supervise CRJs by approving various procedural regulations and “overseeing various logistical aspects of their duties.”⁹² Lastly, the Librarian possessed arms-length control over the CRJ by way of the Register of Copyrights, who possessed the ability to “to interpret the copyright

81. *Id.* at 664; DUNFORD & SCHIFF, *supra* note 56 at 40.

82. *Edmond*, 520 U.S. at 664.

83. *Id.* at 664–665.

84. *Intercollegiate Broad. Sys. v. Copyright Royalty Bd.*, 684 F.3d 1332, 1334–35 (D.C. Cir. 2012).

85. *About Us*, U.S. COPYRIGHT ROYALTY BD., <https://www.crb.gov> [<https://perma.cc/W2L3-VDHW>] [<https://web.archive.org/web/20221012143419/https://www.crb.gov>] (last visited Feb. 20, 2022).

86. *Id.*

87. *Id.*

88. *Id.*

89. *Intercollegiate Broad. Sys.*, 684 F.3d at 1340–41.

90. *See* 17 U.S.C. § 802(i).

91. 17 U.S.C. § 802(h)–(i).

92. *Intercollegiate Broad. Sys.*, 684 F.3d at 1338.

laws and provide written opinions to the CRJs on ‘novel material question[s]’ of law; the CRJs must abide by these opinions in their determinations.”⁹³

The D.C. Circuit found the CRJs were principal officers and held that the structure of the CRB violated the Appointments Clause.⁹⁴ The D.C. Circuit emphasized the broad impact of CRB determinations and strong removal protections afforded to CRJs. The court noted that CRJ ratemaking decisions “have considerable consequences” and that “billions of dollars and the fates of entire industries can ride on the Copyright Royalty Board’s decisions.”⁹⁵ The Register of Copyrights’ control over rate-determinations was “quite faint.”⁹⁶ Moreover, the removability protections of the CRJs, limited to misconduct or neglect of duty, were unlike the protections afforded to the civilian court members of Coast Guard Court of Criminal Appeals in *Edmond*.

The D.C. Circuit’s remedy solely focused on CRJ’s removability protections. The court noted that “[o]nce the limitations on the Librarian’s removal authority are nullified, they would become validly appointed inferior officers.”⁹⁷ The court also quickly addressed the constitutional status of the Librarian of Congress, holding that the “Librarian is a Head of Department who may permissibly appoint the Copyright Royalty Judges.”⁹⁸

2. The Roberts Court’s look at the Appointments Clause: *Lucia* and *Arthrex*

The Roberts Court, armed with some new tools on how to tackle Appointments Clause cases, made two notable recent decisions in *Lucia v. SEC* and *United States v. Arthrex*.⁹⁹

In *Lucia*, the Court considered the constitutionality of the Administrative Law Judge (“ALJ”) system for the United States Securities and Exchange Commission (“SEC”).¹⁰⁰ SEC staff members, not the Commissioners, select five ALJs.¹⁰¹ The ALJs presiding over SEC enforcement actions have “extensive powers” comparable to “that of a federal district judge conducting a bench trial.”¹⁰² The Commission can review ALJ decisions “either upon request or sua sponte.”¹⁰³ However, if the Commission elects not to review an ALJ decision, it issues an order deeming the ALJ decision “the action of the Commission.”¹⁰⁴

93. *Id.* at 1338.

94. *Id.* at 1341.

95. *Id.* at 1337–38 (quoting *SoundExchange v. Librarian of Congress*, 571 F.3d 1220, 1226 (D.C. Cir. 2009) (Kavanaugh, J., concurring)).

96. *Id.* at 1339.

97. *Id.* at 1341.

98. *Id.*

99. *Lucia v. SEC*, 138 S. Ct. 2044 (2018); *United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021).

100. *Lucia*, 138 S. Ct. at 2049.

101. *Id.*

102. *Id.*

103. *Id.*

104. *Id.* (quoting 15 U.S.C. § 78d–1(c)).

The Court concluded that the SEC ALJs were officers, not employees, and thus were not validly appointed.¹⁰⁵ The Court likened the SEC ALJs to the STJs at issue in *Freytag* and claimed that “*Freytag* says everything necessary to decide this case.”¹⁰⁶ Like the STJs, the SEC ALJs wield “significant discretion” when carrying out “important functions” and have the ability to shape “fair and orderly adversarial hearings.”¹⁰⁷ In addition to the federal judge-like powers the SEC ALJs wield, the Court noted that these ALJs receive a career appointment “to a position created by statute, down to its ‘duties, salary, and means of appointment.’”¹⁰⁸

Justice Sotomayor dissented from the majority in *Lucia*, writing separately that the SEC ALJs were not officers primarily “because they lack[ed] final decision-making authority.”¹⁰⁹ Sotomayor stressed the Commission’s role throughout ALJ proceedings, specifically that the Commission “can review any initial decision” and can decide to “accept[] evidence itself or refer a matter to an ALJ.”¹¹⁰ Notably, both Justice Sotomayor’s dissent and Justice Breyer’s concurrence left some ambiguity about the court’s decision on the constitutionality of the SEC ALJ’s “for cause” removal protections.¹¹¹

The Court’s most recent foray into the Appointments Clause came in *United States v. Arthrex*. In 2015, Arthrex Inc. sued Smith & Nephew Inc. for patent infringement.¹¹² Smith & Nephew then filed an *inter partes* review (“IPR”) challenging the validity of Arthrex’s patent.¹¹³ The Patent Trial and Appeal Board (“PTAB”) invalidated Arthrex’s patent, and Arthrex appealed to the Federal Circuit, arguing that the PTAB judges were unconstitutionally appointed because the Secretary of Commerce lacked sufficient supervisory powers.¹¹⁴ The Federal Circuit agreed, finding that the PTAB judges were principal officers and “must be appointed by the President and confirmed by the Senate” and remanded the case for a new hearing before the PTAB.¹¹⁵ To cure this defect, the Federal Circuit suggested a remedy of a “partial invalidation of the statutory limitations on the removal of APJs.”¹¹⁶ The Federal Circuit found that the APJ’s removal protections— “only for such cause as will promote the efficiency of the service”—improperly limited the United States Patent and Trademark Office (“USPTO”) Director’s removal authority over the APJs.¹¹⁷

The Supreme Court took a different approach when it weighed in on the constitutionality of the APJs. The Court agreed with the Federal Circuit that the APJs

105. *Id.* at 2051.

106. *Id.* at 2053.

107. *Id.*

108. *Id.*

109. *Id.* at 2065 (Sotomayor, J., dissenting).

110. *Id.*

111. *Id.* at 2057–58 (Breyer, J., concurring).

112. Jasper L. Tran, *Life After Arthrex*, 103 J. PAT. TRADEMARK OFFICE SOC’Y 1, 5 (2021).

113. *Id.* at 6.

114. *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320, 1325 (Fed. Cir. 2019). See generally Russell W. Jacobs, *The Copyright Claims Board and The Appointments Clause*, 2021 U. ILL. L. REV. ONLINE 85 (2021).

115. *Arthrex*, 941 F.3d at 1335.

116. *Id.* at 1338.

117. *Id.* (quoting 5 U.S.C. § 7513(a)).

were officers and unconstitutionally appointed, but disagreed with the appropriate remedy, bluntly stating that this remedy “satisfied no one.”¹¹⁸ In crafting a new remedy, the Court focused on the reviewability of APJ decisions.¹¹⁹ Chief Justice Roberts, writing for the majority, held that the APJs wielded “unreviewable authority” during IPR review that “is incompatible with their appointment by the Secretary to an inferior office.”¹²⁰ The Court emphasized that there lacked a clear “chain of command” and that the APJs possessed unchecked authority without “review by their nominal superior or any other principal officer in the Executive Branch.”¹²¹

The Court provided a new remedy, effectively turning the APJs into clear inferior officers.¹²² The Court gave the USPTO Director the discretionary power to review PTAB decisions and “upon review, may issue decisions himself on behalf of the Board.”¹²³ Notably, the majority did not delve into the Government’s argument contending that “at-will removal by the Secretary [of Commerce] would cure the constitutional problem.”¹²⁴ The majority simply noted that review by the USPTO Director “better reflects the structure of supervision within the PTO and the nature of APJs’ duties.”¹²⁵

E. COPYRIGHT CLAIMS OFFICERS ARE INFERIOR OFFICERS

The Copyright Claims Officers are likely officers, not employees, because they wield significant authority and exercise significant discretion. Like the STJs in *Freytag*, these officers can manage cases before them and set parameters for hearings.¹²⁶ Copyright Claims Officers “manage proceedings, make evidentiary determinations, oversee discovery, and conduct hearings.”¹²⁷ Like the Copyright Royalty Board’s rate making authority, the Copyright Claims Officers’ ability to issue a final determination on whether a respondent infringed a claimant’s right could impose significant financial penalties.¹²⁸

Copyright Claims Officers wield the ability to make final determinations like the SEC ALJs in *Lucia*.¹²⁹ These officers can also “make determinations on copyright infringement claims and award monetary damages . . . independently without consulting the Register of Copyrights on the facts of any case.”¹³⁰ While Copyright

118. *United States v. Arthrex, Inc.*, 141 S. Ct. 1970, 1978 (2021).

119. *Id.* at 1985.

120. *Id.*

121. *Id.* at 1981–83.

122. *See* Tran, *supra* note 112, at 8.

123. *Arthrex*, 141 S. Ct. at 1987.

124. *Id.*

125. *Id.*

126. *Freytag v. Comm’r*, 501 U.S. 868 at 881–82 (1991).

127. *Jacobs*, *supra* note 113, at 90. *See also* 17 U.S.C. § 1502(a)(1) (describing the functions of copyright claims officers).

128. *Jacobs*, *supra* note 113, at 90; *Intercollegiate Broad. Sys. v. Copyright Royalty Bd.*, 684 F.3d 1332, 1337–38 (D.C. Cir. 2012).

129. *Jacobs*, *supra* note 113, at 90.

130. *Id.*

Claims Officers decisions do not have precedential effect, there are limited opportunities to appeal CCB decisions. This increases the likelihood that determinations by the copyright claims officers will be final.

Next, looking at whether the Copyright Claims Officers are principal or inferior officers is a closer call, but they are likely categorized as inferior officers.¹³¹ First, the Librarian of Congress appears to have the ability to remove a copyright claims officer *at will*.¹³² The CASE Act language mirrors “the rewrite of the removal language in 17 U.S.C. section 802(i) ordered by the D.C. Circuit in [*Intercollegiate*] to remedy the Appointments Clause problem.”¹³³ Second, the Librarian of Congress can influence the Officers via the Register of Copyrights.¹³⁴ The Officers are “under the general direction of the Register of Copyrights.”¹³⁵ The Register recommends copyright claims officers that the Librarian approves.¹³⁶ While the Officers may not consult with the Register on specific facts of a case, the officers can consult with the Register “on general issues of law.”¹³⁷ The Officers are also subject to performance appraisals.¹³⁸ These provisions provide significant avenues for the Librarian to directly influence the Copyright Claims Officers, making them inferior officers.

IV. ARTICLE III

A. A ROADMAP OF THE IMPORTANCE OF ARTICLE III IN THE PUBLIC RIGHTS DOCTRINE AND CONSENT TO NON-ARTICLE III COURTS

Article III of the Constitution establishes the judicial branch of the federal government and enables the Supreme Court and lower courts to hear cases and controversies.¹³⁹ As Professor Aistars notes, “despite this constitutional directive for

131. Professor Russell W. Jacobs similarly concludes that copyright claims officers would likely be found to be inferior officers. *See id.*

132. 17 U.S.C. § 1502(b)(7).

133. Jacobs, *supra* note 113, at 93. *Compare id.* (“Subject to section 1503(b) [independence determinations], the Librarian of Congress may sanction or remove a Copyright Claims Officer.”) with 17 U.S.C. § 802(i) (“The Librarian of Congress may sanction or remove a Copyright Royalty Judge for violation of the standards of conduct adopted under subsection (h) [financial conflicts of interest, restrictions against *ex parte* communications], misconduct, neglect of duty, or any disqualifying physical or mental disability.”).

134. *See generally* 17 U.S.C. § 1502 (indicating several provisions, like hiring and vacancies, where the Register can significantly influence the copyright claims officers).

135. 17 U.S.C. § 1503(c).

136. 17 U.S.C. § 1502(b)(1).

137. 17 U.S.C. § 1503(b)(2)(A).

138. 17 U.S.C. § 1503(b)(3).

139. U.S. CONST. art. III, §§ 1–2:

“The judicial power of the United States, shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time to time ordain and establish. The judges, both of the supreme and inferior courts, shall hold their offices during good behavior, and shall, at stated times, receive for their services, a compensation, which shall not be diminished during their continuance in

separation of powers and a judiciary independent of political influence, over the last century and a half, innumerable institutions and agencies have been created by Congress to adjudicate a variety of disputes in special tribunals and agencies outside the federal court system.”¹⁴⁰

This section examines the evolution of the public rights doctrine and distills from the caselaw a guide to determining whether a right is a private or public. The Court initially took a rigid approach when outlining the public rights doctrine, illustrated in *Murray’s Lessee v. Hoboken Land Improvement Co.*¹⁴¹ However, since *Thomas v. Union Carbide Agric. Prods. Co.*, the Court has increasingly taken a pragmatic approach when deciding whether a right is public or private.¹⁴² Regardless of how a right is defined, the Court has consistently authorized cases to proceed in non-Article III courts when the parties voluntarily waive their rights to be heard by an Article III court.¹⁴³ Finally, although the Court has never explicitly examined whether copyright is a private or public right, the section concludes that copyright is likely a private right because of its pre-statutory origins.

B. THE EVOLUTION OF THE PUBLIC RIGHTS DOCTRINE

The Court’s first venture into the constitutionality of a non-Article III court came in *Murray’s Lessee v. Hoboken Land Improvement Co.*¹⁴⁴ At issue in *Murray’s Lessee* was a “summary procedure, without benefit of the courts, for the collection by the United States of moneys claimed to be due from one of its own customs collectors.”¹⁴⁵ Importantly, the *Murray’s Lessee* decision is credited with creating the “public rights doctrine,” first described as matters “involving public rights, which may be presented in such form that the judicial power is capable of acting on them, and which are

office. The judicial power shall extend to all cases, in law and equity, arising under this Constitution, the laws of the United States, and treaties made, or which shall be made, under their authority;—to all cases affecting ambassadors, other public ministers and consuls;—to all cases of admiralty and maritime jurisdiction;—to controversies to which the United States shall be a party;—to controversies between two or more states;—between a state and citizens of another state;—between citizens of different states;—between citizens of the same state claiming lands under grants of different states, and between a state, or the citizens thereof, and foreign states, citizens or subjects.”

140. Sandra M. Aistars, *Ensuring Only Good Claims Come in Small Packages: A Response to Scholarly Concerns About a Proposed Small Copyright Claims Tribunal*, 26 GEO. MASON. L. REV. 65, 71 (2018).

141. 59 U.S. 272 (1855).

142. 473 U.S. 568 (1985).

143. See generally *Wellness Int’l Network v. Sharif*, 575 U.S. 665 (2015); *Peretz v. United States*, 501 U.S. 923 (1991); *Commodity Futures Trading Comm’n v. Schor*, 478 U.S. 833 (1986); *Roell v. Withrow*, 538 U.S. 580 (2003).

144. *Murray’s Lessee*, 59 U.S. 272.

145. LIBRARY OF CONGRESS, *Congressional Power To Establish Non-Article III Courts: Current Doctrine*, CONGRESS.GOV, https://constitution.congress.gov/browse/essay/artIII-S1-1-3-1-1/ALDE_00001191 [<https://perma.cc/FM5X-UVHB>] [https://web.archive.org/web/20220416030126/https://constitution.congress.gov/browse/essay/artIII-S1-1-3-1-1/ALDE_00001191] (last visited Apr. 16, 2022).

susceptible of judicial determination, but which congress may or may not bring within the cognizance of the courts of the United States.”¹⁴⁶ The doctrine evolved in *Crowell v. Benson*, where the Court upheld the ability of Congress to establish “legislative” courts.¹⁴⁷ The *Crowell* Court defined public rights as matters “between the government and persons subject to its authority in connection with the performance of the constitutional functions of the executive or legislative departments.”¹⁴⁸

The public rights doctrine has evolved in a confusing manner throughout modern jurisprudence and the Court often has a difficult time drawing the line between a public and a private right. After *Crowell*, the Court appeared to take a more pragmatic approach rather than undertake formal classification exercises, as illustrated in *Thomas v. Union Carbide Agric. Prods. Co.*¹⁴⁹ In *Union Carbide*, the Court upheld the constitutionality of a binding arbitration process that the EPA used to resolve disputes among participants in the Federal Insecticide, Fungicide, and Rodenticide Act’s registration scheme.¹⁵⁰ Here, Justice O’Connor described the public rights doctrine as reflecting “a pragmatic understanding that when Congress selects a quasi-judicial method of resolving matters that ‘could be conclusively determined by the Executive and Legislative Branches,’ the danger of encroaching on the judicial powers is reduced.”¹⁵¹

Two relatively recent cases illustrate a slightly different approach than the approach the Court took in *Union Carbide*, indicating a possible return to a *Crowell*-like formal approach. First, in 2011, the Court in *Stern v. Marshall* analyzed whether a Bankruptcy Court judge could enter final judgment on a tortious interference counterclaim.¹⁵² Chief Justice Roberts, writing for the majority, wrote that “it is still the case that what makes a right ‘public’ rather than private is that the right is integrally related to particular Federal Government action.”¹⁵³ Following this guidance, the majority held that the tortious interference counterclaim did not fall under the public rights exception and thus the Bankruptcy Court lacked the constitutional authority to enter a final judgment.¹⁵⁴ However, possibly offering an additional factor in the analysis, Chief Justice Roberts noted that this case did not present “a situation in which Congress devised an ‘expert and inexpensive method for dealing with a class of questions of fact which are particularly suited to examination and determination by an administrative agency specially assigned to that task.’”¹⁵⁵

146. *Murray’s Lessee*, 59 U.S. at 284.

147. *Crowell v. Benson*, 285 U.S. 22, 50 (1932) (distinguishing “legislative” courts from “constitutional” courts).

148. *Id.*

149. *Aistars*, *supra* note 140, at 72; *Thomas v. Union Carbide Agric. Prods. Co.*, 473 U.S. 568, 594 (1985).

150. *Id.* at 571.

151. *Id.* at 589 (quoting *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 68 (1982)).

152. *Stern v. Marshall*, 564 U.S. 462, 470–71 (2011).

153. *Id.* at 490–91.

154. *Id.* at 493, 503.

155. *Compare id.* at 494 (quoting *Crowell v. Benson*, 285 U.S. 22, 50 (1932)), *with In re Reed*, 888 F.3d 930, 935–36 (8th Cir. 2018) (holding that a bankruptcy court could hear a counterclaim that stems from bankruptcy itself and does not implicate a common law claim).

Jumping ahead to 2018, in *Oil States Energy Servs. v. Greene's Energy Grp.*, the Court addressed the public rights doctrine in an intellectual property context.¹⁵⁶ Specifically, the Court analyzed whether the USPTO's *inter partes* review before the PTAB violates Article III.¹⁵⁷ The Court noted that in determining "whether a proceeding involves an exercise of Article III judicial power" the Court distinguishes between public and private rights.¹⁵⁸ Justice Thomas, writing for the majority, stated that the Court "has not 'definitively explained' the distinction between public and private rights."¹⁵⁹ But, rather than adding to the "various formulations" of the doctrine, Justice Thomas reiterated the Crowell test emphasizing matters "arising between the government and others."¹⁶⁰ Under this rubric, the Court held that "[i]nter partes review falls squarely within the public-rights doctrine."¹⁶¹ Justice Thomas and the majority explicitly stated that "the decision to grant a patent is a matter of public rights" and that *inter partes* review "involves the same basic matter as the grant of the patent."¹⁶² Furthermore, the majority disagreed with Justice Gorsuch's dissent which found that Article III courts' traditional jurisdiction over patent validity foreclosed the possibility of other courts engaging in the same adjudication.¹⁶³

C. CONSENTING TO NON-ARTICLE III COURTS

The classification of a right as public or private does not end the constitutional analysis of whether a matter can proceed before a non-Article III court. In contexts like proceedings before magistrate judges or non-bankruptcy courts, courts often consider whether the parties voluntarily consented to a non-Article III tribunal.¹⁶⁴

The Supreme Court has demonstrated a willingness to allow cases to proceed before non-Article III courts, even when they would normally be heard by an Article III court, when the parties voluntarily waive their right to be heard before an Article III court.¹⁶⁵ In 2015, the Court in *Wellness Int'l Network, Ltd. v. Sharif*, held that "Article III is not violated when the parties knowingly and voluntarily consent to adjudication by a bankruptcy judge."¹⁶⁶ Justice Sotomayor, writing for the majority, relied heavily on

156. *Oil States Energy Servs. v. Greene's Energy Grp.*, 138 S. Ct. 1365 (2018).

157. *Id.* at 1370–72.

158. *Id.* at 1373.

159. *Id.* at 1373 (quoting *N. Pipeline Constr. v. Marathon Pipe Line*, 458 U.S. 50, 69 (1982)).

160. *Id.* (quoting *Crowell v. Benson*, 285 U.S. 22, 50 (1932)).

161. *Id.* But see Adam Mossoff, *Statutes, Common Law Rights, and the Mistaken Classification of Patents as Public Rights*, 104 IOWA L. REV. 2591 (2019) (disagreeing with the Court's delineation of public and private rights in *Oil States* and noting that it is a mistake to classify patents as solely statutory based).

162. *Oil States Energy Services*, 138 S. Ct. at 1373–74.

163. *Id.* at 1378.

164. See, e.g., *Roell v. Withrow*, 538 U.S. 580, 590 (2003) (holding that implied consent is sufficient to proceed before a magistrate judge); *Commodity Futures Trading Comm'n v. Schor*, 478 U.S. 833, 849 (1986) (holding that the respondent waived any right to a full trial of a counterclaim before an Article III court because he consented to proceedings before the CFTC).

165. See generally *Wellness Int'l Network, Ltd. v. Sharif*, 575 U.S. 665 (2015); *Peretz v. United States*, 501 U.S. 923 (1991); *Schor*, 478 U.S. 833; *Roell*, 538 U.S. 580.

166. *Sharif*, 575 U.S. at 669.

Commodity Futures Trading Comm'n v. Schor to support the conclusion that “the entitlement to an Article III adjudicator is ‘a personal right’ and thus ordinarily ‘subject to waiver.’”¹⁶⁷ Notably in *Sharif*, the Court applied a pragmatic, *Union-Carbide* approach to address the Article III concerns.¹⁶⁸ Justice Sotomayor focused her analysis on the “practical effect” that allowing proceedings before this bankruptcy court “[would] have on the constitutionally assigned role of the federal judiciary” rather than reaching a decision based on “formalistic and unbending rules.”¹⁶⁹ Justice Sotomayor clarified the jurisprudence regarding Article III, writing that “the cases in which this Court has found a violation of a litigant’s right to an Article III decisionmaker have involved an objecting defendant forced to litigate *involuntarily* before a non-Article III court.”¹⁷⁰

The majority in *Sharif* emphasized the structural purpose of Article III.¹⁷¹ Justice Sotomayor summarized decades of Article III jurisprudence stemming from *Schor* and *Peretz*, writing that Article III “bar[s] congressional attempts to transfer jurisdiction [to non-Article III tribunals] for the purpose of emasculating constitutional courts and thereby prevent[ing] the encroachment or aggrandizement of one branch at the expense of the other.”¹⁷² Furthermore, the majority wrote that “allowing Article I adjudicators to decide claims submitted to them by consent does not offend the separation of powers so long as Article III courts retain supervisory authority over the process.”¹⁷³

Consent may also be implied, at least in the context of proceedings before a magistrate judge.¹⁷⁴ The 2003 case *Roell v. Withrow* involved a proceeding before a magistrate judge in which the respondent argued that he did not provide consent.¹⁷⁵ The majority here found that the Federal Magistrate Act of 1979 intended to permit implied consent from the parties.¹⁷⁶ In accepting implied consent, the court noted that this promoted “judicial efficiency” and “substantially honored” the Article III right.¹⁷⁷

D. COPYRIGHT AS A PRIVATE RIGHT

The evolution of the public rights doctrine necessitates a look at whether copyright is a public or private right. While the Court has never explicitly addressed this issue, Justice Thomas’ opinion in *Feltner v. Columbia Pictures Television* provides some insight into how the Court might likely view copyright as a private right.¹⁷⁸ In *Feltner*, the Court held that the “Seventh Amendment grants a right to a jury trial when a copyright

167. *Id.* at 678 (quoting *Schor*, 478 U.S. at 848).

168. *Id.*

169. *Id.* (quoting *Schor*, 478 U.S. at 851).

170. *Id.* at 682–83 (emphasis added).

171. *Id.* at 678.

172. *Id.* (internal quotation marks omitted).

173. *Id.*

174. *See generally* *Roell v. Withrow*, 538 U.S. 580 (2003).

175. *Id.*

176. *Id.* at 588.

177. *Id.* at 590–591.

178. 523 U.S. 340 (1998).

owner elects to recover statutory damages.”¹⁷⁹ In reaching this holding, Justice Thomas discussed the pre-statutory origins of copyright. Justice Thomas wrote that “the common law and statutes in England and this country granted copyright owners causes of action for infringement.”¹⁸⁰ Furthermore, Justice Thomas noted that “statutory copyright protections were enacted even before adoption of the Constitution.”¹⁸¹ The eventual passage of the Copyright Act of 1970 did not “change[] the practice of trying copyright actions for damages in courts of law before juries.”¹⁸² The historical recognition of copyright remedies supports the proposition that copyright is a private right.

Copyright does not necessarily implicate the government. Yes, the USCO plays a role in registration, and a work must either be registered or denied registration in order to bring an infringement claim.¹⁸³ However, copyright protection begins automatically as soon as an original work of authorship is fixed within a tangible medium of expression, and registration does not create entitlement.¹⁸⁴ Unlike the USPTO’s granting of a patent, the USCO does not grant a copyright to a creator. The USCO’s minimal involvement and pre-Constitution origins of copyright strongly indicate that copyright is a private right.

V. OPPOSITION GROUPS AND CHALLENGES

Groups that have opposed the CCB, like EFF, Public Knowledge, and the ACLU raise several constitutional concerns, perhaps most notably that: (1) Congress cannot assign some copyright disputes to an administrative tribunal, (2) CCB officers wield “nearly unreviewable authority” (like the concern raised about PTAB judges in *Arthrex*), (3) the CCB fails the public rights doctrine test, and (4) the CCB dilutes the fair use defense.¹⁸⁵

179. *Id.* at 342.

180. *Id.* at 348.

181. *Id.* at 350.

182. *Id.* at 351.

183. UNITED STATES COPYRIGHT OFFICE, CIRCULAR 1 COPYRIGHT BASICS (2021); *see also* Fourth Estate Pub. Benefit Corp. v. Wall-Street.com, 139 S. Ct. 881, 886–88 (2019).

184. UNITED STATES COPYRIGHT OFFICE, *supra* note 183.

185. *See, e.g.*, Katharine Trendacosta, *Congress Continues to Ignore the Dangerous Flaws of the CASE Act*, ELECTRONIC FRONTIER FOUND. (Sept. 11, 2019), <https://www.eff.org/deeplinks/2019/09/congress-continues-ignore-dangerous-flaws-case-act> [<https://perma.cc/2YKV-DD4M>] [<https://web/20221006200318/https://www.eff.org/deeplinks/2019/09/congress-continues-ignore-dangerous-flaws-case-act>]; Meredith Whipple, *Public Knowledge Condemns Passage of CASE Act in Funding Bill*, PUB. KNOWLEDGE (Dec. 21, 2020), <https://publicknowledge.org/public-knowledge-condemns-passage-of-case-act-in-funding-bill> [<https://perma.cc/B37L-ZWfy>] [<https://web.archive.org/web/20221006200601/https://publicknowledge.org/public-knowledge-condemns-passage-of-case-act-in-funding-bill>]; ACLU Letter to Members of the House of Representatives, *supra* note 16; Public Knowledge et al., Comments Before the Copyright Office: In the Matter of Copyright Alternative in Small-Claims Enforcement (“CASE”) Act Regulations (Apr. 26, 2021), <https://publicknowledge.org/policy/comments-to-the-copyright-office-on-the-case-act> [<https://perma.cc/P2AU-9FW8>] [<https://web.archive.org/web/20221012191305/https://publicknowledge.org/policy/comments-to-the-copyright-office-on-the-case-act>].

Critics point to *Stern* for the proposition that “Congress does not have power under Article I of the Constitution to establish tribunals to adjudicate certain types of claims because such claims can only be adjudicated by Article III courts.”¹⁸⁶ Regardless of whether copyright is classified as a public or private right, these critics argue that CCB is unconstitutional because it would adjudicate “copyright infringement claims over which Article III courts have long had exclusive jurisdiction.”¹⁸⁷

CCB detractors also allege that the CCB wields “nearly unreviewable authority.”¹⁸⁸ This problem is exacerbated because of concerns that the USCO is captured and is biased towards copyright holders.¹⁸⁹ Regardless of the speculation of USCO bias towards copyright holders, critics are correct that there are limited opportunities to review CCB decisions.¹⁹⁰ The Court’s emphasis on the lack of reviewability of APJ decisions in *Arthrex* signals that the Court may side with critics on this issue.

As discussed above, copyright is likely a private right.¹⁹¹ Thus, critics allege that since Article I tribunals can only adjudicate public rights, the CCB “fails the public rights doctrine test.”¹⁹² Furthermore, even if the copyright is a public right, the lack of ability to appeal a CCB decision to an Article III court leads to the CCB failing the public rights doctrine requirements.¹⁹³

Lastly, and perhaps most importantly, is the concern that the CCB will dilute the fair use defense.¹⁹⁴ Fair use in copyright law is a complicated, mixed question of law and fact and is often the crux of a copyright litigation.¹⁹⁵ Public Knowledge and other critics rightly note that “fair use is not static; courts are constantly adapting the four factors to accommodate new uses, formats, technologies, and concerns.”¹⁹⁶ Reviewing the four fair use factors often involves a complex deep dive into the underlying facts and extensive discovery in a case.¹⁹⁷ Critics argue that the CCB is not equipped to deal with

Opposition groups raise other concerns that are unaddressed in this Note. These arguments include that the CCB violates the due process rights of litigants, possesses overly broad jurisdiction, has inadequate opt-out procedures that will lead to a “default judgment mill,” and will create a new breed of “copyright trolls.” See Aistars, *supra* note 140, for a response to most of these concerns.

186. Pamela Samuelson & Kathryn Hashimoto, *Scholarly Concerns About a Proposed Copyright Small Claims Tribunal*, 33 BERKELEY TECH. LAW. J., 689, 692 (2018).

187. *Id.* at 693.

188. ACLU Letter to Members of the House of Representatives, *supra* note 16, at 2.

189. See Meredith Whipple, *The Consequences of Regulatory Capture at The Copyright Office*, PUB. KNOWLEDGE (Sept. 8, 2016), <https://publicknowledge.org/the-consequences-of-regulatory-capture-at-the-copyright-office> [<https://perma.cc/4ZWU-7V5S>] [<https://web.archive.org/web/20221006200934/https://publicknowledge.org/the-consequences-of-regulatory-capture-at-the-copyright-office>]. As Whipple notes, “[r]egulatory capture occurs when a government agency is consistently or repeatedly directed away from the public interest and toward the interests of the regulated industry.”

190. See *infra* Part II.

191. See *infra* Part IV.D.

192. Pub. Knowledge et al., Comments Before the Copyright Office, *supra* note 185, at 4.

193. *Id.* at 6.

194. See, e.g., *id.*, *supra* note 185.

195. One of the most prominent recent copyright cases, *Google v. Oracle* demonstrates the importance of fair use analysis in a copyright litigation. 141 S. Ct. 1183 (2021) (finding Google’s copying of Java API’s protected fair use largely because of the public benefit the copying provided).

196. Pub. Knowledge et al., Comments Before the Copyright Office, *supra* note 185, at 18.

197. *Id.*

complicated fair use cases and that “the CCB should dismiss cases that raise a fair use defense for lack of subject matter jurisdiction.”¹⁹⁸ The possibility that CCB tribunal judges would create novel fair use interpretations poses strong constitutional concerns. A truncated fair use analysis also raises the concern that the CCB officers are diluting the fair use defense for parties before the tribunal.

VI. DEFENSE OF THE CONSTITUTIONALITY OF THE CCB

The opposition groups have valid concerns and given the strong opposition to the passage of the CASE Act, a legal challenge from these groups is likely. However, ultimately, the CCB as currently constructed is constitutionally valid and likely to withstand potential renewed attacks.

First and foremost, as proponents often note, the voluntary nature of the CCB alleviates Article III concerns.¹⁹⁹ Like the bankruptcy proceedings in *Sharif*, parties provide their consent to proceedings before the CCB because a claimant voluntarily selects the CCB and the respondent can opt-out and proceed in federal court. Should the Court follow a pragmatic approach like it did in *Sharif*, a party waiving the right to proceed in federal court and opting for the CCB does not pose any Article III issue. As the USCO noted in its 2013 report, the “Court has had the greatest difficulty with the broad mandate of the bankruptcy courts, including those courts’ ability to decide state law claims that, even if related to a bankruptcy proceeding, are not essential to the process.”²⁰⁰ This concern was apparent in *Sharif*. But unlike bankruptcy courts, the CCB has a small mandate, adjudicating over small copyright claims that would not generally be pursued in federal courts. Thus, the voluntary nature of proceedings before the CCB should outweigh any Article III concerns.

Second, as discussed above in Part III Section E, Copyright Claims Officers are likely inferior officers. Since the Librarian of Congress can remove the Officers seemingly at will and can exercise significant authority over the Officers via the Register of Copyrights, this alleviates any possible appointments clause issue.²⁰¹ The Court’s more recent look at the Copyright Office through the lens of an Appointments Clause challenge was *Intercollegiate*. This case is a plausible starting point for a challenge, and the Court will likely be able to distinguish the CRJs from the Copyright Claims Officers and observe that the CASE Act language mirrors the remedied CRJ language.²⁰²

Third, although copyright is likely a private right, the Court has yet to expressly address this issue and it may treat copyright as a public right because of its historic kinship with patent law. Furthermore, the House of Representative suggested in its Report on the CASE Act that “at least for some purposes, the case law suggests that the grant of a copyright should be considered a public right.”²⁰³ The Court often draws

198. *Id.* at 18–19.

199. U. S. COPYRIGHT OFF., *supra* note 7, at 41.

200. *Id.* at 39.

201. *See infra* Part III.D.

202. Jacobs, *supra* note 114, at 93.

203. H.R. REP. NO. 116–252, at 21 (2019).

parallels between patent and copyright law and did so recently in the 2020 case *Allen v. Cooper*, where the Court held that the IP Clause (Article 1, Section 8, Clause 8) “could not provide the basis for an abrogation of sovereign immunity.”²⁰⁴ Justice Kagan, writing for the majority, heavily relied on precedent in a patent infringement case, *Florida Prepaid Post Secondary Educ. Expense Bd. v. College Sav. Bank*. In *Florida Prepaid*, the Court examined the Patent Remedy Act, which, like the Copyright Remedy Clarification Act of 1990 (CRCA) at issue in *Allen*, sought “to put ‘states on the same footing as private parties.’”²⁰⁵

The Court has treated copyright law and patent law as interchangeable in numerous areas. For example, in the seminal copyright case *Sony Corp. of America v. Universal City Studios*, the Court explicitly relied on the historic kinship between the two areas in developing contributory infringement in the copyright context.²⁰⁶ In *Sony*, the Court “engrafted an express provision from the Patent Act of 1952 onto the Copyright Act of 1976.”²⁰⁷ The *Sony* court imported patent law’s staple article of commerce doctrine “into the realm of copyright law.”²⁰⁸ Thus, should the Court directly address this issue, it will likely draw parallels to patent law and may ultimately decide that like patents, copyrights are public rights because of the common origin and similarities between the two areas. Therefore, this particular issue may weigh against a finding of constitutionality.

Finally, regarding the dilution of the fair use defense, CCB determinations lack precedential effect, thus minimizing this concern. In situations where there are circuit splits or conflicting judicial precedent, the CCB “shall follow the law of the Federal jurisdiction in which the action could have been brought if filed in a district court,” or if the action could be brought in multiple jurisdictions, “the jurisdiction that the Copyright Claims Board determines has the most significant ties to the parties and conduct at issue.”²⁰⁹ This prevents CCB Officers from creating “new law” or altering substantive copyright law in any way. Lastly, in the unusual scenario where a respondent raises a novel fair use defense that the CCB cannot properly evaluate because the tribunal lacks proper evidence, the “the case could be dismissed without prejudice to be litigated in federal court.”²¹⁰

VII. POSSIBLE APPROACHES THE SUPREME COURT MAY TAKE

Since there are similarities between the CCB and PTAB, the Court may invoke an *Arthrex* style remedy like making the Librarian of Congress, a presidentially nominated

204. *Allen v. Cooper*, 140 S. Ct. 994, 1007 (2020).

205. *Id.* at 996 (quoting *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627, 647 (1999)).

206. 464 U.S. 417, 439 (1984).

207. Peter S. Minnel & David Nimmer, *Unwinding Sony*, 95 CAL. L. REV. 941, 943 (2007).

208. *Id.* at 944.

209. 17 U.S.C. § 1506 (2).

210. U. S. COPYRIGHT OFF., *supra* note 7, at 107.

and Senate confirmed position, “the reviewer of the claims board decisions.”²¹¹ However, as discussed, there are fundamental differences between Copyright Claims Officers and the PTAB APJs that make reviewability less of a concern.²¹² Furthermore, the Copyright Office is housed in the Legislative Branch, rather than the Executive Branch like the USPTO, thus making *Arthrex* less applicable.²¹³

The Court may also impose greater opportunities for appealing CCB decisions to federal courts if it sees an Article III challenge. However, adding greater opportunities for appeal would likely be a fatal blow to the CCB.²¹⁴ The purpose of the CCB is to provide copyright holders with a streamlined, cost-effective version to federal court litigation. Adding the possibility of an appeal to a federal court imposes additional expenses on litigants and adds further uncertainties for those seeking to enforce their copyright protections against alleged infringers.

The Court may also view the CCB as “an opt-in arbitration service” and see no constitutional issue.²¹⁵ Proceedings before the CCB share similarities with arbitration and other alternative dispute resolution forums. Like in arbitration models, participants can consent to participate in CCB and waive their rights to be heard in federal court and potentially by a jury.²¹⁶ The limited opportunities to appeal CCB decisions are similar to those afforded in Section 10 of the Federal Arbitration Act.²¹⁷ The Supreme Court has not stated that the Federal Arbitration Act “threatens the integrity of the judicial branch.”²¹⁸ Furthermore, unlike some private arbitration venues, the CCB is “subject-matter limited to statutory copyright law, rather than the common law.”²¹⁹ Thus, arguably the Court could see no problem with the CCB hearing limited small copyright claims and not even grant certiorari to a possible challenge to the CCB.

VIII. CONCLUSION

The launch of the Copyright Claims Board brings the possibility that opposition groups will renew their critiques of the CCB and at some point challenge the tribunal’s constitutionality in federal court.²²⁰ The growing use of Appointments Clause

211. Samantha Handler, *Supreme Court’s Patent Judge Ruling May Bedevil Copyright Board*, BLOOMBERG L. (Sept. 7, 2021), <https://news.bloomberglaw.com/ip-law/supreme-courts-patent-judge-ruling-may-bedevil-copyright-board> [<https://perma.cc/UCV4-J3NC>] [<https://web.archive.org/web/20221027183319/https://news.bloomberglaw.com/ip-law/supreme-courts-patent-judge-ruling-may-bedevil-copyright-board>].

212. See *infra* Parts II and VI.

213. *Id.*

214. See *Don’t Be Bamboozled by Public Knowledge’s Lie About the CASE Act*, COPYRIGHT ALLIANCE, <https://copyrightalliance.org/dont-be-bamboozled-by-public-knowledges-lies-about-the-case-act> [<https://perma.cc/RRF2-QJPY>] [<https://web.archive.org/web/20221007221041/https://copyrightalliance.org/dont-be-bamboozled-by-public-knowledges-lies-about-the-case-act>] (last visited Mar. 13, 2022).

215. Jacobs, *supra* note 114, at 89.

216. See *infra* Part II.

217. H.R. REP. NO. 116-252, at 22 (2019).

218. *Id.*

219. *Id.*

220. See Handler, *supra* note 211.

challenges by parties as a mechanism to review unfavorable decisions, as demonstrated by *Arthrex* and *Lucia*, show that one of the main critiques of the CCB will likely be that it wields unreviewable authority and its officers are improperly appointed. However, the CCB officers are likely inferior officers and the Librarian of Congress possess adequate removal and supervisory powers over the officers, distinguishing this situation from the challenges in *Arthrex* and *Lucia*.

A constitutional challenge to the CCB could force the Court to finally tackle the question of whether copyright is a public or private right. Justice Thomas' opinion in *Feltner* and the pre-statutory origins of copyright suggest that it is a private right. However, a finding of copyright as a public right would not be dispositive because the voluntary nature of the proceedings mitigates concerns with a non-Article III court adjudicating a public right. A claimant chooses the CCB over federal court and a respondent can decide to opt-out, thus providing clear and uncoerced consent to litigate the dispute before the CCB. Thus, this brings the CCB in line with modern Article III jurisprudence established in *Sharif*.

The CCB is a long-sought-after alternative dispute resolution forum for copyright holders with small claims seeking to enforce their rights against possible infringers. Commentators properly question how many people will actually participate in the CCB and whether it will meet its goal of providing a streamlined, cost-efficient alternative to federal court litigation.²²¹ Time will provide an answer to that, but for now, the passage of the CASE Act and the establishment of the CCB demonstrates a laudable step to finally providing creators with small copyright infringement claims a true remedy for their rights.

221. *Id.*

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