

# [***Can Blockchain Turbocharge Fan Fiction And Protect Authors From AI s Threat?***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:698S-VBV1-DXVP-502K-00000-00&context=1516831)

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**Highlight:** Story Protocol s immutable digital repository for intellectual property would give amateur devotees input into movies, books, games and music. It could also provide a blueprint for copyright holders wanting protection from artificial intelligence.

**Body**

**Story Protocol s immutable digital repository for intellectual property would give amateur devotees input into movies, books, games and music. It could also provide a blueprint for copyright holders wanting protection from artificial intelligence.**

**By Mitchell Martin, Forbes Staff**

The internet gave fanfiction a shot in the arm, making it easy for writers and readers to find each other and obsess over their favorite characters. Artificial intelligenceis putting it on growth hormones, allowing easy animation and offering plot suggestions of its own.

The next step might be nirvana for fiction fanatics. What if devotees of Hercule Poirot or Buffy Summers could profit from spinning new tales and influence the official evolution of beloved characters and stories rather than building on the work of original authors as an unpaid labor of love?

Seung Yoon Leethinks that s desirable and inevitable. A serial entrepreneur with an Oxford degree who has never worked full time for anybody else and a member of the Forbes Asia 30 Under 30 list from 2016 Lee has raised $54 million of financing, including $25 million announced this month for his start up Story Protocol. The funding was led by Silicon Valley venture-capital heavyweight Andreessen Horowitz and included Samsung s venture unit; impresarioBang Si-hyuk, whose company manages the Korean boy band BTS, and North American singers Justin Bieber and Ariana Grande; TPG co-founder David Bonderman, and socialite Paris Hilton s 11:11 media company.

Story Protocol is a blockchain-based repository system that allows creators to accept and encourage contributions from their audiences. Fan-fiction producers could provide input running from idea generation to authorized stories. The opportunity spans the entire worldwide entertainment and media sector, which the accounting and consulting firm PwC estimatedin June to have had $2.3 trillion in 2022 revenue. The combination of movies, television and streaming accounts for almost $500 billion of annual sales, followed by gaming at $213 billion, books $66 billion and music, where the Story Protocol system could be useful in relation to remixing songs, $61 billion.

Andreesen Horowitz, also known as a16z, also led a quietly raised seed round of $29 million that was announced in May. Their vision for solving a few core problems plaguing the media and entertainment industry is what really convinced us to double down tracking provenance, cataloging IP, and incentivizing remixing and new forms of creativity, Sriram Krishnan, general partner at a16z Crypto, tells**Forbes**. Neither he nor Lee would reveal the overall valuation of the startup implied by the financing to date.

The system starts with a repository for intellectual property that is similar to GitHub, a collaboration and hosting service for computer programs. Andreessen Horowitz was an early backer of the company, which is now owned by Microsoft.

Lee says that the Story Protocol repository will be held on the Ethereum blockchain, providing global access for many kinds of intellectual property including literature, video and music with terms governed by self-executing smart contracts. Lee, who goes by S.Y., says that will allow for rapid communication among collaborators and can cut traditional intermediaries out of the equation. Those registering intellectual property need never interact with the service beyond that, but Lee says many will want to.

Once the IP is captured on the blockchain, he says, it grants the owner complete control, including setting licensing or remixing terms with just a few clicks instead of hiring an entire team of lawyers.

Those transactions are one way Story Protocol plans to earn money, charging a small percentage of each usage. Lee says, while the repository will be free. For now, the company is working on building out its technology, he adds, and other profit opportunities may arise through value captured by facilitating economic activity. There are many ways to translate that value capture, including the model Ethereum and Bitcoin adopted by creating cryptocurrencies, but he would not provide further details.

What used to be a niche subculture of fan-fiction and fan-art limited to a few websites will flood every major social platform.

What makes his proposition timely is the disruptive effect that the marriage of artificial intelligence and fan-generated content is likely to have, especially on visual entertainment. AI will allow such material to grow exponentially in quantity and quality, Lee wrote in an email. It will overwhelm copyright holders ability to police the use of their material. He points to AI-powered spoof commercialsbased on fictional characters, such as a recent advertisement for luxury fashion house Balenciaga that is based on J.K. Rowling s Harry Potter series, which has gotten 10 million views on Youtube, as evidence that the technology is almost ready to compete withHollywood.

What used to be a niche subculture of fan-fiction and fan-art limited to a few websites will flood every major social platform, with the production cost of good enough content trending to zero, according to Lee. Brands and IP owners will have no choice but to react swiftly.

The array of investors backing Story Protocol indicates that Lee may be on to something.

We're seeing that some of the most creative ideas on the internet aren't getting translated into longer formats, like movies and TV, says a16z s Krishnan. Today, we see many remakes of old shows or comic book series instead. He attributes this to mainstream intellectual property remaining gatekept and read-only despite multimedia franchises attracting some of the most avid and imaginative communities.

BillionaireDavid Bondermanof TPG is financing Story Protocol for his own account. He tells**Forbes**by email that he is investing in the idea that intellectual property is due for a shakeup. The playbook on how to build the next blockbuster franchise and sourcing original IPs is changing rapidly. Nobody knows what will stick.

That rapid change reflects in part improvements in AIimage-realism, animation and text generation combining to threaten the big-business model that dominates content production, according to Lee. Soon people will be able to combine these so that you can have a complete story with top-tier illustrations and a 30-second teaser video in a matter of weeks, if not days.

Lee is joined by co-founders Jason Levy, who will be chief operating office, and Jason Zhao, who is leading development of the actual protocol behind Story Protocol. Levy has experience in mobile entertainment and spent five years as an Apple financial analyst, Lee says, while Zhao is a techie who has studied philosophy.

David Goyer, a filmmaker and novelist who wrote the Blade and Dark Knight trilogies, has signed on as an advisor.

S.Y. Lee is the 32-year-old son of orthopedist father Hong Kun Lee and Sung Hye Jung, a professor of fashion design and textiles at Inha University in Incheon, South Korea. Both of his grandfathers had been entrepreneurs, he says, but their businesses ultimately failed. His parents took professional jobs as a result, and they wanted the same for their son, although his mother retired from academia and now runs a company that makes scarves.

Lee began his career in Washington in the summer of 2008, unbitten by the entrepreneurial bug. He was living with an aunt in Virginia and wrangled an internship with Bobby Scott, the Democrat who has been representing the state s third district since 1993. Lee was developing a fascination for ***politics***, and he spent the next summer interning at South Korea s National Assembly in his native Seoul.

One takeaway from his experiences in the two countries was that South Korea at the time was extremely Americanized, and Lee felt he should get a European perspective. That led him to Oxford University, where he earned a bachelor s degree in philosophy, ***politics*** and economics in 2014. He took four years to graduate instead of the usual three because he spent most of 2012 as president of the Oxford Union, an independent debating society whose members are primarily from the university. Previous presidents include former British Prime Ministers William Gladstone, Edward Heath and Boris Johnson; Benazir Bhutto, the former prime minister of Pakistan; and William Rees-Mogg, former editor of the Times of London.

The Oxford Union gig allowed S.Y. to host guest speakers like former Senator John McCain, PayPal co-founder Peter Thiel, and Psy, the Korean rapper with the then-hit Gangam Style video, expanding his contacts in the worlds of ***politics***, finance and entertainment and changing his career direction. ***Politics*** was very emotionally draining, he says, and he became very interested in entrepreneurship.

By the summer of 2014, Lee found his calling . He had been writing freelanceinterviewsfor the Korean daily JoongAng and had come to believe that the advertising-driven model of journalism was broken. Lee said he came up with the idea of an online interface to match readers with journalists by letting users finance writers that they liked. This targeted crowdfunding model became Byline.com, which launched in 2015, with about $850,000 of financing that included contributions from real estate billionaireNicolas Berggruen who Lee hosted at the Oxford Union and who has invested in Story Protocol and Jaewoong Lee, founder of Daum, a South Korean web portal now owned by Kakao Entertainment of Seoul.

Byline still exists in a different form, but Lee has stepped away because it did not scale the way I had hoped.

The problem, he says, was that readers were paying writers to tell them what they wanted to hear, rather than what they needed to know. The site became a political echo chamber. In 2016. Lee and co-founder Daniel Tudor turned the Byline s assets over for a tiny amount of money to journalists Peter Jukes and Stephen Colegrave, who agreed that crowdfunding alone would not support independent journalism, according to a March 2019 posting on the site. The business has now become a monthly newspaper called Byline Timeswith limited crowdfunding, and it has several affiliated companies.

Lee already had a new idea ready to go, Radish Fiction, which was developed under the same corporate entity that had owned Byline and carried over some of its tech employees. lt brought serialized fiction to mobile devices in the United States, following a practice that had previously developed in Asia. As a South Korean, I saw mobile reading of serialized fiction and comics blowing up in South Korea, Japan, and China, he tells**Forbes**, however I thought the U.S. was going to be a latecomer to this trend because readers switched to Kindle first before getting used to mobile reading. I thought the U.S. would eventually all read serial fiction and comics on the phone, and there was already evidence of its huge popularity from fan fiction websites to popular online serial works from Fifty Shades of Grey to The Martian.

Radish, launched in February 2016, initially offered user-generated content but now concentrates on serialized fiction designed especially for its app. It specializes in romance and fantasy fiction, two genres that are amenable to serialization and that Radish fine-tunes to reader demand. The most popular stories are updated the most often, multiple times a day when users are binging, and readers who want to get new chapters as soon as they are published pay extra. Prices vary depending on several factors, but the cost per chapter is in the 30-cent range.

The idea quickly took off, landing Lee on the Forbes Asia 30 Under 30list for 2016. Radish raised about $3 million in funding by the end of January 2017, according toCrunchbase. Another $63.2 million came in an August 2020 Series A financing round, led by SoftBank, which was used to expand its writing and market staffs. Less than a year later, Kakao boughtthe entire company for $440 million.

That left Lee with a pocketful of cash in the nine-figure range, he says but also with a growing sense that the entertainment industry needed a new business model. One of the challenges I had with Radish and also Byline was that you not only have to put a lot of money into content but into marketing that content, he tells**Forbes**. Radish s marketing costs soared after Apple changed its privacy rulesto require users to opt-in to having their activity tracked.

He says there is already a superabundance of material on the internet. Artificial intelligence is about to bring much more.

Not only is Lee out to create networks, he is seeking the network effect, the idea that a system becomes more valuable as it has more users.

Story Protocol is crafting a technology that would allow content creators to team up with their fans to hasten the production of new works, with fictional franchises such as the Marvel Cinematic Universeor Stephen King s Mr. Mercedes spinoffsespecially fertile ground. Right now, the company is developing its blockchain-based repository, which exists to register intellectual property that copyright holders choose to submit.

On top of that will come applications known as modules to allow functions to be performed with that IP, such as licensing, royalties, tracking of derivative works and authorization to remix music. Lee says he expects the first modules to appear by the end of the third quarter of 2024. While Story Protocol will design an initial set, third-party developers will also be able to add their own.

His idea is to make intellectual property into a kind of network consisting of fans and creators. The fans become more than consumers, they can add to or transform the property or even finance it, with the blockchain providing an efficient tracking mechanism of additions and edits to each property as well as the terms of payments or investments.

Eva Lau, who with her husband Allen helped develop the Wattpad storytelling website a competitor to Radish says that the network effect can work in different ways. People create things like songs for stories and fan art, inspired by the main art, she says, and these kinds of contributions could be added to the repository, extending the brand.

Blockchain technology, which creates immutable ledgers, is well suited to tracking developments in an information repository, adds Lau, who with her husband runs Toronto-based Two Small Fish Ventures, one of the Story Protocol seed-round investors.

Not only is Lee out to create networks, he is seeking the network effect,the idea that a system becomes more valuable as it has more users. He developed the idea of linking fans and creators after becoming frustrated with the unsuitable business model of content companies, and he came across research from Andreesen Horowitzthat echoed his concepts, which encouraged him to seek backing from the firm.

**A Franchise Year: Top U.S. Movies in 2022**

**Hollywood is relying on sequels and spinoffs to power box-office receipts. Story Protocol s system could allow them to augment their output with contributions from fans.**

As evidence that traditional studio-driven entertainment structure is in trouble, Lee points to the list of top 10 U.S. box office draws in 2022, all of which are parts of movie franchises. The list was led by Top Gun: Maverick, which grossed $718.3 million, according to Box Office Mojo, and was the sequel to a film that debuted 36 years before. Studios just throw all their budget behind what has worked, he said in an email. No one wants to take risks.

It is usually bad business to sue your biggest fans.

Fan fiction is almost as old as fiction itself. Who was Jupiter if not a new take on Zeus?

Much of the genre is based on characters from television and literature series or movie franchises. Before the internet, it commonly appeared in fanzines, which were typically mimeographed or photocopied pamphlets about a specific topic with various articles including fiction. Star Trek inspired one of the earliest effortsbased on a mass-media property, a title called Spockanaliathat premiered in 1967, the second year of the television program s earliest incarnation.

The world wide web offered authors a way to reach many more readers than small-run print publications, and a much more convenient path to creating communities among fans of fictional series. Not-for-profit sites like FanFiction.Netand Archive of Our Ownallow authors to post their works, and Wattpad, a site for amateur writers that was sold to South Korea s Naver for $600 million in 2021, has a fanfic section that is excluded from several compensation plans available to authors in other categories. All of them say they do not allow material that violates copyright protection.

Some works begin as fan fiction, but through a process known as filing the serial numbers off, authors can retool them to be sufficiently nonspecific to skirt copyright restrictions, according to Rebecca Tushnet, a Harvard Law School professor who specializes in intellectual property issues. Plenty of people have created their own versions of the Star Trek's Federation and alien races (Seth MacFarlane's The Orville is a great TV example), and Fifty Shades of Grey has a similar plot structure to Twilight but no vampires.

Fifty Shades, a book that follows the relationship of a recent graduate and a businessman a few years her senior against a backdrop of erotic practices, was the first in a trilogy that also spawned a movie trilogy and three spinoff novels. The movies alone have grossed $1.3 billion, according to Box Office Mojo. But that is atypical. Non-commercial fan fiction has its own ethos and norms that don't intersect well with for-profit endeavors and corporate oversight, Tushnet tells**Forbes**by email.

The vast majority of fan fiction is noncommercial, leading many copyright owners to tolerate it especially as it is usually bad business to sue your biggest fans, says Tushnet, who is associated with the Organization of Transformative Works, which backs Archive of Our Own.

The late Anne Rice, whose Interview With the Vampire novel in 1976 spawned a slew of novels in the undead genre, did not like amateurs muscling in on her work. I do not allow fan fiction, she wrote in a missive around 2000 on her website. The characters are copyrighted. It upsets me terribly to even think about fan fiction with my characters. I advise my readers to write your own original stories with your own characters. It is absolutely essential that you respect my wishes." Rice, who died in 2021, moderatedher stance in later life but the denunciation remains on her site.

Others take a different tack. Paramount Global, producer of the Star Trek franchise, wants amateur fan filmmakers to showcase their passion for Star Trek as long as they are relatively short and non-commercial. It has a list of other requirementsposted on its website, including a mandate that no bootleg Star Trek merchandise can appear.

There is a little of the Story Protocol idea in Paramount s approach, but it is a one-way communication. The studio owner is telling fan-fiction creators what they can do, but they do not have an easy way to reply. Still, its list of requirements is something that could be written into a smart contract that would allow noncommercial work to appear without fear of copyright repercussions.

Story Protocol investors seem to be investing in Lee as much as his company. Bang, the Korean talent manager, likes that He listens carefully to others and has no fear of applying what he has learned from what he has heard. Those are important qualities when you are trying to disrupt a $2.3 trillion business sector.

Bonderman s investment came about through his acquaintances who knew Lee, including long-time backer Berggruen. Although I have known Seung Yoon for a short time, we have friends in common who have known him from his Oxford Union presidency days, the TPG founder tells**Forbes**. Like them, I found Seung Yoon s intelligence and ambition evident.

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