

Chapter 8

Fair Use Doctrine

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§ 8:1 Overview

The doctrine of “fair use” exempts certain unauthorized uses of copyrighted material from infringement liability.¹ The central concept underlying the doctrine—an assessment of the “fairness” of the use in question, based on a balancing of several factors—is inherently subjective. As a result, what one judge or jury regards as a “fair use” may sharply contrast with what another may think. Because this area of copyright law is guided by some core principles but is significantly fact-driven, it can be difficult to predict whether a “fair use” defense will succeed or fail solely by reading the precedential tea leaves.² For that reason, the fair use doctrine can create difficult issues of judgment for you and your clients.

It is ironic, then, that “fair use” is the copyright issue most likely to confront an average copyright user. Fair use issues arise in a wide variety of everyday contexts, including the classroom, academic writing, the boardroom, publishing, the recording industry, the theater, and the movie industry. Even posting a copy of a Dilbert cartoon in one’s workplace cubicle potentially raises fair use issues.³ Typical fair use conflicts likely to arise in practice include

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1. Fair use is asserted as an affirmative defense to a claim of direct copyright infringement. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1158 (9th Cir. 2007). In at least one case, however, where First Amendment concerns were involved, it also was recognized as a defense to a contributory infringement claim. In *Online Policy Grp. v. Diebold, Inc.*, 337 F. Supp. 2d 1195, 1203 (N.D. Cal. 2004), the court held that an online newspaper’s linking to an allegedly infringing news article was protected by the fair use doctrine because the infringing story itself was relevant to the defendant’s reporting. *Id.* (linking to allegedly infringing email in on-line news story was fair use). Fair use also has been employed to justify the copyrightability of a work that comprises original contributions to a preexisting copyrighted work that was used under fair use. *Keeling v. Hars*, 809 F.3d 43 (2d Cir. 2015) (interpreting section 103(a) to mean that where a work was used pursuant to fair use, it is not used “unlawfully”).
 2. *See, e.g., Wright v. Warner Books, Inc.*, 953 F.2d 731, 735 (2d Cir. 1991) (noting “fact-driven” nature of a fair use determination); *La Chappelle v. Fenty*, 812 F. Supp. 2d 434, 442 (S.D.N.Y. 2011) (same). The Copyright Office maintains a fair use database on its website at www.copyright.gov/fair-use/ that compiles summaries of major fair use decisions in an effort to make fair use principles and application more accessible and understandable to the public.
 3. *See, e.g., Ringgold v. Black Entm’t Television, Inc.*, 126 F.3d 70, 74 (2d Cir. 1997) (stating, in dictum, that posting a *New Yorker* cartoon on the refrigerator implicates a copyright holder’s exclusive rights, but also noting that such use would be protected by fair use doctrine).

- copying for educational purposes, both in the classroom and in the boardroom;⁴
- quoting from copyrighted sources in reporting, reviews, and scholarly research;⁵
- uploading, downloading, or displaying copyrighted material to, from, or on a website;⁶

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4. Cambridge Univ. Press v. Patton, 769 F.3d 1232 (11th Cir. 2014) (reversing district court's determination that 70 of 75 digital excerpts used as supplemental course material constituted fair use and remanding for less "mechanical" analysis of fair use factors); Princeton Univ. Press v. Mich. Document Servs., Inc., 99 F.3d 1381, 1390–91 (6th Cir. 1996) (en banc) (copy shop production of student coursepacks not protected by fair use defense), *cert. denied*, 520 U.S. 1156 (1997); Am. Geophysical Union v. Texaco, Inc., 60 F.3d 913 (2d Cir. 1994) (systematic copying of scientific articles by corporate researchers for archival purposes not fair use), *cert. dismissed*, 516 U.S. 1005 (1995).
 5. *Compare* L.A. News Serv. v. CBS Broad., Inc., 305 F.3d 924 (9th Cir. 2002) (Court TV's unauthorized use of footage from Rodney King riots was fair use, given its transformative nature due to editing for dramatic effect and inclusion in video montage), *with* Bill Graham Archives, LLC v. Dorling Kindersley Ltd., 448 F.3d 605 (2d Cir. 2006) (using "thumbnail"-sized reproductions of concert posters in an illustrated biography of the Grateful Dead was fair use); Ty, Inc. v. Publ'ns Int'l Ltd., 292 F.3d 512 (7th Cir. 2002) (collector's guide containing photographs of Beanie Babies was critical and evaluative, and constitutes fair use; book containing pictures of entire collection with little added commentary is not likely fair use), *cert. denied*, 537 U.S. 1110 (2003); L.A. News Serv. v. KCAL-TV Channel 9, 108 F.3d 1119 (9th Cir.) (TV news station's unauthorized use of footage from Rodney King riots raised genuine material factual issues as to whether use was fair; fact that footage was used for news reporting not dispositive of fair use when plaintiff's business was to provide news footage to TV stations for a fee), *cert. denied*, 522 U.S. 823 (1997); Kane v. Comedy Partners, 68 U.S.P.Q.2d (BNA) 1748, 1750–53 (S.D.N.Y. 2003) (brief clip of plaintiff's cable show to mock public-access television programs was fair use because it constituted commentary and criticism); Williamson v. Pearson Educ., Inc., 60 U.S.P.Q.2d (BNA) 1723, 1727–28 (S.D.N.Y. 2001) (clearly attributed quotations from plaintiff's work on General George S. Patton were fair use in defendant's book); Video-Cinema Films, Inc. v. CNN, Inc., 60 U.S.P.Q.2d (BNA) 1415, 1422 (S.D.N.Y. 2001) (use of ten- to twenty-second clips from Robert Mitchum's films in television obituaries was fair use).
 6. Kelly v. Arriba Soft Corp., 336 F.3d 811, 818–20 (9th Cir. 2003) (use of photographs as "thumbnail images" for search engine was fair use); Associated Press, Inc. v. Meltwater U.S. Holdings, Inc., 931 F. Supp. 2d 537 (S.D.N.Y. 2013) (commercial services posting online of excerpts of copyrighted articles for news monitoring purpose not a fair use).

- “sampling” copyrighted material in sound recordings or including copyrighted material as scenery in a motion picture or theater set;⁷
- use of copyrighted material in a parody;⁸ and
- mass digitization projects.⁹

§ 8:2 Weighing the Costs—How to Advise Clients

Given the subjective nature of the fair use doctrine, even in these recurring situations, its exact contours are difficult to define precisely.¹⁰ To formulate the proper advice for clients with fair use issues, it is important to weigh the costs of obtaining rights from the copyright owner against the unavoidable uncertainties that arise when asserting an intrinsically subjective and fact-specific fair use defense.

The saga of James Smith illustrates the dangers that may befall those who wrongly predict that their actions are protected by the fair use defense. Smith owned a company, Michigan Document Services, whose business was devoted, in large part, to preparing “coursepacks” for use by students at the University of Michigan. Instead of paying licensing fees after the decision in *Basic Books, Inc. v. Kinko’s Graphics Corp.*,¹¹ Smith risked litigating whether preparation of

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7. *Ringgold v. Black Entm’t Television, Inc.*, 126 F.3d 70 (2d Cir. 1997) (quilt as prop on TV set).
 8. *See* section 8:5.7.
 9. *See* *Authors Guild, Inc. v. Google, Inc.*, 804 F.3d 202 (2d Cir. 2015) (mass digitization of library books to facilitate electronic searching was fair use), *cert. denied*, 136 S. Ct. 1658 (2016); *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 92 (2d Cir. 2014) (mass digitization of books to permit full-text searching and handicap accessibility was fair use); *Authors Guild, Inc. v. Google, Inc.*, 954 F. Supp. 2d 282 (S.D.N.Y. 2013) (mass digitization of library books to facilitate electronic searching was fair use).
 10. *Compare, e.g., Lombardo v. Dr. Seuss Enters., L.P.*, 279 F. Supp. 3d 497 (S.D.N.Y. 2017) (granting plaintiffs’ motion for declaratory judgment that comic parodic play using characters, plot, and setting of Dr. Seuss’s *How the Grinch Stole Christmas!* constituted fair use), *aff’d*, 727 F. App’x 131 (2d Cir. 2018) (unpublished), and *Jackson v. Warner Bros., Inc.*, 993 F. Supp. 585 (E.D. Mich. 1997) (use of copyrighted lithographs in motion picture deemed fair use), with *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169 (2d Cir.) (reversing grant of summary judgment that certain functions of media monitoring service were a fair use; that defendant’s clients were able to view the copyrighted works rendered package of services, including archiving, unprotected by the fair use doctrine), *cert. denied*, No. 18-321, 2018 WL 4385773 (U.S. Dec. 3, 2018), and *Ringgold*, 126 F.3d 70 (reversing grant of summary judgment in favor of television show that used copyrighted “story quilt” as prop for television show).
 11. *Basic Books, Inc. v. Kinko’s Graphics Corp.*, 758 F. Supp. 1522 (S.D.N.Y. 1991) (preparation of coursepacks not fair use).

coursepacks under these circumstances constituted a fair use of the copyrighted materials. He lost at the district court level,¹² but convinced a three-judge panel of the Sixth Circuit to reverse.¹³ The Sixth Circuit agreed to rehear the case en banc, and reversed the panel on the fair use question.¹⁴ The circuit then remanded to the district court for findings as to damages. One may legitimately question whether, given the relative ease with which rights to the works might have been cleared,¹⁵ the costs of litigation were justified in this case.

Given the litigation uncertainties surrounding a fair use defense (and quite apart from the ultimate merits of whether a given use is fair), it may, as a practical matter, be cheaper to obtain a license than to litigate. Even if the copyright owner refuses to license the work, seeking a license as part of a good-faith effort to avoid litigation should not weigh against a finding of fair use.¹⁶ Nonetheless, as a matter of principle or because the copyright owner either may not be found or is charging a fee that the user regards as extortionate, the user may prefer to rely on fair use and take his chance in litigation, if ever brought.

§ 8:2.1 Fair Use Checklist

This chapter illustrates the common themes that courts consider in determining whether a given use is “fair.” Measuring a proposed use against these factors should give you and your client a yardstick with which to assess the risks of relying on a fair use defense in a given situation, or, conversely, of bringing an infringement claim against a user who seeks the shelter of the fair use defense. In determining whether a given use is “fair,” consideration should be given to the factors outlined in the checklist that follows. These factors are then discussed in greater detail in the rest of the chapter.

- Does the use infringe on exclusive rights protected by a valid copyright?
- Is the use of the work “commercial” or for nonprofit purposes, such as criticism, commentary, education, or reporting?

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12. Princeton Univ. Press v. Mich. Document Servs., Inc., 855 F. Supp. 905 (E.D. Mich. 1994).
 13. Princeton Univ. Press v. Mich. Document Servs., Inc., 74 F.3d 1512 (6th Cir. 1996) (withdrawn as vacated).
 14. *Mich. Document Servs., Inc.*, 99 F.3d 1381.
 15. See generally chapter 10 (Clearing Rights).
 16. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 585 n.18 (1994); see also *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1277 (11th Cir. 2001) (fact that plaintiff had established practice refusing to license parodic or critical uses weighed in favor of fair use). But see *L.A. News Serv. v. KCAL-TV Channel 9*, 108 F.3d 1119, 1122 (9th Cir. 1997) (“fact that [defendant] KCAL had requested a license but had been refused one” weighs against fair use because it indicates the knowing exploitation of protected material).

- ❑ Is the use “transformative”—that is, does the use of the copyrighted material impart or have some new expressive meaning or function, or have a purpose different from that of the original—or is the work used for the same expressive or other purpose for which it was originally created or published?
- ❑ Does the use affect an existing retail, licensing, or other market for the copyrighted material, or one likely to be exploited by the copyright owner in the future?
- ❑ How readily available is the original work (that is, is it an out-of-print book or a current page from a website)?
- ❑ Can the copyright owner be identified or located?
- ❑ How much of the copyrighted material is being used?
- ❑ Is the use consistent with practices within the industry or among a community of users?
- ❑ Has the user acted in the good-faith belief that the use is fair, or has the user knowingly infringed?¹⁷

§ 8:3 Basis of the Fair Use Doctrine

The fair use doctrine “creates a limited privilege in those other than the owner of a copyright to use the copyrighted material in a reasonable manner without the owner’s consent.”¹⁸ It permits unauthorized uses that otherwise would constitute infringement but are deemed noninfringing because they advance the underlying constitutional purpose of copyright law: to promote broad public availability of literature, music, and other forms of creative arts. The constitutional principle underlying fair use—that the balancing of interests embodied in the copyright law requires that certain unauthorized uses of copyrighted works be permitted—has been applied by courts since the

17. See *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985) (“Fair use presupposes ‘good faith’ and ‘fair dealing’”); *Associated Press, Inc. v. Meltwater U.S. Holdings, Inc.*, 931 F. Supp. 2d 537, 552 (S.D.N.Y. 2013) (same); *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 478 (2d Cir. 2004) (the “propriety” of defendant’s conduct in a fair use analysis must be considered, but is not dispositive); *MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981) (“The court may also consider whether the paraphrasing and copying was done in good faith or with evasive motive.”); *Bill Graham Archives, LLC v. Dorling Kindersley Ltd.*, 386 F. Supp. 2d 324 (S.D.N.Y. 2005) (fact that defendants informed plaintiffs of intentions and made efforts to license images shows good faith effort that weighs in favor of fair use), *aff’d*, 448 F.3d 605 (2d Cir. 2006).

18. *Fisher v. Dees*, 794 F.2d 432, 435 (9th Cir. 1986).

1800s,¹⁹ although “fair use” was not embodied in statute until the 1976 Act.

Section 107 of the Act, which is intended to codify the judiciary’s historical approach to the fair use doctrine,²⁰ provides:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (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.

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19. The fair use doctrine is thought to have been enunciated for the first time in the United States by Justice Story in *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass. 1841); *see also* *Rogers v. Koons*, 960 F.2d 301, 308 (2d Cir.) (fair use doctrine is “of ancient lineage”), *cert. denied*, 506 U.S. 934 (1992).
 20. *See Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 549 (1985). To the extent common-law copyrights continue to exist, certain uses thereof may also be authorized by the fair use doctrine, the availability and scope of which might vary by each state’s common law. *Compare Flo & Eddie, Inc. v. Sirius XM Radio, Inc.*, 62 F. Supp. 3d 325, 346 (S.D.N.Y. 2014) [New York recognizes fair use as a defense to common-law copyright infringement; scope of defense has not been articulated by courts], *rev’d on other grounds*, 849 F.3d 14 (2d Cir. 2017), *EMI Records Ltd. v. Premise Media Corp.* L.P., No. 601209/08, 2008 N.Y. Misc. LEXIS 7485, at *9–31 (N.Y. Sup. Ct. Aug. 8, 2008) (applying state fair use defense to common-law claim of copyright infringement of a sound recording), *and Avins v. Moll*, 610 F. Supp. 308, 325 (E.D. Pa. 1984) (unpublished letter otherwise protected by common-law copyright is subject to certain fair uses, such as when publication by the letter’s recipient may “furnish information vital to the protection of the rights or character of himself or others” (quotation marks and citation omitted)), *aff’d*, 774 F.2d 1150 (3d Cir. 1985), *with Stanley v. Columbia Broad. Sys.*, 221 P.2d 73, 78 (Cal. 1950) (“The common law prohibits any kind of unauthorized interference with, or use of, an unpublished work on the ground of an exclusive property right . . . while a statutory copyright permits a ‘fair use’ of the copyright publication, without deeming it an infringement.”). The Classics Protection and Access Act, which protects pre-1972 sound recordings in a manner analogous to that of federal copyright law, provides that any uses of such sound recordings after October 11, 2018 (the date of enactment), are subject to fair use. 17 U.S.C. § 1401(f)(1)(A).

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

§ 8:3.1 What Is the Purpose of the Fair Use Doctrine?

That certain fair uses of copyrighted materials should be encouraged flows naturally from the copyright law's constitutional mandate. Indeed, "[f]rom the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright's very purpose, '[t]o promote the Progress of Science and useful Arts.'"²¹ The fair use doctrine "permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster."²² New uses that otherwise would be precluded by the author's limited monopoly granted by the copyright law are permitted when they are "fair" uses.

[A] Balance in Copyright Law

The fair use doctrine is a means of balancing "the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand."²³ Put another way, the doctrine is a recognition that the monopoly granted by the copyright law should extend only so far as is necessary to foster authors' innovation and creativity.²⁴ Limiting copyright in this way preserves the incentive necessary to encourage authors to create new works, while simultaneously encouraging still other authors to make reasonable creative use of existing works.

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21. *Campbell*, 510 U.S. at 575 (citation omitted); *see also* *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1374 (2d Cir. 1993) (key inquiry under section 107 is whether the unauthorized use "advance[s] the interests sought to be promoted by the copyright law").
 22. *Stewart v. Abend*, 495 U.S. 207, 236 (1990) (quoting *Iowa State Univ. Research Found. v. Am. Broad. Cos.*, 621 F.2d 57, 60 (2d Cir. 1980)).
 23. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).
 24. "The monopoly privileges that Congress may authorize are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired." *Id.*

[B] First Amendment Issues

The fair use doctrine serves the public interest in the reception and dissemination of information.²⁵ The Supreme Court has held that the doctrine embodies First Amendment values and is the means for reconciling copyright law with the Constitution.²⁶ Courts have also concluded that First Amendment concerns are relevant in determining whether a use should be considered “fair.”²⁷ Because the doctrine accommodates First Amendment concerns, however, most courts have not permitted defendants to raise the First Amendment as an independent defense to copyright infringement,²⁸ and the U.S. Supreme

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25. See, e.g., *Iowa State Univ. Research Found.*, 621 F.2d at 60.
 26. *Eldred v. Ashcroft*, 537 U.S. 186, 190 (2003) (characterizing fair use doctrine as a “built-in First Amendment accommodation” of the copyright law).
 27. See *Nat’l Rifle Ass’n v. Handgun Control Fed’n of Ohio*, 15 F.3d 559, 562 (6th Cir.), *cert. denied*, 513 U.S. 815 (1994); *Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 74–75 (2d Cir. 1992) (noting that “First Amendment concerns are protected by and coextensive with the fair use doctrine”); *L.A. News Serv. v. Tullo*, 973 F.2d 791, 795 (9th Cir. 1992); *Cable News Network, Inc. v. Video Monitoring Servs. of Am., Inc.*, 940 F.2d 1471 (11th Cir.), *vacated*, 949 F.2d 378 (11th Cir. 1991), *dismissed as moot*, 959 F.2d 188 (11th Cir. 1992). Bruce P. Keller and Jeffrey P. Cunard represented VMS in the *Video Monitoring Services* litigation. See also *Latimer v. Roaring Toyz, Inc.*, 601 F.3d 1224, 1240 (11th Cir. 2010) (First Amendment right is “involved” in fair use, but that does not mitigate defendant’s obligation to raise defense affirmatively); *Suntrust Bank v. Houghton Mifflin Co.*, 252 F.3d 1165 (11th Cir. 2001) (reversing the lower court’s rejection of fair use “parody” defense and its grant of preliminary injunction as an unlawful prior restraint in violation of the First Amendment); *Time, Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130 (S.D.N.Y. 1968).
 28. See *Golan v. Holder*, 565 U.S. 302, 326–28 (2012) (rejecting First Amendment challenge to URAA copyright restoration provisions noting the “built-in First Amendment accommodations” of the fair use and idea/expression dichotomy doctrines); *Kahle v. Gonzales*, 487 F.3d 697 (9th Cir. 2007) (rejecting First Amendment challenge to the Copyright Renewal Act and the Copyright Term Extension Act (CTEA) based on *Eldred*), *cert. denied*, 552 U.S. 1096 (2008); *In re Aimster Copyright Litig.*, 334 F.3d 643, 656 (7th Cir. 2003) (rejecting argument that First Amendment required independent review of injunction’s breadth, and quoting *Eldred*, 537 U.S. at 219, that copyright law contains “built-in First Amendment accommodations”), *cert. denied*, 540 U.S. 1107 (2004); *Twin Peaks Prods., Inc. v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366, 1378 (2d Cir. 1993) (rejecting contention that “the First Amendment is broader than the fair use defense”); *New Era Publ’ns Int’l v. Henry Holt & Co.*, 873 F.2d 576, 584 (2d Cir. 1989) (“the fair use doctrine encompasses all claims of first amendment in the copyright field”), *cert. denied*, 493 U.S. 1094 (1990).

Court has rejected an argument for broadening the fair use defense in cases implicating the First Amendment.²⁹

§ 8:4 What Are the Elements of the Fair Use Defense?

Section 107 of the 1976 Copyright Act includes both an introductory preamble, which sets forth examples of particular uses likely to be deemed fair uses, and four specific but nonexclusive factors to be considered as part of the “equitable rule of reason”³⁰ that is the fair use analysis. Although a defendant need not prevail on all four factors in order to establish the defense, each factor generally is to be considered by the court.³¹ Courts should not consider the factors in isolation, but should weigh them together.³² Some courts have resisted efforts to introduce nonstatutory factors to buttress fair use defenses,³³ but others have considered the “public interest” as an additional factor.³⁴ Not all factors weigh equally in the fair use analysis; rather, each factor

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29. Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 560 (1985) (First Amendment concerns adequately are addressed through the idea/expression distinction, which encourages the free dissemination of ideas; accordingly, no expansion of fair use doctrine needed where copyrighted work involves public figure). *But see Handgun Control Fed'n of Ohio*, 15 F.3d at 562 (“The scope of the fair use doctrine is wider when the use relates to issues of public concern.”).
 30. Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 448 (1984).
 31. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578 (1994).
 32. Perfect 10, Inc. v. Amazon.com, Inc., 508 F.3d 1146, 1163 (9th Cir. 2007).
 33. *See, e.g., Sony BMG Music Entm't v. Tenenbaum*, 672 F. Supp. 2d 217, 232–37 (D. Mass. 2009), *denying motion for new trial on fair use issue*, 721 F. Supp. 2d 85 (D. Mass. July 9, 2010), *rev'd on other grounds*, 660 F.3d 487 (1st Cir. 2011). In *Tenenbaum*, which involved a suit by recording companies against a defendant who had engaged in peer-to-peer music file sharing, the court was not persuaded by arguments that plaintiffs had assumed risks by releasing their works into an online environment; that defendant was “lured” into downloading activities; and that plaintiffs’ failure to offer timely and satisfactory paid alternatives to file-sharing was relevant.
 34. Authors Guild, Inc. v. Google, Inc., 804 F.3d 202, 214–19 (2d Cir. 2015) (enabling book searches provides substantial public benefits and weighs significantly in favor of finding fair use; mass digitization of library books not infringing); Authors Guild, Inc. v. HathiTrust, 755 F.3d 87, 105 (2d Cir. 2014) (noting public benefit of creating handicap accessible searchable digital library of content); *Perfect 10*, 508 F.3d at 1169 (noting “considerable public benefit” of search engine functionality as weighing in favor of fair use); Authors Guild, Inc. v. Google, Inc., 954 F. Supp. 2d 282, 293 (S.D.N.Y. 2013) (“significant public benefits” of mass digitization of library contents weighed in favor of fair use).

should be weighed in light of the purposes of the Copyright Act based on the specific circumstances of each case.³⁵

In *Ty, Inc. v. Publications International Ltd.*, the Seventh Circuit departed markedly from the long line of cases that have held that courts should consider all four factors.³⁶ Instead, Judge Posner characterized the first two factors as “empty,” concluded that the third factor was inapplicable with respect to the photograph of a stuffed toy, and stated that the fourth only “glances at” the all-important distinction he drew between substitute copying, which impairs the market for a work, and complementary copying, which does not. The Seventh Circuit eschewed the traditional analysis of all four factors in favor of asking the economic question of whether the defendant’s use of the copyrighted work was no more than was needed for the defendant to produce a “marketable” complementary product.³⁷

Because the fair use exception is an affirmative defense, the party asserting the exception bears the burden of persuasion at trial in the fair use analysis.³⁸ Market harm under the fourth factor, however, is presumed where “a commercial use amounts to mere duplication

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35. *Cambridge Univ. Press v. Patton*, 769 F.3d 1232, 1260 (11th Cir. 2014) (reversing district court for employing “mechanical ‘add up the factors’ approach, finding fair use if three factors weighed in favor of fair use and one against and vice versa”). *See also* *Cambridge Univ. Press v. Albert*, 906 F.3d 1290, 1300-01 (11th Cir. 2018) (reiterating previous holding and instructing district court on remand “to evaluate the four factors qualitatively, not quantitatively, and to take care to consider them holistically”).
 36. *Ty, Inc. v. Publ’ns Int’l Ltd.*, 292 F.3d 512 (7th Cir. 2002) (Posner, C.J.), *cert. denied*, 537 U.S. 1110 (2003).
 37. *Id.* at 522–24. The case involved Publication International’s series of books that served as guides for collectors of Beanie Babies stuffed animals. They included unauthorized photographs of the animals, derivative works of the copyrighted originals. Because the court did not believe the defendant had, with regard to at least some of the book, copied more of the toys than was necessary to produce a collector’s guide, it reversed the district court’s holding that the photos were not a fair use. A few courts have adopted at least some aspect of the *Ty* analysis. *See* *Batesville Servs. v. Funeral Depot, Inc.*, No. 1:02-cv-01011-DFH-TAB, 2004 U.S. Dist. LEXIS 24336, at *25–26 (S.D. Ind. Nov. 10, 2004) (applying four statutory factors and *Ty, Inc.* “marketability test” to conclude that use was not fair because it substituted for authorized use of plaintiff’s photographs). None, however, has concurred with Judge Posner’s rejection of particular statutory factors as “empty.”
 38. *See* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994); *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 918 (2d Cir. 1994); *Associated Press, Inc. v. Meltwater U.S. Holdings, Inc.*, 931 F. Supp. 2d 537, 550 (S.D.N.Y. 2013). *Cf.* *Sobhani v. @radical.media, Inc.*, 257 F. Supp. 2d 1234, 1238–39 (C.D. Cal. 2003) (rejecting plaintiff’s attempt to invoke fair use as a “sword,” rather than as a defense to an infringement claim, in order to claim copyright in an otherwise unauthorized derivative work).

of the entirety of an original.”³⁹ Courts are split as to whether the plaintiff or the defendant bears the burden on fair use at the preliminary injunction stage, although the majority holds that the burden remains on the defendant to establish that it is likely to prevail on the affirmative defense of fair use because the defendant will bear the burden at trial.⁴⁰ Some courts, however, have held that the plaintiff’s burden of showing a likelihood of success requires a likelihood of success not just on the *prima facie* case but also against any affirmative defenses as well, including fair use.⁴¹ The allocation of the burden can be critical because, at the preliminary stage, both sides may lack persuasive evidence regarding the extent to which the defendant’s use will affect the market for the plaintiff’s original or derivative works,⁴² which can be a significant factor in the fair use analysis.⁴³

§ 8:4.1 **Illustrative Purposes Set Out in Preamble to Section 107**

Section 107 provides in its preamble that

the fair use of a copyrighted work, . . . for purposes such as criticism, comment, news reporting, teaching (including multiple

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39. *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1181 (9th Cir. 2012).
40. *See, e.g.*, *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1158 (9th Cir. 2007) (once plaintiff has carried burden of showing likelihood of success on merits, burden shifts to defendant to show likelihood that its fair use defense will succeed); *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1014 n.3 (9th Cir. 2001) (declining to adopt defendant’s argument that burden of proof on fair use lay with plaintiff at preliminary injunction stage where record did not support fair use finding); *Lennon v. Premise Media Corp.*, 556 F. Supp. 2d 310, 320 (S.D.N.Y. 2008) (burdens at preliminary injunction stage track trial; defendant bears burden on fair use); *Video Pipeline, Inc. v. Buena Vista Home Entm’t*, 192 F. Supp. 2d 321 (D.N.J. 2002) (burden of proof rests with defendant); *Hofheinz v. AMC Prods., Inc.*, 147 F. Supp. 2d 127, 137 (E.D.N.Y. 2001) (same); *Columbia Pictures Indus., Inc. v. Miramax Films Corp.*, 11 F. Supp. 2d 1179, 1189 (C.D. Cal. 1998) (same).
41. *See, e.g.*, *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1275 n.31 (11th Cir. 2001) (“where a *prima facie* fair use defense is presented,” plaintiff must demonstrate that “the fair use factors are insufficient to support such a defense” in order to show likelihood of success on the merits); *Ty, Inc. v. W. Highland Publ’g, Inc.*, No. 98 C 4091, 1998 U.S. Dist. LEXIS 15869, at *28 (N.D. Ill. Oct. 5, 1998) (same).
42. *See, e.g.*, *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984) (fourth factor weighed in favor of fair use where copyright owner failed to present evidence that home time-shifting of television programs created market harm); *Columbia Pictures Indus., Inc. v. Miramax Films Corp.*, 11 F. Supp. 2d 1179, 1189 (C.D. Cal. 1998) (effect on the market factor weighed against a finding of fair use where defendants failed to present any evidence on issue, even though court did not discuss any evidence that market could be harmed).
43. *See generally* section 8:4.5.

copies for classroom use), scholarship, or research, is not an infringement of copyright.

The nonexclusive purposes listed in the preamble are illustrative of uses that typically are fair.⁴⁴ Uses not listed in the preamble—for example, parody of a copyrighted work, use of a copyrighted work as evidence in a legal proceeding,⁴⁵ by a law firm to assist in defense of its client,⁴⁶ or for comparative advertising⁴⁷—nonetheless may be deemed a noninfringing fair use.

That the use arguably falls within one of the purposes listed in the preamble does not automatically shield the user from liability if the use does not otherwise pass muster after applying the specific fair use factors and/or other equitable considerations.⁴⁸ The court in *Los Angeles Times v. Free Republic*,⁴⁹ for example, squarely rejected a fair use defense despite the defendant's contention that its use was news-related.⁵⁰ There, the website operator had allowed subscribers to

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44. *See* *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577–78 (1994) (examples listed in preamble are “illustrative and not limitative”) (citations omitted). *See also* *Arrow Prods., Ltd. v. Weinstein Co.*, 44 F. Supp. 3d 359, 368 (S.D.N.Y. 2014) (noting “strong presumption” in favor of fair use if challenged use falls within preamble categories).
 45. *Bond v. Blum*, 317 F.3d 385 (4th Cir. 2003) (fair use to use plaintiff’s copyrighted manuscript of autobiographical story about murdering his father as evidence against him in child custody hearing).
 46. *Healthcare Advocates, Inc. v. Harding, Earley, Follmer & Frailey*, 497 F. Supp. 2d 627, 636–37 (E.D. Pa. 2007) (fair use for law firm to view and print out webpages to assess merits of website operator’s copyright claims against clients).
 47. *See* *Sony Comput. Entm’t Am., Inc. v. Bleem*, 214 F.3d 1022 (9th Cir. 2000) (use of screen shots in comparative advertising) (en banc); *Triangle Publ’ns, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171 (5th Cir. 1980) (display of magazine cover).
 48. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 561 (1985) (“The fact that an article is arguably ‘news’ and therefore a productive use is simply one factor in a fair use analysis.”); *L.A. News Serv. v. Tullo*, 973 F.2d 791, 797 (9th Cir. 1992) (same); *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1173 (9th Cir. 2012) (“Although news reporting is an example of fair use, it is not sufficient itself to sustain a per se finding of fair use”; publication of previously unpublished photographs from celebrity wedding in gossip magazine not a fair use despite newsworthiness); *Richard Feiner & Co. v. H.R.I. Indus., Inc.*, 10 F. Supp. 2d 310, 313 (S.D.N.Y.) (rejecting as “frivolous” defendant’s attempt to characterize as “newsworthy” and “informational” its unauthorized reproduction in *Hollywood Reporter* of still photograph derived from Laurel and Hardy photoplay), *adhered to on reconsideration*, No. 97 CIV. 4670 (RO), 1998 U.S. Dist. LEXIS 14719 (S.D.N.Y. Sept. 18, 1998).
 49. *L.A. Times v. Free Republic*, 54 U.S.P.Q.2d (BNA) 1453 (C.D. Cal. 2000).
 50. *See also* *Fitzgerald v. CBS Broad., Inc.*, 491 F. Supp. 2d 177, 184, 189 (D. Mass. 2007) (granting summary judgment to plaintiff where, even though defendant news organization’s unauthorized use of copyrighted photograph in television broadcast was “news reporting,” use was not fair,

post stories from various newspapers and then encouraged discussion fora to critique the supposed biases of the articles' authors.

The court rejected the defendant's contention that, by encouraging others to post criticism of the articles, its use was "transformative," and therefore more likely to be considered fair.⁵¹ The court also found that the use was commercial,⁵² and that the use, if permitted, would impair the plaintiff's ability to license its works.⁵³ Finally, although the court found that one factor—the factual nature of the news reports that were copied—favored the defendant, all the rest of the factors weighed against a finding of fair use.⁵⁴ Similarly, an Internet-based news monitoring service that reproduced excerpts from Associated Press reports was held not to qualify for fair use. Despite that the use was purportedly news reporting, none of the other fair use factors, the court held, favored a fair use determination.⁵⁵

§ 8:4.2 Factor One: Type of Unauthorized Use

[A] Commercialism and Transformation

The first fair use factor requires consideration of "[t]he purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes." The first factor initially turned, as the statutory language would appear to suggest, on whether the use at issue was commercial or for a nonprofit purpose. In *Sony Corp. v. Universal City Studios, Inc.*, for example, the Supreme Court stated that "every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright."⁵⁶

in part because of adverse effect on plaintiff's limited market); *Byrne v. British Broad. Corp.*, 132 F. Supp. 2d 229, 234 (S.D.N.Y. 2001) (denying defendant BBC's partial motion for summary judgment in case involving BBC's broadcasting of copyrighted song on television news program, and stating that "[n]ot all unlicensed uses of copyrighted material for inclusion in broadcasts that present material of interest to the public are protected by the fair use doctrine, even if they are labeled 'news reporting' by defendants").

51. *Free Republic*, 54 U.S.P.Q.2d at 1464 ("[V]erbatim posting of plaintiffs' articles is 'more than necessary' to further defendants' critical purpose.").
52. *Id.* at 1464–66.
53. *Id.* at 1468–72 (citing *L.A. News Serv. v. Reuters Television Int'l, Ltd.*, 149 F.3d 987, 994 (9th Cir. 1998), *cert. denied*, 525 U.S. 1141 (1999)), *amended, reh'g en banc denied*, 2003 U.S. App. LEXIS 20369 (9th Cir. 2003), *cert. denied*, 525 U.S. 1141 (2004).
54. *Id.*
55. *Associated Press, Inc. v. Meltwater U.S. Holdings, Inc.*, 931 F. Supp. 2d 537, 551–55 (S.D.N.Y. 2013).
56. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984).

Ten years later, however, the Supreme Court effectively discarded that presumption. It reasoned that such a presumption could not have been intended by Congress because “nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research . . . ‘are generally conducted for profit.’”⁵⁷

Although the commercial nature of a use no longer is presumptively determinative, courts typically are less willing to deem a use fair when it is commercial and profit-seeking in nature.⁵⁸ There is no bright-line rule as to the significance of a “commercial” use; most activities, as the *Campbell* court noted, involve some potential for compensation or financial reward. The relevant inquiry with respect to commerciality is not simply “whether the sole motive of the use is monetary gain” but instead “whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.”⁵⁹

A use need not involve direct financial gain or payment to be held “commercial” and therefore less likely to be fair. For example, the Ninth Circuit in *A&M Records, Inc. v. Napster, Inc.*⁶⁰ held that individual users who located and swapped copyrighted songs and sound recordings by means of an online service engaged in a commercial use, despite the absence of any payment to the individual users, because “repeated and exploitative unauthorized copies of copyrighted works were made to save the expense of purchasing authorized copies.”⁶¹ In another case, the Ninth Circuit held that the unauthorized copying and distribution of approximately 30,000 copies of a

57. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 584 (1994) (quoting *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 592 (1985)).

58. *Harper & Row*, 471 U.S. at 562 (“The fact that a publication was commercial as opposed to nonprofit is a separate factor that tends to weigh against a finding of fair use.”); *TCA Television Corp. v. McCollum*, 839 F.3d 168, 183 (2d Cir. 2016) (use of Abbott and Costello’s “Who’s on First” routine in a play and in the play’s advertising was “conduct which reasonably qualifies as commercial exploitation weighing strongly against fair use”). *But see Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P.*, 756 F.3d 73, 82 (2d Cir. 2014) (commercial use of an earnings call was ultimately held to be fair because the purpose of “obtaining and disseminating the recording at issue was to make important financial information about Swatch Group available to investors and analysts”).

59. *Harper & Row*, 471 U.S. at 562.

60. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001). *See also Paramount Pictures Corp. v. Axanar Prods., Inc.*, No. 2:15-cv-09938-RGK-E, 2017 WL 83506, at *7 (C.D. Cal. Jan. 3, 2017) (defendants made *Star Trek* prequels, using crowdsourced funds, for their own nonmonetary gains, such as enhanced employment prospects; use of elements of *Star Trek* movies was commercial insofar as defendants profited without paying the “customary price”).

61. *Id.* at 1015.

spiritual text to followers of a religious organization was not a fair use, in part because the organization “profited” from the use by acquiring, at no cost, a text essential to its observance and by attracting new church members who contributed to the organization by tithing.⁶² Similarly, a company was held to make commercial use of a pamphlet when it included a free copy with every computer it sold.⁶³

Apart from commerciality, the first factor analysis took on new meaning when the Supreme Court adopted a suggestion, first articulated in a law review article by Second Circuit Judge Pierre N. Leval, that fair use should turn on whether or not the new work is “transformative.”⁶⁴ In *Campbell*, the Supreme Court cast “transformativeness” as the “central purpose” of the first factor inquiry.⁶⁵ Drawing from Judge Leval’s article, it held that the first factor weighs in favor of fair use when the use “adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.”⁶⁶ Such a work is a more likely candidate for the fair use exception than one which, “[r]ather than making some contribution of new intellectual value and thereby fostering the advancement of the arts and sciences, . . . is likely to be used simply for the same intrinsic purpose as the original.”⁶⁷ In general, the more transformative the new use, the less other factors, including that the use is commercial, may weigh against a finding of fair use.⁶⁸

After *Campbell*, in which the Supreme Court held a rap group’s bawdy parody of a famous rock-and-roll ballad to be transformative,⁶⁹ lower courts have attempted to define the contours of the doctrine. For example, is a use that does not alter the original work in any aesthetic way, but puts it to a different function or purpose, transformative?

62. *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1117–18 (9th Cir. 2000), *cert. denied*, 532 U.S. 958 (2001).

63. *Compaq Comput. Corp. v. Ergonome, Inc.*, 387 F.3d 403, 409 (5th Cir. 2004).

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

65. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994) (the “central purpose” of the first section 107 inquiry is to determine if the use is “transformative”).

66. *Id.*; *cf. Tiffany Design, Inc. v. Reno-Tahoe Specialty, Inc.*, 55 F. Supp. 2d 1113 (D. Nev. 1999) (defendant’s digitally altered aerial photographic image of Las Vegas was not a transformative fair use of plaintiff’s photographs, because defendant could show no “non-exploitative, non-competitive purpose”).

67. *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 923 (2d Cir. 1994); *see also Castle Rock Entm’t, Inc. v. Carol Publ’g Grp., Inc.*, 150 F.3d 132 (2d Cir. 1998) (fair use defense rejected where defendant created trivia quiz book about television series, *Seinfeld*).

68. *Campbell*, 510 U.S. at 578.

69. *Id.* at 569.

Initially, the answer was “no,” but more recent cases have come down decidedly in the affirmative.

Three years after *Campbell*, the Second Circuit decided *Infinity Broadcast Corp. v. Kirkwood*.⁷⁰ That case involved a service that retransmitted radio broadcasts over the telephone to radio stations, advertisers, talent scouts, and others in the entertainment industry for purposes such as “auditioning on-air talent, verifying the broadcast of commercials, and listening to a station’s “programming format and feel.”⁷¹ The defendant argued its use of the radio broadcasts was transformative because it used them for a “quite different purpose, namely for information rather than entertainment.”⁷² The Second Circuit disagreed, holding that “difference in purpose is not quite the same thing as transformation.”⁷³ Because the defendant’s use left “the character of the original broadcasts unchanged,” it was deemed non-transformative, and ultimately infringing.⁷⁴

The “unchanged” character approach set forth in *Kirkwood*, however, did not guide the Ninth Circuit’s reasoning in the landmark decision of *Kelly v. ArribaSoft Corp.*⁷⁵ *Kelly* held that a search engine’s use of “thumbnail”-sized photographs was transformative, even though the defendant “made exact replications of Kelly’s images.”⁷⁶ According to the Ninth Circuit, the thumbnail images served “a different function than the [original]—improving access to information on the internet versus artistic expression” and therefore was held to be transformative.⁷⁷

Other courts have followed *Kelly*. The Fourth Circuit has concluded that “[t]he use of a copyrighted work need not alter or augment the work to be transformative in nature. Rather it can be transformative in function or purpose without altering or actually adding to the original work.”⁷⁸ The Second Circuit agreed in a case where it found that the

70. *Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104 (2d Cir. 1998). Bruce P. Keller represented Infinity Broadcasting Corp. in this matter.

71. *Id.* at 106.

72. *Id.* at 108.

73. *Id.*

74. *Id.* See also *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 351 (S.D.N.Y. 2000) (finding that reproduction of audio CD into computer MP3 format does not transform the work); cf. *Recording Indus. Ass’n of Am. v. Diamond Multimedia Sys.*, 180 F.3d 1072, 1079 (9th Cir. 1999) (reproduction on MP3 player of audio files “that already reside on a user’s hard drive” is a “paradigmatic non-commercial personal use”).

75. *Kelly v. ArribaSoft Corp.*, 336 F.3d 811, 818–20 (9th Cir. 2003).

76. *Id.*; see also *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165–66 (9th Cir. 2007) (same).

77. *Id.*

78. *A.V. v. iParadigms*, 562 F.3d 630, 639 (4th Cir. 2009) (copying of works to facilitate service to prevent student plagiarism transformative because works are used for a different purpose).

efficiency and convenience of a service that copies and redistributes clips of news programs served a “transformative purpose.”^{78.1}

The First Circuit also held that the use of a model’s photograph to illustrate a news story about Miss Puerto Rico was transformative because the use had a different purpose (to inform the paper’s readership) than the original, which was used as part of model’s portfolio.⁷⁹ Even the Second Circuit has held, post-*Kirkwood*, that the use of replicas of Grateful Dead concert posters in a biographical account of the band was transformative because they were used as “historical artifacts to document and represent the actual occurrence of Grateful Dead concert events,” whereas the originals “fulfilled the dual purposes of artistic expression and promotion.”⁸⁰

Other uses have been found transformative, even though they do not alter the original aesthetically. Sometimes, courts analyze transformativeness in terms of market substitutability—in other words, to the extent the copy does not supersede demand for the original, as was the case with the use of photographs of Beanie Babies in an evaluative

78.1. Fox News Network, LLC v. TVEyes, Inc., 883 F.3d 169, 174 (2d Cir.) (citing the service’s ability to “isolate” programs of interest that are “responsive” to clients’ interests and to allow clients to “access that material in a convenient manner”), *cert. denied*, No. 18-321, 2018 WL 4385773 (U.S. Dec. 3, 2018). The Second Circuit interpreted *Sony* to mean that a use may be fair “if it utilizes technology to achieve the transformative purpose of improving the efficiency of delivering content without unreasonably encroaching on the commercial entitlements of the rights holder.” *Id.* at 177. Judge Kaplan concurred in the judgment but disagreed with the majority’s need to address the issue of transformativeness and of its view of *Sony*. After weighing all four factors, however, it concluded the service was not a fair use.

79. *Núñez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 23 (1st Cir. 2000). *See also* *Equals Three LLC v. Junkin Media, Inc.*, 139 F. Supp. 3d 1094, 1103–06 (C.D. Cal. 2015) (adding jokes, narration, graphics, editing, and other elements to viral videos “highly transformative” where the events depicted in the videos were “the butt of Equal Three’s jokes”; this “add[ed] something new . . . with a different purpose or character”); *Rosen v. EBay*, No. CV. 13-6801, 2015 WL 1600081, at *16–18 (C.D. Cal. Jan. 16, 2015) (images of magazine covers transformative because they were “created for the purpose of providing information as to the condition and content of the magazines” as opposed to the “aesthetic and artistic purpose” of the original photographs).

80. *Bill Graham Archives, LLC v. Dorling Kindersley Ltd.*, 448 F.3d 609 (2d Cir. 2006) (finding fair use). *See also* *Arrow Prods., Ltd. v. Weinstein Co.*, 44 F. Supp. 3d 359, 368–70 (S.D.N.Y. 2014) (recreation of three scenes from pornographic film *Deep Throat* in movie biography about pornographic actress was transformative; purpose of use in biography was to provide “behind-the-scenes perspective” on the film and its “young, inexperienced and susceptible star” whereas purpose in original was to provide “sexually explicit” entertainment).

and critical collector's guide, the work is deemed transformative.⁸¹ The use of ten- to twenty-second clips from a famous actor's films in for-profit television news reports of his death similarly was held not to "supersede" the market for the original film because its purpose was to educate, rather than entertain.⁸² Other courts look more broadly to whether the new use serve a different purpose than the original, such as one case where the use of a seven-second clip from the *Ed Sullivan Show* introducing the Four Seasons in a Broadway musical about the band was held to be transformative because it was said to serve as a "biographical anchor" for the musical rather than for its inherent entertainment value.⁸³ Similar reasoning led to findings of fair use when the defendant published photographs of a celebrity couple's wedding in a fan magazine where the photographs were not used in their original context as documentation of a wedding, but rather as confirmation of accompanying magazine text challenging the couple's repeated public denials of their marriage.⁸⁴ Cases involving services that engage in mass digitization of copyrighted works, to enable public accessibility, including by facilitating searches, have held that the

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81. *Ty, Inc. v. Publ'ns Int'l Ltd.*, 292 F.3d 512 (7th Cir. 2002); *see also* *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014) (use of photograph of mayor in lampoon t-shirt fair use; a "t-shirt or tank-top is no substitute for the original photograph" and is complementary), *cert. denied*, 135 S. Ct. 1555 (2015); *NXIVM Corp.*, 364 F.3d at 477–78 (use of quotes from business-training-seminar manuals transformative where websites contained critical analyses of seminars).
82. *Video-Cinema Films, Inc. v. CNN, Inc.*, 60 U.S.P.Q.2d (BNA) 1415, 1420 (S.D.N.Y. 2001); *see also* *L.A. News Serv. v. CBS Broad., Inc.*, 305 F.3d 924, 941–42 (9th Cir. 2002) (inclusion of a clip in video montage was transformative, whereas rebroadcasts of three-second clip to promote defendant's coverage was a "less transformative use").
83. *Sofa Entm't, Inc. v. Dodger Prods., Inc.*, 709 F.3d 1273, 1278–79 (9th Cir. 2013). *See also* *Corbello v. DeVito*, No. 2:08-cv-00867-RCJ-PAL, 2017 WL 2587924, at *15 (D. Nev. June 14, 2017) (overturning jury verdict; fair use as a matter of law where transformative purpose of musical was to entertain rather than inform), *appeal filed*, No. 17-16337 (9th Cir. June 29, 2017); *Estate of Smith v. Cash Money Records, Inc.*, No. 14cv2703, 2017 WL 2333770, at *7–8 (S.D.N.Y. May 31, 2017) (thirty-five-second sample of spoken-word composition transformative where purpose of making a "statement on the relevance and staying power of 'real music,' regardless of genre" differed from original purpose of making "an unequivocal statement on the primacy of jazz"); *Arrow Prods.*, 44 F. Supp. 3d at 368–70 (recreation of scenes from pornographic movie served biographical rather than erotic purpose).
84. *Monge v. Maya Magazines, Inc.*, 96 U.S.P.Q.2d (BNA) 1678, 1680 (N.D. Cal. 2010).

differences in purposes and function between the original publication and those service offerings render them transformative.^{84.1}

Transformative use arguments have failed, however, where defendants use the copyrighted work for the same purpose as the original.^{84.2} For example, the use of copyrighted eyewear in a magazine advertisement for clothing was held to be nontransformative because the glasses were being worn as “eye jewelry in the manner [they] were made to be worn.”⁸⁵ For the same reasons, courts have found the use of copyrighted music and lyrics to create karaoke versions of songs to be nontransformative because they serve the same entertainment purpose as the original song.⁸⁶

At times, courts will look beyond labels to determine whether a given use truly serves a different purpose than the original. For example, the use of the famed Abbott and Costello “Who’s on First” routine in a play for the same comedic purpose as the original

84.1. *See, e.g.,* Authors Guild, Inc. v. Google, Inc., 804 F.3d 202, 214–19 (2d Cir. 2015) (digitization of millions of books so they could be searched electronically for research purposes, with the results displayed in snippet form, was “highly transformative” and weighed in favor of fair use); White v. W. Publ’g Corp., 29 F. Supp. 3d 396, 399 (S.D.N.Y. 2014) (republication of legal briefs on Westlaw and Lexis transformative because defendants used brief to create searchable library, whereas plaintiff’s uses of brief was to make legal argument).

84.2. *See* Oracle Am., Inc. v. Google LLC, 886 F.3d 1179, 1202 (Fed. Cir. 2018) (Google’s use of Oracle’s APIs for Android not transformative: “where . . . the copying is verbatim, for an identical function and purpose, and there are no changes to the expressive content or message, a mere change in format . . . is insufficient as a matter of law to qualify as a transformative use”); Disney Enters., Inc. v. VidAngel, Inc. 869 F.3d 848, 861 (9th Cir. 2017) (online streaming service that removed objectionable content from programs was for the same entertainment purpose as the original, and not transformative; “*Star Wars* is still *Star Wars*, even without Princess Leia’s bikini scene.”); TCA Television Corp. v. McCollum, 839 F.3d 168, 183 (2d Cir. 2016) (use of famed comic routine in a play was for the same comedic purpose and not transformative); *see also* Paramount Pictures Corp. v. Axanar Prods., Inc., No. 2:15-cv-09938-RGK-E, 2017 WL 83506, at *7 (C.D. Cal. Jan. 3, 2017) (use not transformative where *Star Trek* prequels were awedonly “faithful to the *Star Trek* canon and appeal to *Star Trek* fans”).

85. *Davis v. Gap, Inc.*, 246 F.3d 152, 175 (2d Cir. 2001).

86. Courts have rejected attempts by manufacturers of karaoke CDs and devices to characterize karaoke as a transformative “educational” tool that helps individuals learn to sing, holding instead that the fundamental use is commercial, and that the end-users’ use of the product is irrelevant. *See* Leadsinger, Inc. v. BMG Music Publ’g, 512 F.3d 522, 530–31 (9th Cir. 2008); Zomba Enters., Inc. v. Panorama Records, Inc., 491 F.3d 574, 582–83 (6th Cir. 2007), *cert. denied*, 533 U.S. 1032 (2008).

“mimicking the original timing, tone, and delivery” and without any significant “dramatic” purpose was not transformative.^{86.1} Similarly, the use of lengthy clips of Elvis Presley performances in a purportedly biographical work was held nontransformative because, despite the “biographical” label, the use had the same underlying entertainment purpose as the original works.⁸⁷ Likewise, creating de-bowdlerized versions of movies for family viewing was held nontransformative because both movie versions were for the purpose of entertainment.⁸⁸ In another case, the court found some uses of J.K. Rowling’s novels to create a Harry Potter encyclopedia to be transformative, because they served as a reference guide with critical commentary, and others less so to the extent they simply quoted large parts of the novels without analysis or comment.⁸⁹ The lack of any critical comment or analysis also weighed against transformativeness in a case involving a U.S. postage stamp simply depicting a copyrighted Korean War memorial sculpture.⁹⁰ Similarly, using software to excerpt and republish news stories without any additional commentary or insight was held nontransformative,⁹¹ as was the reproduction of animated television characters, without additional text or commentary, in print magazines.⁹² Another court held that simply repackaging a copyrighted translation of a religious homily in a new medium (the Internet) does not transform the work.⁹³ Simply taking copyrighted characters and

86.1. See *TCA Television Corp.*, 839 F.3d at 181–82.

87. *Elvis Presley Enters. v. Passport Video*, 349 F.3d 622, 628–29 (9th Cir. 2003) (fair use unlikely where documentary included songs, photographs, and largely uninterrupted clips from every televised Elvis performance).

88. *Clean Flicks of Colo., LLC v. Soderbergh*, 433 F. Supp. 2d 1236, 1241–42 (D. Colo. 2006) (edited copies of DVD movies that deleted offensive material were not transformative).

89. *Warner Bros. Entm’t Inc. v. RDR Books*, 575 F. Supp. 2d 513, 544 (S.D.N.Y. 2008) (quotes used for their inherent entertainment and aesthetic value).

90. *Gaylord v. United States*, 595 F.3d 1364, 1373–74 (Fed. Cir. 2010). The stamp and sculpture shared the purpose of honoring war veterans. *Id.* That the image used on the stamp captured the war memorial after a snowfall did not render the stamp transformative. “Nature’s decision to snow cannot deprive [the copyright owner] of an otherwise valid right to exclude.” *Id.* at 1374.

91. *Associated Press, Inc. v. Meltwater U.S. Holdings, Inc.*, 931 F. Supp. 2d 537, 551–53 (S.D.N.Y. 2013).

92. *Viacom Int’l Inc. v. Fanzine Int’l Inc.*, 56 U.S.P.Q.2d (BNA) 1363, 1367 (S.D.N.Y. 2000), *permanent injunction, disgorgement of profits, statutory damages and attorneys’ fees granted by 2001 U.S. Dist. LEXIS 11925* (S.D.N.Y. Aug. 16, 2001).

93. *Soc’y of the Holy Transfiguration Monastery, Inc. v. Archbishop Gregory of Denver, Colo.*, 685 F. Supp. 2d 217, 227 (D. Mass. 2010).

using them in an unauthorized sequel likewise is not transformative.⁹⁴ Similarly, publishing a series of illustrated children’s books based on condensed and simplified versions of novels is not transformative.^{94.1}

A use also may be deemed transformative in the aesthetic sense—that is, if the original work is used as “raw material, transformed in the creation of new information, new aesthetics, new insights and understandings.”⁹⁵ Drawing the line between noninfringing transformative uses and infringing nontransformative ones, however, is not always clear cut.⁹⁶ This is illustrated by the different outcomes of two cases involving works by the “appropriation” artist Jeff Koons. *Rogers v. Koons*⁹⁷ involved Koons’s recreation of a photographer’s black-and-white photograph as a sculpture in various colors and with some minor modifications, as depicted below:



The Second Circuit held that transformation into a three-dimensional medium was not a fair use. Although Koons claimed the sculpture was intended to be a parody or critique on society at large, the court found that this new purpose was not sufficiently evident.⁹⁸ It also found that

94. *Salinger v. Colting*, 607 F.3d 68, 83 (2d Cir. 2010) (case involved J.D. Salinger’s *The Catcher in the Rye*; defendant asserted in litigation that purpose was to criticize author and characters; prelitigation statements had referred to different, nontransformative, purposes).

94.1. *Penguin Random House v. Colting*, 270 F. Supp. 3d 736, 750-51 (S.D.N.Y. 2017) (substantially shortening novels, removing adult themes, and adding background information, analysis, and quiz questions “do not transform [the] [n]ovels in a legally cognizable way”).

95. Leval, *supra* note 64, at 1107.

96. *Compare, e.g., Bridgeport Music, Inc. v. UMG Recordings, Inc.*, 585 F.3d 267, 278 (6th Cir. 2009) (a hip-hop group’s sampling, with a different theme, mood, and tone, the refrain “Bow wow wow, yippie yo, yippie yea” and other elements from a well-known funk song deemed transformative; rejecting the fair use defense on the basis of other factors), *with Video-Cinema Films, Inc. v. Lloyd E. Rigler-Lawrence E. Deutsch Found.*, 78 U.S.P.Q.2d (BNA) 1538, 1545 (S.D.N.Y. 2005) (even though clip was part of new compilation, it was unaltered and no new meaning was added to performance).

97. *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992).

98. *Id.* at 303.

Koons acted with the bad-faith intent to knowingly exploit the copyrighted work for personal gain, militating further against fair use.⁹⁹

Fourteen years later, Koons again was sued over his creation of *Niagara*, a large painting commissioned by the Guggenheim Museum that included images of many pairs of legs and feet, including a pair cropped out of a copyrighted photograph, juxtaposed with images of food.¹⁰⁰ A side-by-side depiction of the original advertisement and Koons's painting is below:



The Second Circuit held that this use was transformative. The original photograph was taken for a fashion feature in a lifestyle magazine and depicted a woman's legs and feet resting on a man's lap in a setting that was intended to illustrate the use of metallic cosmetics as part of the glamour of a certain lifestyle. By contrast, in Koons's new work, the Second Circuit held, the photograph was used "as fodder for his commentary on the social and aesthetic consequences of mass media."¹⁰¹

The Second Circuit also addressed transformative uses of photographic images in *Cariou v. Prince*.¹⁰² That case involved photographs of Rastafarians that were published in a book called *Yes Rasta*. Richard Prince, another appropriation artist, took "photographs and other images that others have produced and incorporated them into paintings and collages that he then presented, in a different context, as his own."¹⁰³ The plaintiff sued when Prince used plaintiff's Rastafarian pictures in thirty appropriation art pieces. The Second Circuit held that twenty-five of the thirty were transformative because they "manifest an entirely different aesthetic from Cariou's photographs. Where

99. *Id.* at 308.

100. *Blanch v. Koons*, 467 F.3d 244, 247 (2d Cir. 2006).

101. *Id.* at 253.

102. *Cariou v. Prince*, 714 F.3d 694 (2d Cir. 2013).

103. *Id.* at 699.

Cariou's serene and deliberately composed portrait and landscape photographs depict the natural beauty of Rastafarians . . . , Prince's crude and jarring works are hectic and provocative."¹⁰⁴ It rejected the argument that, because Prince had testified that he did not intend to create anything with a new meaning or message, the works had to be nontransformative, holding instead that how the works appear to the reasonable observer is what matters.¹⁰⁵ As for the other five works, the Second Circuit held it "could not say for sure" whether Prince's alterations "amount to a sufficient transformation of the original work of art such that the new work is transformative," and remanded for further proceedings.¹⁰⁶ The dissent noted that the majority opinion did not provide much guidance for distinguishing between nontransformative uses and transformative ones.¹⁰⁷ For example, the Prince work on the left below, *Tales of Brave Ulysses*, was determined to be transformative (and a fair use) as a matter of law, whereas the work on the right, *Graduation*, was remanded, even though both appear to employ similar techniques and alterations to the original photograph:



104. *Id.* at 706. *See also* Seltzer v. Green Day, Inc., 725 F.2d 1170 (9th Cir. 2013) (use of drawing of screaming face in four-minute video compilation serving as background for live rock performances was transformative).

105. *Cariou*, 714 F.3d at 707.

106. *Id.* at 711. The parties subsequently settled the dispute with respect to those works. In another appropriation art case brought by a photographer against Prince, the court, following *Cariou*, denied defendants' motion to dismiss, concluding that Prince's work was not transformative as a matter of law; that alterations to original were "materially less significant than those that were found to be insufficiently transformative to clearly warrant a finding of fair use in *Cariou*"; and that defendants would be unable to establish transformativeness without "substantial evidentiary support" that could not be considered on the present motion). *See* Graham v. Prince, 265 F. Supp. 3d 366, 380–82 (S.D.N.Y. 2017).

107. *Cariou*, 714 F.3d at 713.

As the specific works at issue in *Cariou* demonstrate, the evolution of the transformativeness doctrine as central to the fair use inquiry does not appear to have altogether removed the degree of subjectivity that accompanies the fair use analysis. This state of affairs is somewhat ironic, given Judge Leval's lament that the pre-transformativeness fair use case decisions were "not governed by consistent principles, but seem[ed] to result from intuitive reactions to individual fact patterns."¹⁰⁸ In writing for the Second Circuit in *Authors Guild v. Google*, Judge Leval, some twenty-five years after his seminal article on transformativeness in the *Harvard Law Review*, revisited that concept. In that decision, he cautioned that the "word 'transformative' cannot be taken too literally as a sufficient key to understanding the elements of fair use. It is rather a suggestive symbol for a complex thought, and does not mean that any and all changes to an author's original text will necessarily support a finding of fair use."^{108.1}

Consistent with Judge Leval's view, fair use remains a doctrine that presents challenges in formulating advice to clients. That said, whether causally related or not, the rise of the application of transformativeness has resulted in a higher success rate for defendants claiming fair use, according to one study.¹⁰⁹ 22.73% of such defendants prevailed on a fair use defense in district court decisions between 1995 and 2000; 40.91% did so between 2001 and 2005; and 58.33% did so between 2006 and 2010.¹¹⁰

[B] Other First Factor Considerations

On occasion, whether in the context of the first factor or otherwise, courts also will consider whether the challenged use results in a public benefit because it serves the public interest.¹¹¹ A use that

108. Leval, *supra* note 64, at 1106–07.

108.1. *See, e.g.,* *Authors Guild, Inc. v. Google, Inc.*, 804 F.3d 202, 214 (2d Cir. 2015). Judge Leval also warned that "oversimplified reliance" on whether copying "involves transformation" ought not to result in sweeping into fair use those transformations in the nature of a work's form that infringe on an author's exclusive right to make derivative works. *Id.* at 215–16. The Second Circuit also rejected, as "not particularly helpful," the Seventh Circuit's view that fair uses should be viewed as those that are "complementary." *See id.* at 216 n.18 (citing *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014)).

109. *See* Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 LEWIS & CLARK L. REV. 715, 745 (2011).

110. *Id.* at 752.

111. *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1523 (9th Cir. 1992) [court "free to consider public benefit" from a use; public benefit "need not be tangible or direct" but may arise because use serves "public interest"].

results in an increase in creative expression¹¹² or otherwise provides great value to the public¹¹³ may be seen as promoting the purposes of copyright.¹¹⁴ In such case, the commercial nature of the use may be outweighed by its serving the interests of the public. For example, Google’s unauthorized digitization of books so they could be searched electronically was held to be a fair use, among other reasons, because, the court found, there were “substantial public benefits” in allowing the public, “for the first time, to conduct full-text searches of tens of millions of books.”¹¹⁵ Similarly, the Second Circuit has held that the mass digitization of works so that blind persons could access them was a fair use, even though not transformative.¹¹⁶

Under this first factor, based on language in *Harper & Row Publishers, Inc. v. Nation Enterprises*,¹¹⁷ some courts will consider, as a subfactor, the “propriety” of the actions of the alleged infringer, potentially making a finding of fair use less likely where a copy of a copyrighted work is purloined or where the putative infringer otherwise acts in bad faith.¹¹⁸ There are suggestions, however, that

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112. *Id.* (defendant’s disassembly of object code resulted in increase of independently designed video game programs). *Cf.* *Sony Comput. Entm’t Am., Inc. v. Bleem*, 214 F.3d 1022, 1027 (9th Cir. 2000) (copying of advertisements for comparative purposes “redounds greatly” to benefit of purchasing public).
113. *Blanch v. Koons*, 467 F.3d 244, 254 (2d Cir. 2006) (public exhibition of artwork has a “value that benefits the broader public interest”); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1166 (9th Cir. 2007) (search engine “promotes the purposes of copyright and serves the interest of the public”; value outweighed superseding and commercial nature of use); *Rosen v. EBay*, No. CV. 13-6801, 2015 WL 1600081, at *17 (C.D. Cal. Jan. 16, 2015) (public “benefits greatly from being able to evaluate the magazines offered for sale legitimately under the first sale doctrine”).
114. *Authors Guild*, 804 F.3d at 214–19 (public benefits of mass digitization weighed in favor of fair use).
115. *Authors Guild*, 954 F. Supp. 2d at 293–94.
116. *Authors Guild, Inc., v. HathiTrust*, 755 F.3d 87, 105 (2d Cir. 2014) (noting public benefit of creating handicap accessible searchable digital library of content); *Perfect 10*, 508 F.3d at 1169 (noting “considerable public benefit” of search engine functionality as weighing in favor of fair use).
117. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985) (“Fair use presupposes ‘good faith’ and ‘fair dealing,’” citing *Time, Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130, 146 (S.D.N.Y. 1968)).
118. *See, e.g., NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 477–78 (2d Cir. 2004) (considering propriety of actions in fair use analysis); *L.A. News Serv. v. KCAL-TV Channel 9*, 108 F.3d 1119, 1122 (9th Cir.) (defendant’s conduct relevant where defendant may have knowingly exploited a work that could have been obtained for a fee); *Peteski Prods., Inc. v. Rothman*, 264 F. Supp. 3d 731, 736–39 (E.D. Tex. 2017) (defendant’s conduct in breaching employment contract and copying work to use in civil lawsuit constituted bad faith and weighed against fair use); *Associated Press, Inc. v. Meltwater U.S. Holdings, Inc.*, 931 F. Supp. 2d 537, 553 (S.D.N.Y. 2013) (“The term itself

the fair use analysis ought not to consider an alleged infringer's motives.¹¹⁹ If a use is otherwise fair, that a defendant did not seek permission before using the work will not, in and of itself, weigh against a finding of fair use or otherwise constitute evidence of "bad faith" sufficient to transform an otherwise fair use into an infringing one.¹²⁰

§ 8:4.3 Factor Two: Distinction Between Fanciful and Factual Copyrighted Works

"The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy,"¹²¹ and accordingly, a use is more likely to be deemed fair when it is of a factual work as opposed to a fictional or creative work.¹²² Works that have been found to be creative or imaginative under this factor include: sound recordings of popular songs;¹²³ a religious text that embodies "creativity, imagination and originality," even though believers might regard the work as "factual";¹²⁴ and a feature-length "B" horror film.¹²⁵

suggests" good faith and fair dealing are relevant); *Field v. Google*, 412 F. Supp. 2d 1106, 1122–23 (D. Nev. 2006) (in comparing parties' conduct, expressly considering additional factor of good faith, which weighed in defendant's favor).

119. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 585 n.18 (1994) (suggesting that extent to which "good faith" ought to be taken into account in fair use analysis is unresolved); *NXIVM Corp.*, 364 F.3d at 485 (fair use is a statutory "right" and alleged infringer's motive has "no rational bearing" on analysis) (Jacobs, J., concurring).
120. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 585 n.18 (1994) ("If the use is otherwise fair, then no permission need be sought or granted."); *Blanch v. Koons*, 467 F.3d 244, 255–256 (2d Cir. 2006) (no controlling authority that failure to ask for permission constitutes "bad faith"); *Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.*, 150 F.3d 132, 146 (2d Cir. 1998) (being denied permission to use work is irrelevant to a finding of fair use).
121. *Harper & Row*, 471 U.S. at 563.
122. *Stewart v. Abend*, 495 U.S. 207, 237 (1990). See also *Swatch Grp. Mgmt., Ltd. v. Bloomberg*, 742 F.3d 17, 20 (2d Cir. 2014) ("manifestly factual character" of company's earnings calls weighed in favor of fair use); *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1524–26 (9th Cir. 1992).
123. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1016 (9th Cir. 2001). The underlying musical compositions embodied within sound recordings are also deemed to be expressive and creative for purposes of the second fair use factor. *United States v. ASCAP*, 599 F. Supp. 2d 415, 430 (S.D.N.Y. 2009).
124. *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1118 (9th Cir. 2000), cert. denied, 532 U.S. 958 (2001).
125. *Hofheinz v. AMC Prods., Inc.*, 147 F. Supp. 2d 127 (E.D.N.Y. 2001).

That a work is creative rather than factual will not, however, preclude a finding of fair use. Where the copying is deemed “transformative” under the first factor, less weight may be accorded to a finding that the copied work is “creative.”¹²⁶

In addition, the unpublished nature of a copied work may affect a court’s fair use analysis. The U.S. Supreme Court has stated that “[t]he scope of fair use is narrower with respect to unpublished works”¹²⁷ because an “author’s right to control the first public appearance of his undissemated expression will outweigh a claim of fair use.”¹²⁸ Responding to a trend in case law that appeared to be establishing a per se rule against fair use of unpublished works,¹²⁹ Congress in 1992 added the following language to section 107 of the Copyright Act: “The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the [fair use] factors.”¹³⁰ In the aftermath of this amendment, some courts have dealt more flexibly with defenses of fair use of unpublished works.¹³¹ “Publication” in this context may not necessarily be governed by the statutory definition—that is, “distribution of copies or phonorecords to the public by sale or transfer of ownership.”¹³² Rather, this fair use factor “aims to take account of ‘the author’s right to

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126. *See Blanch*, 467 F.3d at 257 (“[T]he second factor may be of limited usefulness where the creative work of art is being used for a transformative purpose.”) (quoting *Bill Graham Archives, LLC v. Dorling Kindersley Ltd.*, 448 F.3d 605, 612 (2d Cir. 2006)).
127. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 564 (1985); *see also HarperCollins Publishers L.L.C. v. Gawker Media LLC*, 721 F. Supp. 2d 303, 305–06 (S.D.N.Y. 2010) (granting temporary restraining order where media blog published, without permission, twenty-one pages of unpublished book by Sarah Palin; fact that work was unpublished “substantially weaken[ed] defendant’s fair use claim”).
128. *Harper & Row*, 471 U.S. at 555. *But see A.V. v. iParadigms*, 562 F.3d 630, 641 (4th Cir. 2009) (uploading of students’ papers to online technology system designed to detect plagiarism by comparison with other digitized content did not violate students’ right to control first public appearance of works, because use was not a public dissemination and did not have “‘intended purpose’” or “‘incidental effect’” of “supplanting plaintiffs’ rights to first publication”) (quoting *Harper & Row*).
129. *See, e.g., Salinger v. Random House, Inc.*, 811 F.2d 90, 95 (2d Cir. 1987) (holding that a biographer’s substantial quotation and paraphrase from unpublished letters that had been deposited in research archives were not a fair use, and stating that “unpublished letters normally enjoy insulation from fair use copying”), *rev’g* 650 F. Supp. 413 (S.D.N.Y. 1986), *cert. denied*, 484 U.S. 890 (1987).
130. 17 U.S.C. § 107.
131. For a more detailed discussion of fair use of unpublished works, see section 6:1.2[B][1].
132. 17 U.S.C. § 101.

control the first public appearance of his expression.”¹³³ Under this standard, the Second Circuit found the second factor favored fair use where the plaintiff had invited hundreds of investment analysts to its earnings conference and therefore was deemed to have published its earnings remarks “de facto.”¹³⁴

§ 8:4.4 **Factor Three: Amount of the Work That Can Be Used**

Determination of the “amount and substantiality of the portion used in relation to the copyrighted work as a whole” can involve both qualitative and quantitative analysis. Although unauthorized use of all, or a significant portion, of a work almost always will preclude a finding of fair use,¹³⁵ use of even a small portion of a work may be deemed unfair if that portion constitutes the qualitative “heart” of the work.¹³⁶ In *Harper & Row*, for example, the defendant magazine had scooped a competitor by printing unauthorized excerpts from former President Gerald Ford’s unpublished memoirs. Even though the defendant had reproduced only 300 words from a manuscript of 200,000 words, those excerpts, which recounted Ford’s pardon of Richard Nixon, represented “essentially the heart” of the manuscript because that portion represented the most newsworthy and anticipated aspect of the memoir.¹³⁷ In another case, an Internet news

133. *Swatch Grp. Mgmt., Ltd. v. Bloomberg*, 742 F.3d 17, 20 (2d Cir. 2014) (quoting *Harper & Row*, 471 U.S. at 539).

134. *Id.*

135. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449–50 (1984) (noting that, ordinarily, copying of entire work militates against finding of fair use); *Soc’y of Holy Transfigurations Monastery, Inc. v. Gregory*, 689 F.3d 29, 60 (1st Cir. 2012) (“even though wholesale copying does not preclude fair use per se, copying an entire work generally will militate against a finding of fair use” (internal citations omitted)); *Murphy v. Millennium Radio Grp. LLC*, 650 F.3d 295, 309 (3d Cir. 2011) (copying photograph in is entirety weighed against fair use); *Merkos L’Inyonei Chinuch, Inc. v. Otsar Sifrei Lubavitch, Inc.*, 319 F.3d 94 (2d Cir. 2002); *Princeton Univ. Press v. Mich. Document Servs., Inc.*, 99 F.3d 1381, 1389 (6th Cir. 1996) (en banc), *cert. denied*, 520 U.S. 1156 (1997); *Paramount Pictures Corp. v. Axanar Prods., Inc.*, No. 2:15-cv-09938-RGK-E, 2017 WL 83506, at *8 (C.D. Cal. Jan. 3, 2017) (where “elements in [the] Star Trek canon . . . [were] an indispensable part of what makes Star Trek ‘Star Trek’” and “pervade[d]” defendants’ prequels, factor weighed against fair use).

136. *See Harper & Row*, 471 U.S. at 564–65. *But see Ty, Inc. v. Publ’ns Int’l Ltd.*, 292 F.3d 512 (7th Cir. 2002) (suggesting that necessarily all of a Beanie Baby must be used in a photo since “no one . . . wants a photograph of part of a Beanie Baby”).

137. *Harper & Row*, 471 U.S. at 564–65; *cf. Blanch v. Koons*, 467 F.3d 244, 257–58 (2d Cir. 2006) (use fair where artist did not copy key creative elements of photograph).

monitoring service was held to have appropriated the heart of AP news stories by automatically taking the “lede” sentence from every story—that is, the sentence meant to convey the “heart of the story.”¹³⁸

In all cases, the amount of copying permitted will depend on the amount needed to further the “purpose and character” of the use.¹³⁹ Is the amount taken “reasonable” or “justified” in relation to the purpose of the copying?¹⁴⁰ Particularly where images are concerned, taking as “much as is necessary” may require copying the entire work.¹⁴¹ The Fourth Circuit has held that the uploading of substantially complete student papers to an online technology system designed to evaluate them for originality was appropriate, under the third fair use factor, for the limited purpose of detecting plagiarism.¹⁴²

Under the quantitative analysis of this factor, the relevant inquiry is the amount of the copyrighted work that has been borrowed relative to the overall size of that work, and not in comparison to other material in the allegedly infringing work. Thus, if the borrowed material

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138. Associated Press, Inc. v. Meltwater U.S. Holdings, Inc., 931 F. Supp. 2d 537, 558 (S.D.N.Y. 2013). The court also found that by taking between 4.5% and 61% of the content of each article, the amount of use factor disfavored fair use in terms of the quantitative amount taken. *Id.*
139. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586–87 (1994); *see also* Estate of Smith v. Cash Money Records, Inc., No. 14cv2703, 2017 WL 2333770, at *9–10 (S.D.N.Y. May 31, 2017) (thirty-five out of sixty seconds of recorded composition was an amount “reasonable in proportion to the needs of the intended transformative use” where “use of the lines . . . serve to drive the point home”); Righthaven LLC v. Realty One Grp. Inc., 96 U.S.P.Q.2d (BNA) 1516, 1518 (D. Nev. 2010) (display on real estate blog of first eight sentences of thirty-sentence news article for educational purposes weighed in favor of fair use; motion to dismiss granted); Lennon v. Premise Media Corp., 556 F. Supp. 2d 310, 325–26 (S.D.N.Y. 2008) (denying preliminary injunction where filmmaker’s use of easily recognizable fifteen-second clip of song “Imagine” was not excessive, because song is musically repetitive and particular portion used was relevant to defendant’s commentary).
140. *Blanch*, 467 F.3d at 257 (examining whether copying was “excessive,” that is, beyond the user’s “justified” purpose).
141. *See, e.g., id.* (use was “reasonable” to convey “fact” of the photograph; artist only copied the portion that was “necessary”); Bill Graham Archives, LLC v. Dorling Kindersley Ltd., 448 F.3d 609, 613 (2d Cir. 2006) (reproduction of posters in their entirety, in minimal image size and quality, “necessary” for reader’s recognition); Kelly v. Arriba Soft Corp., 336 F.3d 811, 820–21 (9th Cir. 2003) (for purposes of visual search, “necessary” to copy entire image; otherwise, image would be more difficult to identify, reducing search engine’s usefulness); Núñez v. Caribbean Int’l News Corp., 235 F.3d 18, 24 (1st Cir. 2000) (although “entire picture” was copied, “to copy any less than that would have made the picture useless to the story”). *Cf. Murphy v. Millennium Radio Grp. LLC*, 650 F.3d 295, 309 (3d Cir. 2011) (assuming, without discussion, that copying of entire photograph of former radio deejay partners weighed against fair use).
142. *A.V. v. iParadigms*, 562 F.3d 630, 642 (4th Cir. 2009).

makes up only a relatively small portion of the alleged infringer's work, but constitutes a substantial percentage of the infringed work, this factor is more likely to cut against a finding of fair use.¹⁴³

The Second Circuit has elaborated on this factor by distinguishing the amount of the material used by the copier from the amount that is made available to the public. Where, for example, Google had copied entire books to enable users to search books and to enable display of snippets, only three-line snippets were displayed, the number of searches was limited, and users could never read large quantities of the copyrighted text, Google "satisfie[d]" the third factor test.^{143.1} By contrast, where a broadcast news clipping service made "available virtually the entirety" of programming that the users wanted to "see and hear" and where each clip was ten minutes long, making it "likely" users could see the entirety of the programming they were seeking, the third factor cut against a finding of fair use.^{143.2}

§ 8:4.5 **Factor Four: Impact on the Market for, or Value of, the Copyrighted Work**

In *Harper & Row*, the Supreme Court indicated that the fourth fair use factor is "undoubtedly the single most important element of fair use,"¹⁴⁴ although the Second Circuit has speculated that the Supreme Court has abandoned this position based on the ascendancy of transformativeness as key to the fair use inquiry.¹⁴⁵ This factor requires

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143. See, e.g., *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 480 (2d Cir. 2004) (fair use evaluation "plainly requires" analyzing portion in relation to the copyrighted work, not the infringing work). It is the entirety of the copyrighted work that is to be considered in this analysis. Accordingly, courts are unlikely to credit arguments that individual chapters in a book constitute entire works for fair use purposes. *Id.* at 481 (rejecting argument that copying of individual "modules" from business-training-seminar manual constituted copying of entire works). See also *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters.*, 533 F.3d 1287, 1307 (11th Cir. 2008) ("it is the relative portion of the copyrighted work—not the relative portion of the infringing work—that is the relevant comparison"); *Suntrust Bank*, 268 F.3d at 1272 (noting that parodist took more of protected expression from *Gone With the Wind* than was necessary for parodic purpose).
- 143.1. *Authors Guild, Inc. v. Google, Inc.*, 804 F.3d 202, 221–23 (2d Cir. 2015).
- 143.2. *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169, 179 (2d Cir.), *cert. denied*, No. 18-321, 2018 WL 4385773 (U.S. Dec. 3, 2018).
144. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 564–65 (1985).
145. *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 926 (2d Cir. 1994). See also *Blanch*, 467 F.3d at 254 (where work is substantially transformative under first factor, commercialism is "less significant"). Where transformation is minimal, commercialism has a greater impact on the fair use analysis. *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1177 (9th Cir. 2012) ("Maya's minimal transformation of the photos is substantially undercut by its undisputed commercial use").

determination of the potential effect of the unauthorized use on the market for the original work.¹⁴⁶ Whether a challenged use is commercial again assumes importance in this context. When a use is commercial, market harm is presumed and must be rebutted by the defendant.¹⁴⁷ This presumption, however, applies only to instances of “mere duplication for commercial purposes.”¹⁴⁸ A transformative use, even if commercial, does not warrant a presumption of market harm.¹⁴⁹

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146. Where the “market” arguably harmed by use of advertising for comparative purposes is the market for the advertised product, not that of the copyrighted advertisement, this factor may weigh in defendant’s favor. *See Sony Comput. Entm’t Am., Inc. v. Bleem*, 214 F.3d 1022, 1029 (9th Cir. 2000).
147. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 591 (1994); *Disney Enters., Inc. v. VidAngel, Inc.*, 869 F.3d 848, 861 (9th Cir. 2017) (district court did not err in presuming market harm where use was commercial and not transformative); *Balsey v. LFP, Inc.*, 691 F.3d 747, 760 (6th Cir. 2012) (“every commercial use of copyrighted material is preemptively unfair”; publication in adult magazine of photographs of news reporter’s appearance in wet t-shirt contest unfair); *Princeton Univ. Press v. Mich. Document Servs., Inc.*, 99 F.3d 1381, 1385–86 (6th Cir. 1996). The defendant may be able to rebut the presumption by showing the alleged infringement did not deprive the plaintiff of any sales and, therefore, had no effect on the market. *See, e.g., Compaq Comput. Corp. v. Ergonome, Inc.*, 387 F.3d 403, 410–11 (5th Cir. 2004) (where evidence showed that market for product diminished before infringement began, jury reasonably could conclude that the infringement had no impact).
148. *Campbell*, 510 U.S. at 591. Market harm could be presumed, for example, where a defendant cellular phone company publicly performed musical compositions, without a transformative purpose and for commercial reasons, by streaming them on demand from its website as free previews of ringtones and ringback tones. *United States v. ASCAP*, 599 F. Supp. 2d 415, 431–32 (S.D.N.Y. 2009).
149. *Campbell*, 510 U.S. at 591; *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1168 (9th Cir. 2007) (where use of search engine thumbnails is “highly transformative,” market harm cannot be presumed); *Bouchat v. Balt. Ravens Ltd. P’ship*, 619 F.3d 301, 313 (4th Cir. 2009) (same) (citing *Campbell*); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818–22 (9th Cir. 2003) (concluding that defendant’s “smaller lower-resolution images” of plaintiff’s images served “an entirely different function” and did not harm the market for or value of the images); *Video-Cinema Films, Inc. v. CNN, Inc.*, 60 U.S.P.Q.2d (BNA) 1415, 1420 (S.D.N.Y. 2001); *see also Faulkner v. Nat’l Geographic Soc’y*, 294 F. Supp. 2d 523, 546–47 (S.D.N.Y. 2003) (where defendant’s poster of past covers of *National Geographic* included plaintiff’s photos, court found fair use because the reproductions of the photos were “very small,” were included with “scores” of other photos, and the poster—though promotional—had no detrimental market effect on photos), *aff’d sub nom. Faulkner v. Nat’l Geographic Enters., Inc.*, 409 F.3d 26 (2d Cir.), *cert. denied*, 546 U.S. 1076 (2005). Where the use is “transformatively different” from the “original expressive purpose,” then the copyright owner may not be entitled to preempt others from entering the market. *See Bill Graham Archives, LLC v. Dorling Kindersley Ltd.*, 448

In cases where market harm cannot be presumed, “[t]he burden of proof as to market effect rests with the copyright holder.”¹⁵⁰ The relevant inquiry, as set forth by the U.S. Supreme Court, is whether, if the challenged use “should become widespread, it would adversely affect the *potential* market for the copyrighted work.”¹⁵¹ A use that harms the market for the copyrighted work is one that might act as a substitute for the original.¹⁵² Possible adverse effects on potential markets for derivative works should be considered as well.¹⁵³ The effect of the use on present and potential licensing markets also can be taken into account.¹⁵⁴ Ordinarily, a loss of licensing revenues in

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- F.3d 609, 614–15 (2d Cir. 2006) (copyright owner cannot prevent others from “fair use markets,” such as parody, news reporting, educational, or other transformative uses); Associated Press, Inc. v. Meltwater U.S. Holdings, Inc., 931 F. Supp. 2d 537, 560 (S.D.N.Y. 2013) (same).
150. *Mich. Document Servs.*, 99 F.3d at 1385.
151. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984). *See also Oracle Am., Inc. v. Google LLC*, 886 F.3d 1179, 1210 (Fed. Cir. 2018) (fourth factor weighed “heavily” against fair use where record evidence of actual and potential harm indicated widespread conduct of the type engaged in by Google would substantially and adversely impact on potential market for the original and its derivatives); *Bouchat v. Balt. Ravens Ltd. P’ship*, 619 F.3d 301, 313 (4th Cir. 2009).
152. *Campbell*, 510 U.S. at 591; *see also Authors Guild, Inc. v. Google, Inc.*, 804 F.3d 202, 224 (2d Cir. 2015) (concluding that fourth factor weighed in favor of fair use where “snippet function does not give searchers access to effectively competing substitutes” for the book); *A.V. v. iParadigms*, 562 F.3d 630, 644 (4th Cir. 2009) (archiving term paper, to identify plagiarized works did not act as “market substitute”; fourth factor weighed in favor of fair use); *Kelly*, 336 F.3d at 821 (“thumbnails” not a substitute for full-sized images; fair use found); *Ty, Inc. v. Publ’ns Int’l Ltd.*, 292 F.3d 512 (7th Cir. 2002) (distinguishing between complementary and substitutive copying); *Paramount Pictures Corp. v. Axanar Prods., Inc.*, No. 2:15-cv-09938-RGK-E, 2017 WL 83506, at *9 (C.D. Cal. Jan. 3, 2017) (factor weighed against fair use where defendants intended prequels “to effectively function as a market substitution” for *Star Trek* films and television series; free online distribution “increase[d] the risk of market substitution”).
153. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 568 (1985); *Campbell*, 510 U.S. at 591–93. For example, the Federal Circuit held that the unauthorized issuance of a U.S. postage stamp depicting a copyrighted Korean War memorial sculpture did not threaten market harm, because someone seeking to photograph the sculpture or otherwise create a derivative work “would not find the stamp to be a suitable substitute.” *Gaylord v. United States*, 595 F.3d 1364, 1375 (Fed. Cir. 2010) (nevertheless rejecting fair use defense); *Paramount Pictures Corp.*, 2017 WL 83506, at *9 (*Star Trek* prequels “the kind of potential derivatives Plaintiffs ‘would in general develop or license others to develop’”); *Henley v. Devore*, 733 F. Supp. 2d 1144, 1162 (S.D. Cal. 2010) (fourth factor considers “potential market for derivatives”).
154. *See Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 929 (2d Cir. 1994) (“impact on potential licensing revenues” is “proper subject” in assessing fourth factor).

markets that the copyright owner is reasonably able to develop or exploit, or license others to develop, will weigh against a finding of fair use.¹⁵⁵ Conversely, potential losses in other markets—which the copyright owner may be attempting to protect by improperly leveraging its copyright rights—may not be considered in the fair use analysis.¹⁵⁶

Market harm may also occur in markets that the plaintiff has not yet entered or fully exploited.¹⁵⁷ In the *Napster* case, for example, the Ninth Circuit upheld the lower court’s finding of two distinct types of market harm to the plaintiff record companies: (1) reduced CD sales among college students and (2) “barriers to plaintiffs’ entry into the market for the digital downloading of music.”¹⁵⁸ Where a work has no independent economic value, the fourth fair use factor will tend to cut in defendant’s favor.¹⁵⁹

155. See *Campbell*, 510 U.S. at 592 (market includes those that creators would develop or license others to develop); *Am. Geophysical Union*, 60 F.3d at 930 (market includes “traditional, reasonable, or likely to be developed markets”). See, e.g., *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169, 180 (2d Cir.) (factor weighed against fair use; success of the TVEyes business model demonstrated “plausibly exploitable market” worth millions of dollars of which Fox was deprived), *cert. denied*, No. 18-321, 2018 WL 4385773 (U.S. Dec. 3, 2018); *Video-Cinema Films, Inc. v. Lloyd E. Rigler-Lawrence E. Deutsch Found.*, 78 U.S.P.Q.2d (BNA) 1538, 1546 (S.D.N.Y. 2005) (use of one-minute performance clip erodes market for licensed performance excerpts, which is “precisely the type of harm that the fourth fair use factor aims to prevent”). One court has emphasized that even if the copyright holder had not yet entered the new market, it still retained the right to “curb the development” of that market “by refusing to license a copyrighted work or by doing so only on terms the copyright owner finds acceptable.” *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 353 (S.D.N.Y. 2000).

156. See, e.g., *Gulfstream Aerospace Corp. v. Camp Sys. Int’l, Inc.*, 428 F. Supp. 2d 1369, 1380 (S.D. Ga. 2006) (in infringement action arising out of defendant maintenance tracking company’s use of plaintiff’s maintenance manuals, where plaintiff sought to use copyright “to gain a judicially-enforced monopoly in maintenance-tracking services” for plaintiff’s aircraft, market harm factor weighed heavily in defendant’s favor). Similar issues are raised by the defense of copyright misuse. For a discussion of that defense, see section 11:7.5[D].

157. See *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters.*, 533 F.3d 1287, 1317–18 (11th Cir. 2008) (defendants not entitled to summary judgment; market harm existed despite plaintiff’s concession that it had failed to develop profitable market for copyrighted work or potential derivative works, because defendants’ use could potentially usurp market).

158. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1016 (9th Cir. 2001).

159. See, e.g., *Blanch v. Koons*, 467 F.3d 244, 258 (2d Cir. 2006) (defendant’s use plainly had “no deleterious effect” on market for work where copyright owner acknowledged that she had not published or licensed work after its

Moreover, where a plaintiff cannot establish that any market, current or potential, exists for the copyrighted work, the fourth factor will favor a finding of fair use.¹⁶⁰

Finally, it is well accepted that if the work does not act as a substitute for, but instead effectively criticizes, the original, that use will not be considered as inflicting “market harm” for purposes of fair use. Even though, in practical terms, the critique may have devastating effects on a work’s marketability, that is a consequence of robust First Amendment debate, and is not the type of harm cognizable under copyright, to be taken into account in weighing the fourth fair use factor.¹⁶¹

initial appearance and that defendant’s use neither harmed her career or plans for work nor decreased work’s value); *see also* A.V. v. iParadigms, 562 F.3d 630, 644 (4th Cir. 2009) (where uploading of student papers to online technology system was for purpose of detecting plagiarism, most plausible theory of market harm was impairment of students’ potential market for selling papers to other students to submit as their own for academic credit; plaintiffs testified that no such market for “cheating” was envisioned). *But see* Batesville Servs. v. Funeral Depot, Inc., No. 1:02-cv-01011-DFH-TAB, 2004 U.S. Dist. LEXIS 24336, at *25 (S.D. Ind. Nov. 10, 2004) (marketing photographs were distributed by plaintiff at no charge; fair use defense nevertheless rejected).

160. *See* Designer Skin, LLC v. S&L Vitamins, Inc., 560 F. Supp. 2d 811, 824–25 (D. Ariz. 2008) (where plaintiff conceded there was no market for digital images of its tanning products, fourth factor weighed in favor fair use; fair use rejected, however, based on weight of other factors). *But see* Salinger v. Random House, Inc., 811 F.2d 90, 99 (2d Cir. 1987) (even though reclusive author disavowed any intention to publish copyrighted letters during his lifetime, he had right to change his mind and was entitled to protect opportunity to sell them); *see also* Worldwide Church of God v. Phila. Church of God, Inc., 227 F.3d 1110, 1119 (9th Cir. 2000), *cert. denied*, 532 U.S. 958 (2001) (“Even an author who ha[s] disavowed any intention to publish” can “change his mind”; market harm found to “potential market”); *Peter Letterese*, 533 F.3d at 1317 (same) (quoting *Worldwide Church*).
161. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 591–92 (1994) (“when a lethal parody, like a scathing theater review, kills demand for the original, it does not produce a harm cognizable under the Copyright Act”); *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 482 (2d Cir. 2004) (“If criticisms . . . kill the demand for plaintiffs’ service, that is the price that, under the First Amendment, must be paid in the open marketplace for ideas.”); *New Era Publ’ns Int’l, ApS v. Carol Publ’g Grp.*, 904 F.2d 152, 160 (2d Cir. 1990) (harm caused by a “devastating critique” that “diminished sales by convincing the public that the original work was of poor quality” is not “within the scope of copyright protection,” quoting *Consumers Union of U.S., Inc. v. Gen. Signal Corp.*, 724 F.2d 1044, 1051 (2d Cir. 1983)); *Henley v. Devore*, 733 F. Supp. 2d 1144, 1151 (S.D. Cal. 2010) (“Harm caused by effective criticism or disparagement is not cognizable.”).

§ 8:5 How Have Specific Instances of the Fair Use Defense Been Resolved?

§ 8:5.1 Off-Air Recording

[A] Home Recording for Private Use

In *Sony Corporation of America v. Universal City Studios, Inc.*, the Supreme Court held that the videotaping of television broadcasts for private home use is a permissible fair use. The Court relied on the district court's factual findings indicating that "the average member of the public uses a VTR [video tape recorder] principally to record a program he cannot view as it is being televised and then to watch it once at a later time, [a] practice known as 'time-shifting.'"¹⁶² After quickly running through the first three fair use factors,¹⁶³ the Court focused on the fourth. It emphasized that "a use that has no demonstrable effect upon the potential market for, or the value of, the copyrighted work need not be prohibited in order to protect the author's incentive to create."¹⁶⁴ Because the use at issue was noncommercial, the Court held, the burden was on plaintiffs to establish "either that the particular use is harmful, or that if it should become widespread, it would adversely affect the potential market for the copyrighted work."¹⁶⁵ Relying on the district court's findings that plaintiffs had failed to establish past harm from time-shifting and that future harms claimed by plaintiffs were only "speculative,"¹⁶⁶ the Court concluded that this burden had not been satisfied.¹⁶⁷

162. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 421 (1984); *see also id.* at 423 (surveys conducted by both parties indicate that primary use of machines was for time-shifting).

163. The Court first noted that "time-shifting for private home use must be characterized as a noncommercial, nonprofit activity." *Id.* at 449. With respect to the second and third factors, the Court held that "when one considers the nature of a televised copyrighted audiovisual work, and that time-shifting merely enables a viewer to see such a work which he had been invited to witness in its entirety free of charge, the fact that the entire work is reproduced . . . does not have its ordinary effect of militating against a finding of fair use." *Id.* at 449–50 (citation and footnote omitted).

164. *Id.* at 450.

165. *Id.* at 451.

166. *Id.* at 454.

167. *Sony Corp.* did not address the question of home audio recording for private use. The reasoning underlying the majority opinion, however, readily applies to such recording done for time-shifting purposes. Moreover, legislative history accompanying the enactment in 1971 of the provision extending federal copyright protection to sound recordings includes statements indicating that home audio recording was thought at that time to constitute fair use, *see* H.R. REP. NO. 47, 92d Cong., 1st Sess. 7 (1971); 117 CONG. REC. H34,748–49 (daily ed. Oct. 4, 1971), although the reports accompanying the

The next-generation video recording devices—personal video recorders—were the subject of a suit by the television and motion pictures industries.¹⁶⁸ The suit challenged the devices' ability to reproduce and distribute, without express authorization from the copyright owners, digital copies of television programming in ways that allowed viewers to

- (1) skip over or delete commercials;
- (2) sort or organize the recordings of programs that they had made; and
- (3) distribute digital copies of the programming via the Internet to others owning same-format devices.

The plaintiffs alleged that these features, and the defendants' post-sale relationship with the consumer, distinguished the devices from the "much simpler technology" used to copy broadcast television programming in the Supreme Court's *Sony* decision.¹⁶⁹ The suit was dismissed after the defendant-manufacturer filed for bankruptcy and its successor removed some of the disputed features from new models of the recorder.

The issue was revisited when Dish Network unveiled its "Hopper" digital video recorder in March 2012. The Hopper permitted Dish subscribers to record all primetime shows on the major broadcast networks by pressing a single button. It also had a feature, called "Autohop," that allowed customers to automatically skip commercials.¹⁷⁰ Fox Broadcasting Co. moved for a preliminary injunction against Dish, alleging direct and contributory infringement and breach of contract. The district court denied the motion and the Ninth Circuit affirmed.

As to the direct infringement claim, the Ninth Circuit held that Dish customers, rather than Dish itself, made the copies. That made Dish liable, if at all, only under secondary theories of liability.¹⁷¹ Just as in *Sony*, Dish had the burden of demonstrating that its customers' recordings qualified as fair uses of the broadcaster's programs.¹⁷² Fox

1976 Act omit this language, *see* H.R. REP. NO. 1476, 94th Cong., 2d Sess. 66 (1976) [hereinafter House Report]. Finally, home audio recording with digital audio tape recorders (DAT) is expressly authorized in the Audio Home Recording Act. *See* section 9:2.2.

168. *Paramount Pictures Corp. v. RePlayTV, Inc.*, 298 F. Supp. 2d 921 (C.D. Cal. 2004) (dismissing device owners' claims against copyright owners for declaratory relief as moot).

169. *See Sony Corp.*, 464 U.S. 417.

170. *Fox Broad. Co. v. Dish Network, LLC*, 723 F.3d 1067, 1071 (9th Cir. 2013).

171. *Id.* at 1074.

172. *Id.*

argued that *Sony's* time-shifting rationale should not apply because Hopper customers used the device for purposes other than time-shifting, such as to skip commercials and build libraries of content in competition with plaintiff's authorized licenses, like Hulu, Netflix, and DVD distributors.¹⁷³

The Ninth Circuit held that the first three fair use factors—(1) purpose and character of the use; (2) nature of the copyrighted work; and (3) amount and substantiality of the portion used—weighed in favor of fair use for the same reasons as in *Sony*.¹⁷⁴ With respect to the market harm factor, it held that plaintiff did not own copyright in the commercials and therefore any market harm resulting from skipping ads was not a copyright injury.¹⁷⁵ With respect to librarying, the Ninth Circuit recognized that the existence of a licensing market made the inquiry “somewhat different than in *Sony*.”¹⁷⁶ It nevertheless held that the plaintiff failed to meet its burden of demonstrating market harm. It reasoned that, because the plaintiff “often charges no additional license fees for providers to offer [plaintiff’s] licensed video on demand, so long as providers disable fast-forwarding,” the real harm to Fox was not from librarying, but from commercial-skipping, harms from which the court already had determined were noncognizable under its market harm analysis.¹⁷⁷

[B] Recording for Public Use

Although the U.S. Supreme Court has endorsed private home taping of audiovisual works, it has not addressed recording of such works for public use. In the only case to have addressed the issue directly, *Encyclopædia Britannica Educational Corp. v. Crooks*,¹⁷⁸ a

173. *Id.* at 1075.

174. *Id.* at 1075–76.

175. *Id.* at 1075.

176. *Id.* at 1076.

177. *Id.* On remand, the district court held that Dish was not contributorily liable for infringing Fox’s reproduction right in connection with the Prime Time Anywhere service because subscribers’ use of the service to record programs was a fair use, with Fox having failed to demonstrate that its service could cause any real harm to the secondary market for Fox’s programming. *Fox Broad. Co. v. Dish Network LLC*, 160 F. Supp. 3d 1139, 1170–72 (C.D. Cal. 2015). The district court concluded, however, that Dish’s making of quality assurance copies to enable the AutoHop service was not a fair use, given their nontransformative, commercial purpose. *Id.* at 1175–76. Finally, the district court held that subscribers’ use of the service’s Hopper Transfer function (which enables transfer of copies of recordings from a DVR to a tablet or smartphone for later viewing) is a “paradigmatic fair use” because it allows time- and place-shifting of recordings that they already validly possess. *Id.* at 1178.

178. *Encyclopædia Britannica Educ. Corp. v. Crooks*, 542 F. Supp. 1156 (W.D.N.Y. 1982). Although not involving audiovisual works, the Second

district court held that large-scale off-air copying of audiovisual works by a nonprofit corporation did not constitute fair use, even though the copies were used for educational purposes. The defendants, a cooperative created to provide educational services to a number of school districts and over 100 affiliated schools, videotaped plaintiffs' copyrighted audiovisual works shown on a local public television station. Defendants maintained a library of these videotapes and provided copies on request to teachers, who used them in the classroom. Focusing on the possibility of market harm, the court held that defendants' videotape practices interfered with the marketability of plaintiffs' works.¹⁷⁹ Were the large-scale copying undertaken by defendants permitted, the court found, the incentive for educational institutions to license plaintiffs' works or to pay for videotape copies of those works would be virtually eliminated.¹⁸⁰

Although the *Encyclopædia Britannica* decision was rendered before that of the Supreme Court in *Sony*, the two are not inconsistent. Unlike in *Sony*, the potential for market harm was clear in *Encyclopædia Britannica*, even though the defendants assertedly had copied plaintiffs' works only for time-shifting purposes.

§ 8:5.2 Fair Use of Digital Audio Files

Digital music compression algorithms, such as MP3, allow digital music files to be downloaded and stored on a computer user's hard drive with relative speed and ease.¹⁸¹ This resulted in a large number of websites that provide computer users with the ability to access, listen to, and copy those files.

Inasmuch as MP3 files (1) may be copied serially without a marked decrease in audio quality and (2) do not contain any code to prevent such serial copying, "[b]y most accounts, the predominant use of MP3, at least in the early stages of its release, was "the trafficking in illicit audio recordings."¹⁸² A number of lawsuits were filed against these sites, claiming that the websites' role in facilitating the copying of MP3 files is actionable under the Copyright Act.

Circuit held that the taping of statements by executives at an earnings conference for purposes of publishing the comments to investors and analysts constituted fair use. *Swatch Grp.*, 742 F.3d at 20.

179. *Encyclopædia Britannica Educ. Corp.*, 542 F. Supp. at 1169.

180. *Id.* at 1169–70.

181. *See* *Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys.*, 180 F.3d 1072, 1073–74 (9th Cir. 1999) ("[V]arious compression algorithms (which make an audio file 'smaller' by limiting the audio bandwidth) now allow digital audio files to be transferred more quickly and stored more efficiently.").

182. *Id.* at 1074.

In *MPL Communications, Inc. v. MP3.com, Inc.* and *UMG Recordings, Inc. v. MP3.com, Inc.*, music publishers and the recording industry, respectively, sued MP3.com, Inc. for direct copyright infringement.¹⁸³ MP3.com admitted to making copies of audio CDs in MP3 format and storing them on a central server. End users then could access these centrally stored files by logging on to the MP3.com website and placing an audio CD into their computer's CD-ROM drive. If the CD was one of the 80,000 or so that MP3.com had "ripped" onto its servers, the end-user could store the files in his or her own "locker" and listen to them from any computer terminal with Internet access. The court granted summary judgment to the recording industry plaintiffs. The court dismissed MP3.com's argument that its service was "the functional equivalent" of storing its subscribers' CDs, a service the opinion tacitly assumed would be fair use if performed by the end user.¹⁸⁴ The court then went on to analyze whether MP3.com's unauthorized copying would be excused under the fair use doctrine. The *MP3.com* court found that the use was commercial,¹⁸⁵ was nontransformative,¹⁸⁶ and made use of the entirety of the works, that the works were artistic, and that the use, on its face, "invade[d] plaintiffs' statutory right to license their copyrighted sound recordings to others for reproduction."¹⁸⁷

Several lawsuits also were filed by music interests against another digital music website located at www.napster.com. These suits alleged that the Napster website, which permitted individual users to locate and swap MP3 audio files by scanning the hard drives of other users who were logged onto the website at any moment, contributed to the

183. See *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349 (S.D.N.Y. 2000); *MPL Commc'ns, Inc. v. MP3.com, Inc.*, No. 00 Civ. 1979 (JSR) (S.D.N.Y. complaint filed Mar. 14, 2000; stipulation and order of dismissal, following settlement, filed Jan. 3, 2001).

184. *UMG Recordings*, 92 F. Supp. 2d at 350.

185. *Id.* at 351 ("[W]hile subscribers to My.MP3.com are not currently charged a fee, defendant seeks to attract a sufficiently large subscription base to draw advertising and otherwise make a profit.").

186. *Id.* ("[A]lthough defendant recites that My.MP3.com provides a transformative 'space shift' by which subscribers can enjoy the sound recordings contained on their CDs without lugging around the physical discs themselves, this is simply another way of saying that the unauthorized copies are being retransmitted in another medium—an insufficient basis for any legitimate claim of transformation.").

187. *Id.* at 352; see also *L.A. Times v. Free Republic*, No. CV 98-7840 MMM (AJWx), 2000 U.S. Dist. LEXIS 5669, at *38-40 (C.D. Cal. Apr. 5, 2000) (reposting plaintiff newspapers' articles in full for use by members of website's discussion group is not fair use given that newspapers' Web-based archives charge a fee for viewing articles).

illegal copying of copyrighted musical works and was therefore indirectly liable for infringement.¹⁸⁸

The Ninth Circuit in *Napster* categorically rejected the defenses offered by the defendant online service. To Napster's assertion that its service provided a means of "sampling," whereby individual users could download music prior to making purchase decisions, the court replied that this use was commercial because the plaintiff record companies charge a royalty fee for use of samples on legitimate retail Internet sites and tightly regulate the length and number of plays for song samples.¹⁸⁹ To Napster's argument that it offered a means of "space-shifting" by which users could download music they already owned, the court responded that, unlike the "time-shifting" approved in *Sony* or the "space-shifting" condoned in dictum in *RIAA v. Diamond Multimedia Systems, Inc.*,¹⁹⁰ Napster users engaged in unauthorized distributions of plaintiffs' works to the general public.¹⁹¹ Finally, to Napster's allegation that its service resulted in increased CD sales to the plaintiffs, the court retorted that

[i]ncreased sales of copyrighted material attributable to unauthorized use should not deprive the copyright holder of the right to license the material. Nor does [the alleged] positive impact in one market, here the audio CD market, deprive the copyright holder of the right to develop identified alternative markets, here the digital download market.¹⁹²

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188. *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1012–13 (9th Cir. 2001); *Metallica v. Napster, Inc.*, No. C 00-4068 MHP, 2001 WL 777005 (N.D. Cal. Mar. 5, 2001). The *Metallica* lawsuit also named several prominent universities, including Yale, for "encourag[ing] its students to pirate" musical works via university-controlled computer systems. Yale and the other universities were dropped from the suit after either blocking Napster from being accessed by students or restricting access.
189. *Napster, Inc.*, 239 F.3d at 1018; *see also* *BMG Music v. Gonzalez*, 430 F.3d 888, 889–91 (7th Cir. 2005) (affirming finding of direct infringement in downloading of MP3 files from Internet; rejecting argument that purported "sampling" purposes constitute fair use). *Compare* *Bridgeport Music, Inc. v. Dimension Films*, 383 F.3d 390, 398–99 (6th Cir. 2004) (establishing bright-line rule prohibiting digital sound sampling absent a license; fair use defense not expressly raised or considered), *with* *VMG Salsoul LLC v. Ciccone*, 824 F.3d 871 (9th Cir. 2016) (sampling of sound recording of single horn hit *de minimis*; fair use doctrine not applied).
190. *Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys.*, 180 F.3d 1072, 1079 (9th Cir. 1999). *See also* *In re Aimster Copyright Litig.*, 334 F.3d 643, 652–53 (7th Cir. 2003) (citing *Diamond Multimedia* in support of suggestion that space-shifting of music already owned by the user might be fair use because it is analogous to the time-shifting held fair in the Supreme Court's *Sony* decision), *cert. denied*, 540 U.S. 1107 (2004). *See also* section 8:5.3.
191. *Napster, Inc.*, 239 F.3d at 1019.
192. *Id.* at 1018.

There was apparently little or no unchallenged evidence in the record in these cases as to the actual displacement of sales or of licensing revenue caused, or potentially caused, by defendants' activities. Nonetheless, the courts held the uses were not fair, in significant part due to the potential damage such uses might have on existing or future markets.¹⁹³

§ 8:5.3 Space Shifting

If copying for the purposes of delayed television watching (time shifting) is fair use, what about copying or retransmitting a work so that you can access it from a location that is not tethered to a television set or stereo equipment in one's home? Is that also fair use?

The answer involves understanding how courts have treated the concept of "space shifting." Space- (or medium-) shifting involves copying works from one medium (for example, DVD) to another (for example, computer hard drive).

Space shifting was addressed obliquely in *Recording Industry Association of America v. Diamond Multimedia Systems*, a case concerning the Rio portable music player, the predecessor to modern MP3 players, tablets, and smartphones.¹⁹⁴ In *Diamond*, the Ninth Circuit was presented with the limited question of whether the Rio violated the Audio Home Recording Act (AHRA).¹⁹⁵ The court noted that the purpose of the AHRA "is to ensure the right of consumers to make analog or digital audio recordings of copyrighted music for their private, noncommercial use" and considered whether the Rio was consistent with this purpose.¹⁹⁶ Citing the Supreme Court's decision in *Sony Corporation of America v. Universal City Studios*,¹⁹⁷ the Ninth Circuit stated that, just as the VCR's time-shifting function is a fair use, the Rio's space-shifting function (allowing one, for example, to burn a copy of a CD onto an iPod and listen to it on the train) was "paradigmatic non-commercial personal use."¹⁹⁸ This suggests—but

193. See *BMG Music*, 430 F.3d at 890–91 (downloading of music files from the Internet has significant market effect because it is a "close substitute" for purchased music, "many people are bound to keep the downloaded files without buying originals," and there is a legitimate market for offering samples or teasers of music).

194. *Diamond Multimedia*, 180 F.3d 1072.

195. *Id.* at 1075.

196. *Id.* at 1079 (quoting S. REP. NO. 102-294, at *86 (1992)) (emphasis in original).

197. *Sony Corp.*, 464 U.S. 417.

198. *Diamond Multimedia*, 180 F.3d at 1079 ("The Rio merely makes copies in order to render portable, or 'space-shift,' those files that already reside on a user's hard drive."). See also *RealNetworks, Inc. v. DVD Copy Control Ass'n*, 641 F. Supp. 2d 913 (N.D. Cal. 2009) (stating, in dicta, "it may well be fair use for an individual consumer to store a backup copy of a personally-owned DVD on that individual's computer").

comes short of holding—that copying the movies one owns from one medium to another (for example, from DVD to hard drive) for personal use is a fair use.

At least one district court, however, has now concluded that time- and space-shifting are “paradigmatic fair uses,” at least where subscribers validly possess recordings of television programs that they have made.^{198.1}

§ 8:5.4 Reverse Engineering

The rise of the computer software industry has raised questions concerning the application of the fair use doctrine to reverse engineering. Also known as disassembly or decompilation, reverse engineering assumes importance in the computer software context because of the otherwise inscrutable nature of computer programs. Computer programs are distributed to the public in the form of “object code,” a series of ones and zeros that are virtually unreadable by humans. Because most humans cannot read this object code, they “often cannot gain access to the unprotected ideas and functional concepts contained in object code without disassembling that code—that is, making copies.”¹⁹⁹ In order to “reverse engineer” a computer program, a programmer, through disassembly or decompilation of the object code, produces the program’s “source code”—the program’s road map, which is readable by humans. In this respect, computer programs are wholly unlike most other literary works whose underlying unprotectable ideas and processes may be uncovered by casually examining the works’ manifest expression. This special feature of computer programs has been the key to fair use litigation concerning reverse engineering. The leading decisions in this area are *Atari Games Corp. v. Nintendo of America, Inc.*,²⁰⁰ *Sega Enterprises Ltd. v. Accolade, Inc.*,²⁰¹ and *Sony Computer Entertainment, Inc. v. Connectix Corp.*,²⁰² all of which held that reverse engineering is a fair use when undertaken to discover the program’s underlying ideas.

198.1. See *Fox Broad. Co. v. Dish Network LLC*, 160 F. Supp. 3d 1139, 1178 (C.D. Cal. 2015) (Hopper Transfers allow subscribers to transfer recordings from a DVR to a tablet or smartphone for later viewing).

199. *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1525 (9th Cir. 1992) (citation omitted).

200. *Atari Games Corp. v. Nintendo of Am., Inc.*, 975 F.2d 832 (Fed. Cir. 1992).

201. *Sega*, 977 F.2d 1510.

202. *Sony Comput. Entm’t, Inc. v. Connectix Corp.*, 203 F.3d 596 (9th Cir.) (intermediate copying of computer code in connection with development of a video game system that emulated plaintiff’s system to allow play on a regular computer was a fair use), *cert. denied*, 531 U.S. 871 (2000). See also *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1540 n.18 (11th Cir. 1996) (applying *Connectix* to reverse engineering activities designed to gain access to unprotected elements).

Atari, the earliest-decided case, required the Federal Circuit to determine whether defendant Nintendo's reverse engineering of an Atari program was a fair use. Although the court ultimately held that it was not, that holding rested on the court's finding that Nintendo had violated Copyright Office regulations in securing a copy of the Atari source code. The court was clear, however, that the "'reverse engineering' process, to the extent untainted by the . . . copy purloined from the Copyright Office, qualified as a fair use."²⁰³ Relying on the examples set forth in the preamble to section 107, the court noted that activities undertaken to "permit public understanding and dissemination of the ideas, processes, and methods of operation in a work" generally are fair uses.²⁰⁴ Similarly, turning to the second fair use factor, the court held that "[w]hen the nature of a work requires intermediate copying to understand the ideas and processes in a copyrighted work, that nature supports a fair use for intermediate copying. Thus, reverse engineering object code to discern the unprotectible ideas in a computer program is a fair use."²⁰⁵

The Ninth Circuit employed similar reasoning in finding the reverse engineering at issue in *Sega Enterprises* to be a fair use of the copyrighted program. Analyzing the four fair use factors, the court focused on the second, noting its importance to the inquiry in the reverse engineering context.²⁰⁶ The court emphasized that the defendant would not be able to understand the functional requirements for compatibility with plaintiff Sega's video game console, or to produce its own video game cartridges for use with that console, without disassembling the object code of the plaintiff's video game cartridges. Moreover, "[i]f disassembly of copyrighted object code is per se an unfair use, the owner of the copyright gains a de facto monopoly over the functional aspects of his work—aspects that were expressly denied copyright protection by Congress."²⁰⁷ Accordingly, the court held, "where disassembly is the only way to gain access to the ideas and functional elements embodied in a copyrighted computer program and where there is a legitimate reason for seeking such access, disassembly is a fair use of the copyrighted work, as a matter of law."²⁰⁸

In *Sony Computer Entertainment, Inc. v. Connectix Corp.*,²⁰⁹ the Ninth Circuit extended the *Sega* holding to other forms of reverse

203. *Atari*, 975 F.2d at 844.

204. *Id.* at 843.

205. *Id.*

206. *Sega*, 977 F.2d at 1522.

207. *Id.* at 1526.

208. *Id.* at 1527–28.

209. *Sony Comput. Entm't, Inc. v. Connectix Corp.*, 203 F.3d 596 (9th Cir.), *cert. denied*, 531 U.S. 871 (2000).

engineering that require intermediate copying. In *Connectix Corp.*, the defendant had made a copy of the Basic Input/Output System (BIOS) contained on a chip within the Sony PlayStation, placed the copied BIOS onto the RAM memory of the defendant's computers, and observed the operation of the program through the use of hardware that simulated the functioning of the PlayStation. The court declined to draw a distinction between these types of "observational" reverse engineering techniques and the "disassembly" techniques it had sanctioned in *Sega*.²¹⁰ In either case, the court concluded, the intermediate copying was "necessary to gain access to the unprotected functional elements within the program" and therefore protected by fair use, particularly where, as here, the resulting computer program was "modestly transformative" and, because it emulated the functions of a Sony PlayStation console on an ordinary personal computer, served as a "legitimate competitor" of the Sony product.²¹¹

Concerned with the judicial trend that reverse engineering of computer programs may qualify as fair use, software developers and sellers increasingly are inclined to use "shrink-wrap" licenses with provisions that prohibit all reverse engineering activities. These provisions raise the question of whether such contractual clauses are enforceable, or whether they are preempted under section 301 of the Act because they arguably collide with statutorily permitted fair uses.²¹² In *Bowers v. Baystate Technologies, Inc.*,²¹³ the Federal Circuit relied on *ProCD, Inc. v. Zeidenberg*²¹⁴ to hold that shrink-wrap license agreements that prohibit reverse engineering of software products are valid and not preempted by the Copyright Act.

§ 8:5.5 Search Engines

In order to assist users in locating information on the Internet, the operators of search engines may make copies of certain content of the

210. *Id.* at 603–04.

211. *Id.* at 603, 607–08. This line of cases does not extend to loading software programs into RAM memory for purposes of maintaining the software. *See Triad Sys. Corp. v. Se. Express Co.*, 64 F.3d 1330, 1336 (9th Cir. 1995).

212. *See* section 11:3.3 (discussing federal law preemption of state law claims).

213. *Bowers v. Baystate Techs., Inc.*, 320 F.3d 1317, 1324 (Fed. Cir.), *cert. denied*, 539 U.S. 928 (2003). *See also* *Meridian Project Sys., Inc. v. Hardin Constr. Co.*, 426 F. Supp. 2d 1101, 1109 (E.D. Cal. 2006) (applying *Bowers* to hold reverse engineering to constitute breach of shrink-wrap license); *Davidson & Assocs., Inc. v. Internet Gateway*, 334 F. Supp. 2d 1164, 1181 (E.D. Mo. 2004) (relying on *Bowers* in holding that end users who agreed to "click-thru" license and terms of use waived their fair-use defense to reverse-engineer video game software), *aff'd sub nom.* *Davidson & Assocs. v. Jung*, 422 F.3d 630 (8th Cir. 2005).

214. *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996).

websites it indexes. In *Kelly v. Arriba Soft Corp.*,²¹⁵ the defendant operated a visual search engine. It retrieved photographic images from websites and created an index of thumbnail versions of the images, and their URL addresses, in response to end users' search requests. Clicking on the links provided by the search engine brought users to the image on the indexed site. The Ninth Circuit, on rehearing, concluded that the reproduction and display, in thumbnail size, of the plaintiffs' images was a fair use.²¹⁶ The court found that the use of thumbnails was transformative because the thumbnail images are used as a tool for cataloging the Internet.²¹⁷ Thumbnails "would not be a substitute for the full-sized images because the thumbnails lose their clarity when enlarged."²¹⁸ In its prior opinion, which was withdrawn, the Ninth Circuit held that the display of full-sized versions of the images was not fair use,²¹⁹ but the decision on rehearing reversed the district court's grant of summary judgment on that issue and remanded it, because the district court had erred in ruling on the issue when it had not been raised by the plaintiff.²²⁰

Subsequent to *Kelly*, the Ninth Circuit held in *Perfect 10, Inc. v. Amazon.com, Inc.* that Google's creation and display of thumbnails was "highly transformative" and, therefore, a fair use.²²¹ The court rested its holding principally on its finding that Google's Image Search provided a "great value to the public."²²² The district court, distinguishing *Kelly*, had held that Google's use was not fair on two grounds. First, Google derived revenue through its advertising program whenever Image Search was used. Second, Perfect 10 would be able to demonstrate a likelihood of market harm insofar as it had a separate market in licensing its images in a reduced-size format for downloading to cell phones. The court of appeals, however, disagreed: (1) The district court had not determined that the commercial element added by the advertising program was at all significant, and (2) the potential harm to Perfect 10's licensing market was "hypothetical,"

215. *Kelly v. Arriba Soft Corp.*, 77 F. Supp. 2d 1116 (C.D. Cal. 1999), *aff'd in part, rev'd in part*, 336 F.3d 811 (9th Cir. 2003).

216. *Kelly*, 336 F.3d at 818–22.

217. *Id.* at 819 ("Arriba's use of the images serves a different function than Kelly's use—improving access to information on the internet versus artistic expression.").

218. *Id.* at 821.

219. *Kelly v. Arriba Soft Corp.*, 280 F.3d 934, 947–48 (9th Cir. 2002).

220. *Kelly*, 336 F.3d at 822. *But cf.* *Batesville Servs. v. Funeral Depot, Inc.*, No. 1:02-cv-01011-DFH-TAB, 2004 U.S. Dist. LEXIS 24336, at *21–22 (S.D. Ind. Nov. 10, 2004) (distinguishing *Kelly* where photographs were high-resolution and could serve as substitutes for plaintiffs' photographs).

221. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007).

222. *Id.* at 1166.

because the district court had not made any finding that any Google users actually had downloaded thumbnail images for cell phone use.²²³

In the two cases involving the Authors Guild, the Second Circuit has concluded that mass digitization to facilitate searching is justified by the fair use doctrine. In both cases, it concluded that there is substantial public benefit and the search function is “highly transformative,” because it is for a different purpose than the original. Moreover, it concluded that there was no evidence that the display of search results is a substitute for or otherwise competitively harms the copyright owners.^{223.1}

Search engines typically cache websites to facilitate searching, to enable retrieval when the original pages are inaccessible, and to allow users to compare changes to web pages over time. One court, in *Field v. Google*, concluded that Google’s practice of caching websites was a fair use because the plaintiff had freely made his content available without charge, there was no evidence of any effect on plaintiff’s direct or licensing market for the works, and Google’s caching was undertaken in good faith.²²⁴ It also concluded that Google’s presentation of cached links was transformative because, inter alia, as opposed to the entertainment function offered by the plaintiff’s website, caching made sites available when the original was inaccessible and provided information about changes to the website over time.²²⁵ Unlike in *Kelly*, however, which involved the reduction of photographic content to thumbnail size, there did not appear to be any evidence in the record in *Field* that the plaintiff’s site itself was either transformed or made inaccessible or that it changed over time. The Second Circuit also has found search functionality to be a transformative fair use, in part because of the public benefits that accrue from digitization and making print volumes electronically searchable.

§ 8:5.6 Internet Browsing

Although certain acts of Internet browsing may technically trigger one or more of the exclusive rights of copyright, including the reproduction, public performance, or public display rights, they may

223. *Id.* at 1166, 1168.

223.1. *See* Authors Guild, Inc. v. Google, Inc., 804 F.3d 202, 214–19 (2d Cir. 2015) (mass digitization of books to permit snippet retrieval and display was fair use); Authors Guild, Inc., v. HathiTrust, 755 F.3d 87, 92 (2d Cir. 2014) (mass digitization of books to permit full-text searching and handicap accessibility was fair use).

224. *Field v. Google*, 412 F. Supp. 2d 1106, 1117–23 (D. Nev. 2006).

225. *Id.* at 1118–19.

226. [Reserved.]

not be infringing because such acts may constitute fair uses. Particularly when the reproduction, performance, or display is made of only a fragment of a work, for a transitory period, for noncommercial use, and when no downloading occurs, the argument that browsing is a fair use would seem particularly strong.

In *Netcom II*, the court discussed browsing at some length and concluded that browsing of textual works was probably protected by fair use or that, at most, such browsing constituted innocent infringement.²²⁷ As that court pragmatically observed, the “temporary copying involved in browsing is only necessary because humans cannot otherwise perceive digital information. It is the functional equivalent of reading, which does not implicate the copyright laws and may be done by anyone in a library without the permission of the copyright owner.”²²⁸ In other words, denying users a limited right to browse online material would effectively make the Internet unusable, because that material cannot be located or viewed without arguably triggering at least some of the copyright owner’s exclusive rights.

In cases involving plaintiffs associated with the Church of Scientology, courts have held that the fair use doctrine protects both users’ online browsing of textual materials and the scanning or inputting of entire copies of works into a computer for purposes of private use and study.²²⁹ Where, however, a defendant copied entire news articles and posted them on a website (www.freerepublic.com) for commentary, the court concluded that such actions were not excused by the fair use doctrine, because the entirety of articles was copied, the ability to post criticism was not “transformative,” and the use, if permitted, would impair the plaintiffs’ ability to license their works.²³⁰ (The court did note, however, that a hyperlink to the plaintiffs’ articles would not infringe.)

227. *Religious Tech. Ctr. v. Netcom On-Line Commc’n Servs., Inc.*, 907 F. Supp. 1361, 1378 n.25 (N.D. Cal. 1995).

228. *Id.*

229. *Id.* (“absent a commercial or profit-depriving use, digital browsing is probably a fair use”); *see also* *Religious Tech. Ctr. v. F.A.C.TNET, Inc.*, 901 F. Supp. 1519, 1524–25 (D. Colo. 1995) (reproduction in computer format of plaintiff’s entire copyrighted texts for defendants’ private use and study falls well within the fair use exception); *but see* *Soc’y of Holy Transfiguration Monastery, Inc. v. Gregory*, 689 F.3d 29, 131 (1st Cir. 2012), *cert. denied*, 568 U.S. 1167 (2013) (posting on website of English translations of Orthodox texts so that congregation could access them not fair because defendant benefited by being able to provide core texts free of cost).

230. *L.A. Times v. Free Republic*, 54 U.S.P.Q.2d (BNA) 1453 (C.D. Cal. 2000); *see also* *Associated Press, Inc. v. Meltwater U.S. Holdings, Inc.*, 931 F. Supp. 2d 537, 552 (S.D.N.Y. 2013) (use of automated program to copy news articles and provide excerpts to subscribers not a fair use).

§ 8:5.7 Parodies

Although parody is not one of the examples of typical fair uses listed in the preamble to section 107,²³¹ the U.S. Supreme Court confirmed in *Campbell v. Acuff-Rose Music, Inc.*²³² that parody nonetheless may constitute a fair use. The standard four-factor analysis applies to parodies just as to any other potentially fair uses, and there can be no presumption that parodies generally are or are not fair.²³³ The special nature of parodies, however, may in some cases make a finding of fair use more likely.

An important threshold question in cases where a defense of fair use by parody is asserted is whether the work is in fact a parody.²³⁴ In *Campbell*, the Supreme Court defined parody as a humorous form of comment or criticism. The essential quality of a parody is that it “comment[is] on the original or criticiz[es] it, to some degree.”²³⁵

For the purposes of copyright law, the nub of the definitions, and the heart of any parodist’s claim to quote from existing material, is the use of some elements of a prior author’s composition to create a new one that, at least in part, comments on that author’s works.²³⁶

The Court distinguished between parody, which takes aim at the copyrighted work, and satire, which borrows from the copyrighted work but aims at some other target.²³⁷ Notwithstanding *Campbell*’s effort to distinguish between parody and satire, the reasoning of the Court may well apply where a work is used principally for satiric purposes.²³⁸

231. *But see* House Report, *supra* note 167, at 65 (noting that the Register of Copyright’s 1961 Report gave as an example of fair use “use in a parody of some of the content of the work parodied”).

232. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994).

233. *Id.* at 581.

234. *Id.* at 582 (“The threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived.”) (footnote omitted).

235. *Id.* at 583.

236. *Id.* at 580.

237. “Parody 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, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.” *Id.* at 580–81 (footnote omitted); *see also* *Lucasfilm Ltd. v. Media Mkt. Grp., Ltd.*, 182 F. Supp. 2d 897 (N.D. Cal. 2002) (denying preliminary injunction; animated pornographic film *Starballz* likely a parody of famous *Star Wars*).

238. *Compare* *Blanch v. Koons*, 467 F.3d 244, 255 (2d Cir. 2006) (“We have applied *Campbell* in too many non-parody cases to require citation for the proposition that the broad principles of *Campbell* are not limited to cases involving parody.”), *with* *Dr. Seuss Enters., L.P. v. Penguin Books USA*,

If a parodic purpose or content is not reasonably perceivable, however, the fair use defense likely will fail. In an action brought by the reclusive writer J.D. Salinger against an unauthorized novel based on his famous narrative of teenage alienation, *The Catcher in the Rye*, the district court concluded that “the alleged parodic content [of the alleged sequel] is not reasonably perceivable, and that the limited non-parodic transformative content is unlikely to overcome the obvious commercial nature of the work. . . .”²³⁹ The defendant’s novel, *60 Years Later: Coming Through the Rye*, portrayed an elderly Holden Caulfield, struggling with physical and mental deterioration, still obsessed with the preoccupations of his youth and increasingly aware that he is the product of the imagination of J.D. Salinger. The court granted a preliminary injunction, concluding that the defendant had “simply rehash[ed] one of the critical themes of *Catcher*,” and had taken “more than what is necessary from Salinger’s own copyrighted work in order to evoke effectively Salinger as an object of criticism or ridicule.”²⁴⁰

That a work is indeed a parody—a humorous criticism of or comment on the copyrighted work²⁴¹—can have significant implications for analysis of the four section 107 factors, and in particular the first, “the purpose and character of the use.” As the Court emphasized in *Campbell*, “the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh

Inc., 109 F.3d 1394, 1400–01 (9th Cir.) (holding that a work that broadly mimicked Dr. Seuss’s *The Cat in the Hat* was not a parody of that work, but instead a satire of the O.J. Simpson murder trial and related events), *cert. dismissed*, 521 U.S. 1146 (1997); *Rogers v. Koons*, 960 F.2d 301, 310 (2d Cir.) (“the copied work must be, at least in part, an object of the parody”), *cert. denied*, 506 U.S. 934 (1992). *See also* *Brownmark Films, LLC v. Comedy Partners*, 800 F. Supp. 2d 991, 1001 (E.D. Wis. 2011) (dismissing copyright claim with prejudice where animated sitcom parodied music video and at same time transformatively lampooned social craze for watching video clips of low artistic quality; citing treatise), *aff’d*, 682 F.3d 687 (7th Cir. 2012).

239. *Salinger v. Colting*, 641 F. Supp. 2d 250, 268 (S.D.N.Y. 2009). On appeal, the Second Circuit vacated and remanded for a full consideration of irreparable harm in light of *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), but agreed with the district court that the defendant was not likely to establish fair use. *Salinger v. Colting*, 607 F.3d 68, 83 (2010).

240. *Colting*, 641 F. Supp. 2d at 269.

241. Although humor is the sword of the parodist, that a parody’s attempts at humor may fail, or offend standards of good taste, does not alter the parodic character of the work. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 582–83 (1994); *see also* *Burnett v. Twentieth Century Fox Film Corp.*, 491 F. Supp. 2d 962, 968–69 (C.D. Cal. 2007) (dismissing copyright claim where cartoon show’s “crude” and “absurd” depiction of Carol Burnett as a charwoman in a porn shop was clearly fair use parody).

against a finding of fair use.”²⁴² Accordingly, a parody’s potential to “provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one,” may outweigh the fact that the parody is commercial in nature.²⁴³ In *Campbell*, for example, the Court rejected the proposition that the parody—a rap version of the popular Roy Orbison rendition of “Oh, Pretty Woman”—was presumptively unfair because of its commercial nature. Rather, the Court emphasized, the significance of a commercial use will vary depending on the context²⁴⁴ and likely will be minimal in the case of a transformative parody.

As for the second fair use factor, the Court emphasized in *Campbell* that the distinction between factual and creative works is not “ever likely to help much in separating the fair use sheep from the infringing goats in a parody case, since parodies almost invariably copy publicly known, expressive works.”²⁴⁵ Thus, the Court in *Campbell* virtually ignored the fact that the copyrighted work targeted by the parody was creative and expressive.²⁴⁶

As to the third factor—“the amount and substantiality used in relation to the copyrighted work as a whole”—the parodic nature of a

242. *Campbell*, 510 U.S. at 579; *Lombardo v. Dr. Seuss Enters., L.P.*, 279 F. Supp. 3d 497, 506–13 (S.D.N.Y. 2017) (one-woman play written in the style of Dr. Seuss and featuring a forty-five-year-old version of Cindy-Lou Who parodied *How the Grinch Stole Christmas!* and qualified as a fair use), *aff’d*, 729 F. App’x 131 (2d Cir. 2018) (unpublished); *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 806 (9th Cir. 2003) (defendant’s series of *Food Chain Barbie* photographs juxtaposing nude Barbie dolls with vintage kitchen appliances was highly transformative parody protected by fair use); *Mattel, Inc. v. Pitt*, 229 F. Supp. 2d 315 (S.D.N.Y. 2002) (defendant’s *Dungeon Dolls*, physically altered and recostumed Barbie dolls in S&M bondage gear displayed on a website as the protagonist in a tale of sexual slavery, was highly transformative and constituted parody).

243. *Campbell*, 510 U.S. at 579. *See also* *Adjmi v. DLT Entm’t, Ltd.*, 97 F. Supp. 3d 512, 529–32 (S.D.N.Y. 2015) (while “undoubtedly a commercial product,” play that used raw material of *Three’s Company* was a “highly transformative parody” because it turned the television program “into a nightmarish version of itself, using the familiar *Three’s Company* construct as a vehicle to criticize and comment on the original’s lighthearted, sometimes superficial, treatment of certain topics and phenomena”); *Abilene Music, Inc. v. Sony Music Entm’t, Inc.*, 67 U.S.P.Q.2d (BNA) 1356, 1359–63 (S.D.N.Y. 2003) (although commercial, hip-hop song that included an altered rendition of three lines from the Louis Armstrong rendition of “What a Wonderful World” was highly transformative parody because it “criticiz[ed] and ridicul[ed] the cheerful perspective” of the original song, commenting on “lost innocence” and “the naivete of mainstream culture”).

244. *Campbell*, 510 U.S. at 585.

245. *Id.* at 586.

246. *Id.*

use is significant because “the extent of permissible copying varies with the purpose and character of the use.”²⁴⁷ Although typically the use of the “heart” of a work would preclude a finding of fair use, this is not necessarily so in the parody context. In order for a parody to succeed in criticizing its target, it necessarily must take the work’s essential elements. As the Court explained:

Parody’s humor, or in any event its comment, necessarily springs from recognizable allusion to its object through distorted imitation. Its art lies in the tension between a known original and its parodic twin. When parody takes aim at a particular original work, that parody must be able to “conjure up” at least enough of that original to make the object of its critical wit recognizable. What makes for this recognition is quotation of the original’s most distinctive or memorable features, which the parodist can be sure the audience will know. Once enough has been taken to assure identification, how much more is reasonable will depend, say, on the extent to which the [parody’s] overriding purpose and character is to parody the original or, in contrast, the likelihood that the parody may serve as a market substitute for the original.²⁴⁸

Accordingly, the fair use analysis must determine “what else the parodist did besides go to the heart of the original.”²⁴⁹ To the extent that the parodist, while availing himself of the original’s “heart” in order to “conjure up” the original, goes beyond that copying to transform the original, a finding of fair use becomes more likely. Conversely, if “‘a substantial portion’ of the parody itself is composed of a ‘verbatim’ copying of the original,” a finding of fair use is less likely.²⁵⁰

247. *Id.* at 586–87.

248. *Id.* at 588; *see also* *Burnett v. Twentieth Century Fox Film Corp.*, 491 F. Supp. 2d 962, 970–71 (C.D. Cal. 2007) (crude eighteen-second animated cartoon depiction of Carol Burnett took just enough of imagery and theme music to make her charwoman character recognizable to viewers).

249. *Campbell*, 510 U.S. at 589.

250. *Id.* In *Suntrust Bank v. Houghton Mifflin Co.*, 136 F. Supp. 2d 1357 (N.D. Ga. 2001), the district court found that the defendant’s novel, though in part a transformative parody of *Gone With the Wind*, did not constitute a fair use of the latter work, because it copied from it too extensively—qualitatively and quantitatively—and threatened economic harm to the plaintiff through “market substitution” as an unauthorized sequel. *Id.* at 1369, 1384. The Eleventh Circuit reversed, however, holding that the preliminary injunction issued by the district court was “an abuse of discretion in that it represents an unlawful prior restraint in violation of the First Amendment.” *Suntrust Bank v. Houghton Mifflin Co.*, 252 F.3d 1165, 1166 (11th Cir. 2001). The court’s full opinion, which vacated its initial ruling, reaffirmed that “the issuance of the injunction was at

Market harm, the fourth fair use factor, again raises interesting issues in the parody context. A true parody constitutes a transformative use, and accordingly, the *Sony* presumption of market harm that applies to mere duplication for commercial purposes is inapplicable.²⁵¹ Indeed, the Court recognized in *Campbell* that “as to parody pure and simple, it is more likely that the new work will not affect the market for the original in a way cognizable under this factor, that is, by acting as a substitute for it.”²⁵² Although a parody’s mockery of the original may “kill[] demand” for the original, that sort of harm is a result of criticism, not of commercial competition, and does not constitute “market harm” for purposes of fair use analysis.²⁵³

It is clear, then, that a true, transformative parody is likely to be deemed a fair use under section 107. The Court in *Campbell* was careful to emphasize, however, that parodies are entitled to no presumption of fairness, and that each of the fair use factors must be considered in the particular context of each case. Nevertheless, one copyrighted work, Mattel’s Barbie doll, apparently has reached such iconic status that courts repeatedly have found fair use when it is parodied.²⁵⁴

odds with the shared principles of the First Amendment and the copyright law, acting as a prior restraint on speech because the public had not had access to [the defendant’s] ideas or viewpoint in the form of expression that she chose.” *Id.* at 1165, 1177.

251. *Campbell*, 510 U.S. at 591.

252. *Id.*; *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 805 (9th Cir. 2003) (defendant’s series of “Food Chain Barbie” photographs, juxtaposing nude Barbie dolls with vintage kitchen appliances, was a parody and court felt it was “safe to assume” that Mattel would not enter the market for “adult-oriented artistic photographs of Barbie”); *Mattel, Inc. v. Pitt*, 229 F. Supp. 2d 315 (S.D.N.Y. 2002) (defendant’s “Dungeon Dolls,” repainted and recostumed Barbie dolls in S&M gear, were a parody and did not act as a market substitute; “[t]o the Court’s knowledge, there is no Mattel line of ‘S&M’ Barbie”).

253. *Campbell*, 510 U.S. at 591–92.

254. *See, e.g., Walking Mountain Prods.*, 353 F.3d at 802 (Barbie has come to symbolize “the ideal American woman” and “American girlhood”; its influence on the position of women in society subjects it to comments on society, gender roles and sexuality); *Pitt*, 229 F. Supp. 2d at 322 (defendant attempting to comment on the sexual nature of Barbie); *see also Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 898–99 (9th Cir. 2002), *cert. denied*, 537 U.S. 1171 (2003) (Barbie is a “cultural icon”; defendant’s pop song “Barbie Girl” poking fun at Barbie’s values of “life in plastic,” undressing, and “partying” was parody and did not infringe or dilute plaintiff’s trademark).

