

CHAPTER 14

DEFENSES & REMEDIES

Should every act of infringement result in liability? Consider a movie critic who publicly quotes from the script of a movie to editorialize about it in a newspaper. The quotation represents an infringing reproduction. The newspaper publication results in an infringing distribution. Should the movie critic be liable? What policy reason suggests against recognizing liability here? More generally, what principles should guide courts in deciding whether certain situations should be exempt from liability? What difficulties may arise in applying the principles? This hypothetical and the questions that follow illustrate issues relating to the affirmative defense of fair use.

This Chapter addresses the defenses available to a defendant. It also addresses remedies available to a prevailing plaintiff. Part A discusses the defenses, focusing primarily on the affirmative defense of fair use. Part B discusses remedies.

A. DEFENSES

Defenses may be grouped according to whether they constitute challenges to the copyright owner's prima facie case or whether they are affirmative defenses. Challenges to the copyright owner's prima facie case include the following arguments: the expression lacks originality or is not fixed (see Chapter 9); the subject matter constitutes an idea or a useful article (see Chapter 10); the plaintiff is not the copyright owner or a licensee (see Chapter 11); the defendant did not commit infringement (e.g., the works lack substantial similarity; the performance was not to the public; the defendant lacked volition) (see Chapters 12 and 13).

There are several affirmative defenses.¹ The first is *independent creation*: a defendant may have independently created a work that is substantially similar to the copyrighted work (see Chapter 12).² The second is a *license*: the copyright owner may have given permission for the defendant to use the work (see Chapter 11). The third is the *statute of limitations*: the copyright owner may have brought suit more than *three years* after the claim accrued.³ The fourth defense is *fair use*: the defendant's use may be a fair one. By far, the most common affirmative defense that arises in a copyright suit is fair use.

The remainder of Part A discusses the doctrine of fair use.

FAIR USE

Fair use is a centuries-old doctrine that allows people to copy or otherwise make uses of copyrighted works without permission from the copyright owner. The unauthorized use must be “fair.” Courts determine whether a use is fair on a case-by-case basis. They consider four factors that the Copyright Act sets forth.

Section 107 of the Copyright Act states the doctrine of fair use as follows:

Notwithstanding the provisions of sections 106 and 106A [which list the rights of a copyright owner], the fair use of a copyrighted work, including such use by reproduction in

¹ An affirmative defense that does not arise frequently is **copyright misuse**. It is an equitable defense that a court may apply where the copyright owner has licensed the copyright in a way that expands his rights beyond those inherent in the copyright. *See, e.g., Lasercomb Am. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990).

² Independent creation seems like a challenge to the plaintiff's prima facie case in that it represents an argument that the defendant did not actually copy the protected work, which is an element of infringement. Courts, however, treat this as an “affirmative defense.” *See Repp v. Weber*, 132 F.3d 882, 889 (2d Cir. 1997) (“Independent creation is an affirmative defense, evidence of which may be introduced to rebut a prima facie case of infringement.”).

³ *See* 17 U.S.C. § 507(b). A copyright claim brought within the three-year limitations period cannot be barred by the doctrine of laches. *See Petrella v. Metro-Goldwyn-Mayer, Inc.*, 134 S. Ct. 1962 (2014).

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.

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.

Purpose & Character of Use

The first factor is the purpose and character of the defendant's use. This factor considers whether the use is of a commercial nature (suggesting against fair use) and whether the use has a transformative purpose (suggesting for fair use). Transformative purpose means that the use results in a new meaning or message. Examples of purposes that the Copyright Act recognizes as suggesting fairness include criticism, comment, news reporting, teaching, scholarship, and research.

Nature of Copyrighted Work

The second factor is the nature of the copyrighted work. This factor considers whether the work is highly creative (suggesting against fair use) or factual (suggesting for fair use). It also considers

whether the work is unpublished (suggesting against fair use). Importantly, this factor does not examine the purpose, use, or work of the *defendant*; it examines only the work of the copyright owner.

Amount & Substantiality of Portion Used

The third factor is the amount and substantiality of the portion used in relation to the copyrighted work as a whole. This factor examines both how much of the copyrighted work the defendant used and the qualitative significance of that amount.

Effect on Potential Market

The fourth factor examines the effect of the use upon the *potential* market for (or value of) the copyrighted work. This factor concerns the market effect of the defendant's use. It examines how the use will affect the financial reward that may have incentivized the author to create the work.

Weighing of Factors

Although courts have discretion to weigh the factors as they deem appropriate, in practice, the first factor often weighs most heavily in the analysis, followed by the fourth factor.

Campbell v. Acuff–Rose Music, Inc.

510 U.S. 569 (1994)

SOUTER, J.

We are called upon to decide whether 2 Live Crew's commercial parody of Roy Orbison's song, "Oh, Pretty Woman," may be a fair use within the meaning of the Copyright Act of 1976. Although the District Court granted summary judgment for 2 Live Crew, the Court of Appeals reversed, holding the defense of fair use barred by the song's commercial character and excessive borrowing. Because we hold that a parody's commercial character is only one element to be weighed in a fair use enquiry, and that insufficient consideration was given to the nature of parody in weighing the degree of copying, we reverse and remand.

I

In 1964, Roy Orbison and William Dees wrote a rock ballad called “Oh, Pretty Woman” and assigned their rights in it to respondent Acuff–Rose Music, Inc. Acuff–Rose registered the song for copyright protection.

Petitioners Luther R. Campbell, Christopher Wongwon, Mark Ross, and David Hobbs are collectively known as 2 Live Crew, a popular rap music group. In 1989, Campbell wrote a song entitled “Pretty Woman,” which he later described in an affidavit as intended, “through comical lyrics, to satirize the original work....” On July 5, 1989, 2 Live Crew’s manager informed Acuff–Rose that 2 Live Crew had written a parody of “Oh, Pretty Woman,” that they would afford all credit for ownership and authorship of the original song to Acuff–Rose, Dees, and Orbison, and that they were willing to pay a fee for the use they wished to make of it. Enclosed with the letter were a copy of the lyrics and a recording of 2 Live Crew’s song. Acuff–Rose’s agent refused permission, stating that “I am aware of the success enjoyed by ‘The 2 Live Crews’, but I must inform you that we cannot permit the use of a parody of ‘Oh, Pretty Woman.’” Nonetheless, in June or July 1989, 2 Live Crew released records, cassette tapes, and compact discs of “Pretty Woman” in a collection of songs entitled “As Clean As They Wanna Be.” The albums and compact discs identify the authors of “Pretty Woman” as Orbison and Dees and its publisher as Acuff–Rose.

Almost a year later, after nearly a quarter of a million copies of the recording had been sold, Acuff–Rose sued 2 Live Crew and its record company, Luke Skywalker Records, for copyright infringement. The District Court granted summary judgment for 2 Live Crew The Court of Appeals for the Sixth Circuit reversed and remanded. We granted certiorari to determine whether 2 Live Crew’s commercial parody could be a fair use.

II

It is uncontested here that 2 Live Crew’s song would be an infringement of Acuff–Rose’s rights in “Oh, Pretty Woman,” under the Copyright Act of 1976, but for a finding of fair use through parody. From 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”⁴. . . .

⁴ U.S. CONST., Art. I, § 8, cl. 8.

In *Folsom v. Marsh*, Justice Story distilled the essence of law and methodology from the earlier cases: “look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.”⁵ Thus expressed, fair use remained exclusively judge-made doctrine until the passage of the 1976 Copyright Act, in which Justice Story's summary is discernible:

§ 107. Limitations on exclusive rights: Fair use

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.

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.

Congress meant § 107 to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way and intended that courts continue the common-law tradition of fair use adjudication. The fair use doctrine thus permits and requires courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.

⁵ 9 F. Cas. 342 (No. 4,901) (C.C.D. Mass. 1841).

The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis. The text employs the terms “including” and “such as” in the preamble paragraph to indicate the “illustrative and not limitative” function of the examples given, which thus provide only general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses. Nor may the four statutory factors be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright.

A

The first factor in a fair use enquiry is “the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” This factor draws on Justice Story's formulation, “the nature and objects of the selections made.” The enquiry here may be guided by the examples given in the preamble to § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like. The central purpose of this investigation is to see, in Justice Story's words, whether the new work merely “supersede[s] the objects” of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is “transformative.” Although such transformative use is not absolutely necessary for a finding of fair use, the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works. Such works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright, and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.

. . . Suffice it to say now that parody has an obvious claim to transformative value, as Acuff-Rose itself does not deny. Like less ostensibly humorous forms of criticism, it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one. We thus line up with the courts that have held that parody, like other comment or criticism, may claim fair use under § 107.

. . . [T]he 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. If, on the

contrary, the commentary has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh, the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger. 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.

The fact that parody can claim legitimacy for some appropriation does not, of course, tell either parodist or judge much about where to draw the line. Like a book review quoting the copyrighted material criticized, parody may or may not be fair use, and petitioners' suggestion that any parodic use is presumptively fair has no more justification in law or fact than the equally hopeful claim that any use for news reporting should be presumed fair. The Act has no hint of an evidentiary preference for parodists over their victims, and no workable presumption for parody could take account of the fact that parody often shades into satire when society is lampooned through its creative artifacts, or that a work may contain both parodic and nonparodic elements. Accordingly, parody, like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law.

Here, the District Court held, and the Court of Appeals assumed, that 2 Live Crew's "Pretty Woman" contains parody, commenting on and criticizing the original work, whatever it may have to say about society at large. As the District Court remarked, the words of 2 Live Crew's song copy the original's first line, but then quickly degenerate into a play on words, substituting predictable lyrics with shocking ones that derisively demonstrate how bland and banal the Orbison song seems to them. Judge Nelson, dissenting below, came to the same conclusion, that the 2 Live Crew song "was clearly intended to ridicule the white-bread original" and "reminds us that sexual congress with nameless streetwalkers is not necessarily the stuff of romance and is not necessarily without its consequences. The singers (there are several) have the same thing on their minds as did the lonely man with the nasal voice, but here there is no hint of wine and roses." . . .

We have less difficulty in finding that critical element in 2 Live Crew's song than the Court of Appeals did, although having found it we will not take the

further step of evaluating its quality. The threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived. Whether, going beyond that, parody is in good taste or bad does not and should not matter to fair use. As Justice Holmes explained,

[i]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke.⁶

While we might not assign a high rank to the parodic element here, we think it fair to say that 2 Live Crew's song reasonably could be perceived as commenting on the original or criticizing it, to some degree. 2 Live Crew juxtaposes the romantic musings of a man whose fantasy comes true, with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility. The later words can be taken as a comment on the naiveté of the original of an earlier day, as a rejection of its sentiment that ignores the ugliness of street life and the debasement that it signifies. It is this joinder of reference and ridicule that marks off the author's choice of parody from the other types of comment and criticism that traditionally have had a claim to fair use protection as transformative works.

The Court of Appeals, however, immediately cut short the enquiry into 2 Live Crew's fair use claim by confining its treatment of the first factor essentially to one relevant fact, the commercial nature of the use. . . . In giving virtually dispositive weight to the commercial nature of the parody, the Court of Appeals erred.

The language of the statute makes clear that the commercial or nonprofit educational purpose of a work is only one element of the first factor enquiry into its purpose and character. Section 107(1) uses the term "including" to begin the dependent clause referring to commercial use, and the main clause speaks of a broader investigation into "purpose and character." As we explained in *Harper & Row*, Congress resisted attempts to narrow the ambit of this traditional enquiry by adopting categories of

⁶ *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251 (1903) (circus posters have copyright protection).

presumptively fair use, and it urged courts to preserve the breadth of their traditionally ample view of the universe of relevant evidence. Accordingly, the mere fact that a use is educational and not for profit does not insulate it from a finding of infringement, any more than the commercial character of a use bars a finding of fairness. If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities “are generally conducted for profit in this country.” Congress could not have intended such a rule, which certainly is not inferable from the common-law cases, arising as they did from the world of letters in which Samuel Johnson could pronounce that “[n]o man but a blockhead ever wrote, except for money.”⁷ . . .

B

The second statutory factor, “the nature of the copyrighted work,” § 107(2), draws on Justice Story’s expression, the “value of the materials used.” This factor calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that fair use is more difficult to establish when the former works are copied. See, e.g., *Stewart v. Abend*, 495 U.S., at 237–238 (contrasting fictional short story with factual works). We agree with both the District Court and the Court of Appeals that the Orbison original’s creative expression for public dissemination falls within the core of the copyright’s protective purposes. This fact, however, is not much help in this case, or 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.

C

The third factor asks whether “the amount and substantiality of the portion used in relation to the copyrighted work as a whole,” § 107(3) (or, in Justice Story’s words, “the quantity and value of the materials used”) are reasonable in relation to the purpose of the copying. Here, attention turns to the persuasiveness of a parodist’s justification for the particular copying done, and the enquiry will harken back to the first of the statutory factors, for, as in prior cases, we recognize that the extent of permissible copying varies with the purpose and character of the use.

⁷ 3 BOSWELL’S LIFE OF JOHNSON 19 (G. Hill ed. 1934).

. . . Parody presents a difficult case. 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, the 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 song'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. But using some characteristic features cannot be avoided.

We think the Court of Appeals was insufficiently appreciative of parody's need for the recognizable sight or sound when it ruled 2 Live Crew's use unreasonable as a matter of law. It is true, of course, that 2 Live Crew copied the characteristic opening bass riff (or musical phrase) of the original, and true that the words of the first line copy the Orbison lyrics. But if quotation of the opening riff and the first line may be said to go to the "heart" of the original, the heart is also what most readily conjures up the song for parody, and it is the heart at which parody takes aim. Copying does not become excessive in relation to parodic purpose merely because the portion taken was the original's heart. If 2 Live Crew had copied a significantly less memorable part of the original, it is difficult to see how its parodic character would have come through.

This is not, of course, to say that anyone who calls himself a parodist can skim the cream and get away scot free. In parody, as in news reporting, context is everything, and the question of fairness asks what else the parodist did besides go to the heart of the original. It is significant that 2 Live Crew not only copied the first line of the original, but thereafter departed markedly from the Orbison lyrics for its own ends. 2 Live Crew not only copied the bass riff and repeated it, but also produced otherwise distinctive sounds, interposing "scraper" noise, overlaying the music with solos in different keys, and altering the drum beat. This is not a case, then, where "a substantial portion" of the parody itself is composed of a "verbatim" copying of the original. It is not, that is, a case where the parody is so insubstantial, as compared to the copying, that the third factor must be resolved as a matter of law against the parodists.

Suffice it to say here that, as to the lyrics, we think the Court of Appeals correctly suggested that “no more was taken than necessary,” but just for that reason, we fail to see how the copying can be excessive in relation to its parodic purpose, even if the portion taken is the original’s “heart.” As to the music, we express no opinion whether repetition of the bass riff is excessive copying, and we remand to permit evaluation of the amount taken, in light of the song’s parodic purpose and character, its transformative elements, and considerations of the potential for market substitution sketched more fully below.

D

The fourth fair use factor is “the effect of the use upon the potential market for or value of the copyrighted work.” It requires courts to consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also “whether unrestricted and widespread conduct of the sort engaged in by the defendant ... would result in a substantially adverse impact on the potential market” for the original.⁸ The enquiry must take account not only of harm to the original but also of harm to the market for derivative works.

Since fair use is an affirmative defense, its proponent would have difficulty carrying the burden of demonstrating fair use without favorable evidence about relevant markets. In moving for summary judgment, 2 Live Crew left themselves at just such a disadvantage when they failed to address the effect on the market for rap derivatives, and confined themselves to uncontroverted submissions that there was no likely effect on the market for the original. . . .

No “presumption” or inference of market harm . . . is applicable to a case involving something beyond mere duplication for commercial purposes. . . . [When] the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred. Indeed, 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. This is so because the parody and the original usually serve different market functions.

We do not, of course, suggest that a parody may not harm the market at all, but when a lethal parody, like a scathing theater review, kills demand

⁸ NIMMER § 13.05[A] [4].

for the original, it does not produce a harm cognizable under the Copyright Act. Because “parody may quite legitimately aim at garroting the original, destroying it commercially as well as artistically,”⁹ the role of the courts is to distinguish between biting criticism that merely suppresses demand and copyright infringement, which usurps it.

This distinction between potentially remediable displacement and unremediable disparagement is reflected in the rule that there is no protectible derivative market for criticism. The market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop. Yet the unlikelihood that creators of imaginative works will license critical reviews or lampoons of their own productions removes such uses from the very notion of a potential licensing market. “People ask ... for criticism, but they only want praise.”¹⁰ Thus, to the extent that the opinion below may be read to have considered harm to the market for parodies of “Oh, Pretty Woman,” the court erred.

In explaining why the law recognizes no derivative market for critical works, including parody, we have, of course, been speaking of the later work as if it had nothing but a critical aspect (i.e., “parody pure and simple”). But the later work may have a more complex character, with effects not only in the arena of criticism but also in protectible markets for derivative works, too. In that sort of case, the law looks beyond the criticism to the other elements of the work, as it does here. 2 Live Crew's song comprises not only parody but also rap music, and the derivative market for rap music is a proper focus of enquiry. Evidence of substantial harm to it would weigh against a finding of fair use, because the licensing of derivatives is an important economic incentive to the creation of originals. Of course, the only harm to derivatives that need concern us, as discussed above, is the harm of market substitution. The fact that a parody may impair the market for derivative uses by the very effectiveness of its critical commentary is no more relevant under copyright than the like threat to the original market.

Although 2 Live Crew submitted uncontroverted affidavits on the question of market harm to the original, neither they, nor Acuff–Rose, introduced evidence or affidavits addressing the likely effect of 2 Live Crew's parodic

⁹ B. KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT 69 (1967).

¹⁰ S. MAUGHAM, OF HUMAN BONDAGE 241 (Penguin ed. 1992).

rap song on the market for a nonparody, rap version of “Oh, Pretty Woman.” And while Acuff–Rose would have us find evidence of a rap market in the very facts that 2 Live Crew recorded a rap parody of “Oh, Pretty Woman” and another rap group sought a license to record a rap derivative, there was no evidence that a potential rap market was harmed in any way by 2 Live Crew's parody, rap version. The fact that 2 Live Crew's parody sold as part of a collection of rap songs says very little about the parody's effect on a market for a rap version of the original, either of the music alone or of the music with its lyrics. . . . [I]t is impossible to deal with the fourth factor except by recognizing that a silent record on an important factor bearing on fair use disentitled the proponent of the defense, 2 Live Crew, to summary judgment. The evidentiary hole will doubtless be plugged on remand. . . .

We therefore reverse the judgment of the Court of Appeals and remand the case for further proceedings consistent with this opinion.

APPENDIX A TO OPINION OF THE COURT

“Oh, Pretty Woman” by Roy Orbison and William Dees

Pretty Woman, walking down the street,
Pretty Woman, the kind I like to meet,
Pretty Woman, I don't believe you, you're not the truth,
No one could look as good as you
Mercy
Pretty Woman, won't you pardon me,
Pretty Woman, I couldn't help but see,
Pretty Woman, that you look lovely as can be
Are you lonely just like me?
Pretty Woman, stop a while,
Pretty Woman, talk a while,
Pretty Woman give your smile to me
Pretty Woman, yeah, yeah, yeah
Pretty Woman, look my way,
Pretty Woman, say you'll stay with me
'Cause I need you, I'll treat you right
Come to me baby, Be mine tonight

Pretty Woman, don't walk on by,
Pretty Woman, don't make me cry,
Pretty Woman, don't walk away,
Hey, O.K.
If that's the way it must be, O.K.
I guess I'll go on home, it's late
There'll be tomorrow night, but wait!
What do I see
Is she walking back to me?
Yeah, she's walking back to me!
Oh, Pretty Woman.

APPENDIX B TO OPINION OF THE COURT
"Pretty Woman" as Recorded by 2 Live Crew

Pretty woman walkin' down the street
Pretty woman girl you look so sweet
Pretty woman you bring me down to that knee
Pretty woman you make me wanna beg please
Oh, pretty woman
Big hairy woman you need to shave that stuff
Big hairy woman you know I bet it's tough
Big hairy woman all that hair it ain't legit
'Cause you look like 'Cousin It'
Big hairy woman
Bald headed woman girl your hair won't grow
Bald headed woman you got a teeny weeny afro
Bald headed woman you know your hair could look nice
Bald headed woman first you got to roll it with rice
Bald headed woman here, let me get this hunk of biz for ya
Ya know what I'm saying you look better than rice a ron
Oh bald headed woman
Big hairy woman come on in
And don't forget your bald headed friend

Hey pretty woman let the boys
Jump in
Two timin' woman girl you know you ain't right
Two timin' woman you's out with my boy last night
Two timin' woman that takes a load off my mind
Two timin' woman now I know the baby ain't mine
Oh, two timin' woman
Oh pretty woman

CASE COMPREHENSION

1. According to the Court, what is the key to determining whether a use is transformative? Why is the transformative nature of a work so important to the fair use analysis?
2. How is parody transformative? How does parody differ from satire? How does that difference affect the fair use analysis?
3. The Court recognizes a parodic element in 2 Live Crew's use, whereby 2 Live Crew comments on or criticizes the original "Pretty Woman" song by Roy Orbison and William Dees. In the Court's words:

2 Live Crew juxtaposes the romantic musings of a man whose fantasy comes true, with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility. The later words can be taken as a comment on the naiveté of the original of an earlier day, as a rejection of its sentiment that ignores the ugliness of street life and the debasement that it signifies.

With this in mind, compare the lyrics of 2 Live Crew's song with those of the original Orbison-Dees song. Do you share the Court's opinion that 2 Live Crew could be providing critical commentary of the original work?

4. The Court significantly downplays the fact that 2 Live Crew's use is commercial, despite the statutory directive to consider commerciality in assessing fairness of a use. In response to the commerciality argument, the Court quotes Samuel Johnson's proclamation that "[n]o man but a blockhead ever wrote, except for money." Do you agree that the commerciality of a use should not weigh heavily in analyzing the fairness of a use?
5. Why don't the second and third factors of the fair use inquiry matter as much in parody?
6. Why did the Court remand the case?

BEYOND THE CASE

7. Which factor weighs heaviest in the fair use analysis? The statute does not provide an answer, and indeed, each case is to be decided on its own merits. Nevertheless, the *Campbell* decision emphasized the importance of the first factor. Courts subsequent to *Campbell* have accordingly weighed the first factor the heaviest. That was a change from precedent. Prior to *Campbell*, the Court had indicated that the fourth factor weighed heaviest in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985). Which factor do you think should a court weigh heaviest in the analysis and why?
8. The Second Circuit applied the teachings of *Campbell* in *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006). There, the defendants, Dorling Kindersley Limited et al. (DK), had used over 2,000 images of the Grateful Dead rock band in a book that provided a chronology of the band. The copyright to seven of those images is owned by Bill Graham Archives (BGA), who filed suit against DK.

The Second Circuit held DK's use to be fair. On the first factor, the court held the use to be transformatively different from its original expressive purpose: the images served to provide a biography of the Grateful Dead, appearing on a timeline within the book, as contrasted with their original purpose of promoting concerts. On the second factor, the creative nature of the images was outweighed by the fact that DK used them for a transformative purpose in its biographical book. On the third factor, although the images were replicated in their entirety, they were reduced in size, limiting their visual impact. On the fourth factor, the court opined that BGA suffered no market harm because the images fell within a "transformative market."

Harper & Row, Publishers, Inc. v. Nation Enterprises

471 U.S. 539 (1985)

O'CONNOR, J.

This case requires us to consider to what extent the "fair use" provision of the Copyright Revision Act of 1976, sanctions the unauthorized use of quotations from a public figure's unpublished manuscript. . . .

I

In February 1977, shortly after leaving the White House, former President Gerald R. Ford contracted with petitioners Harper & Row and Reader's Digest, to publish his as yet unwritten memoirs. The memoirs were to contain "significant hitherto unpublished material" concerning the Watergate crisis, Mr. Ford's pardon of former President Nixon and "Mr. Ford's reflections on this period of history, and the morality and personalities involved." In addition to the right to publish the Ford memoirs in book form, the agreement gave petitioners the exclusive right to license republication excerpts, known in the trade as "first serial rights." Two years later, as the memoirs were nearing completion, petitioners negotiated a prepublication licensing agreement with Time, a weekly news magazine. Time agreed to pay \$25,000, \$12,500 in advance and an additional \$12,500 at publication, in exchange for the right to excerpt

7,500 words from Mr. Ford's account of the Nixon pardon. The issue featuring the excerpts was timed to appear approximately one week before shipment of the full length book version to bookstores. Exclusivity was an important consideration; Harper & Row instituted procedures designed to maintain the confidentiality of the manuscript, and Time retained the right to renegotiate the second payment should the material appear in print prior to its release of the excerpts.

Two to three weeks before the Time article's scheduled release, an unidentified person secretly brought a copy of the Ford manuscript to Victor Navasky, editor of *The Nation*, a political commentary magazine. Mr. Navasky knew that his possession of the manuscript was not authorized and that the manuscript must be returned quickly to his "source" to avoid discovery. He hastily put together what he believed was "a real hot news story" composed of quotes, paraphrases, and facts drawn exclusively from the manuscript. Mr. Navasky attempted no independent commentary, research or criticism, in part because of the need for speed if he was to "make news" by publishing in advance of publication of the Ford book. The 2,250-word article, reprinted in the Appendix to this opinion, appeared on April 3, 1979. As a result of The Nation's article, Time canceled its piece and refused to pay the remaining \$12,500.

Petitioners brought suit in the District Court for the Southern District of New York, alleging [inter alia] violations of the Copyright Act. After a 6-day bench trial, the District Judge found that "A Time to Heal" was protected by copyright at the time of The Nation publication and that respondents' use of the copyrighted material constituted an infringement under the Copyright Act A divided panel of the Court of Appeals for the Second Circuit reversed. . . .

IV

Fair use is a mixed question of law and fact.¹¹ Where the district court has found facts sufficient to evaluate each of the statutory factors, an appellate court need not remand for further factfinding but may conclude as a matter of law that the challenged use does not qualify as a fair use of the copyrighted work. Thus, whether The Nation article constitutes fair use under § 107 must be reviewed in light of the principles discussed above. The factors enumerated in the section are not meant to be exclusive: since the doctrine is an equitable rule of reason, no generally

¹¹ *Pacific & Southern Co. v. Duncan*, 744 F.2d 1490, 1495 n. 8 (11th Cir. 1984).

applicable definition is possible, and each case raising the question must be decided on its own facts. The four factors identified by Congress as especially relevant in determining whether the use was fair are: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the substantiality of the portion used in relation to the copyrighted work as a whole; (4) the effect on the potential market for or value of the copyrighted work. We address each one separately.

Purpose of the Use. The Second Circuit correctly identified news reporting as the general purpose of The Nation's use. News reporting is one of the examples enumerated in § 107 to “give some idea of the sort of activities the courts might regard as fair use under the circumstances.” This listing was not intended to be exhaustive, or to single out any particular use as presumptively a “fair” use. The drafters resisted pressures from special interest groups to create presumptive categories of fair use, but structured the provision as an affirmative defense requiring a case-by-case analysis. Whether a use referred to in the first sentence of section 107 is a fair use in a particular case will depend upon the application of the determinative factors, including those mentioned in the second sentence. The fact that an article arguably is “news” and therefore a productive use is simply one factor in a fair use analysis.

We agree with the Second Circuit that the trial court erred in fixing on whether the information contained in the memoirs was actually new to the public. As Judge Meskill wisely noted, courts should be chary of deciding what is and what is not news. “The issue is not what constitutes ‘news,’ but whether a claim of newsreporting is a valid fair use defense to an infringement of copyrightable expression.”¹² The Nation has every right to seek to be the first to publish information. But The Nation went beyond simply reporting uncopyrightable information and actively sought to exploit the headline value of its infringement, making a “news event” out of its unauthorized first publication of a noted figure's copyrighted expression.

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. Every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright. In arguing that the purpose of news reporting is not purely commercial, The Nation misses the point entirely. The crux of the

¹² W. PATRY, THE FAIR USE PRIVILEGE IN COPYRIGHT LAW 119 (1985).

profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.

In evaluating character and purpose we cannot ignore The Nation's stated purpose of scooping the forthcoming hardcover and Time abstracts. The Nation's use had not merely the incidental effect but the intended purpose of supplanting the copyright holder's commercially valuable right of first publication. Also relevant to the "character" of the use is "the propriety of the defendant's conduct."¹³ Fair use presupposes good faith and fair dealing. The trial court found that The Nation knowingly exploited a purloined manuscript. Unlike the typical claim of fair use, The Nation cannot offer up even the fiction of consent as justification. Like its competitor newsweekly, it was free to bid for the right of abstracting excerpts from "A Time to Heal." Fair use distinguishes between a true scholar and a chiseler who infringes a work for personal profit.

Nature of the Copyrighted Work. Second, the Act directs attention to the nature of the copyrighted work. "A Time to Heal" may be characterized as an unpublished historical narrative or autobiography. The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.

"[E]ven within the field of fact works, there are gradations as to the relative proportion of fact and fancy. One may move from sparsely embellished maps and directories to elegantly written biography. The extent to which one must permit expressive language to be copied, in order to assure dissemination of the underlying facts, will thus vary from case to case."¹⁴

Some of the briefer quotes from the memoirs are arguably necessary adequately to convey the facts; for example, Mr. Ford's characterization of the White House tapes as the "smoking gun" is perhaps so integral to the idea expressed as to be inseparable from it. But The Nation did not stop at isolated phrases and instead excerpted subjective descriptions and portraits of public figures whose power lies in the author's individualized expression. Such use, focusing on the most expressive elements of the work, exceeds that necessary to disseminate the facts.

¹³ 3 NIMMER § 13.05[A], at 13–72.

¹⁴ Gorman, *Fact or Fancy? The Implications for Copyright*, 29 J. COPYRIGHT SOC. 560, 561 (1982).

The fact that a work is unpublished is a critical element of its “nature.” Our prior discussion establishes that the scope of fair use is narrower with respect to unpublished works. While even substantial quotations might qualify as fair use in a review of a published work or a news account of a speech that had been delivered to the public or disseminated to the press, the author's right to control the first public appearance of his expression weighs against such use of the work before its release. The right of first publication encompasses not only the choice whether to publish at all, but also the choices of when, where, and in what form first to publish a work.

In the case of Mr. Ford's manuscript, the copyright holders' interest in confidentiality is irrefutable; the copyright holders had entered into a contractual undertaking to “keep the manuscript confidential” and required that all those to whom the manuscript was shown also “sign an agreement to keep the manuscript confidential.” While the copyright holders' contract with Time required Time to submit its proposed article seven days before publication, The Nation's clandestine publication afforded no such opportunity for creative or quality control. It was hastily patched together and contained “a number of inaccuracies.” A use that so clearly infringes the copyright holder's interests in confidentiality and creative control is difficult to characterize as “fair.”

Amount and Substantiality of the Portion Used. Next, the Act directs us to examine the amount and substantiality of the portion used in relation to the copyrighted work as a whole. In absolute terms, the words actually quoted were an insubstantial portion of “A Time to Heal.” The District Court, however, found that “[T]he Nation took what was essentially the heart of the book.” We believe the Court of Appeals erred in overruling the District Judge's evaluation of the qualitative nature of the taking. A Time editor described the chapters on the pardon as “the most interesting and moving parts of the entire manuscript.” The portions actually quoted were selected by Mr. Navasky as among the most powerful passages in those chapters. He testified that he used verbatim excerpts because simply reciting the information could not adequately convey the “absolute certainty with which [Ford] expressed himself”; or show that “this comes from President Ford”; or carry the “definitive quality” of the original. In short, he quoted these passages precisely because they qualitatively embodied Ford's distinctive expression.

As the statutory language indicates, a taking may not be excused merely because it is insubstantial with respect to the infringing work. As Judge

Learned Hand cogently remarked, “no plagiarist can excuse the wrong by showing how much of his work he did not pirate.” Conversely, the fact that a substantial portion of the infringing work was copied verbatim is evidence of the qualitative value of the copied material, both to the originator and to the plagiarist who seeks to profit from marketing someone else's copyrighted expression.

Stripped to the verbatim quotes, the direct takings from the unpublished manuscript constitute at least 13% of the infringing article. The Nation article is structured around the quoted excerpts which serve as its dramatic focal points. In view of the expressive value of the excerpts and their key role in the infringing work, we cannot agree with the Second Circuit that the “magazine took a meager, indeed an infinitesimal amount of Ford's original language.”

Effect on the Market. Finally, the Act focuses on “the effect of the use upon the potential market for or value of the copyrighted work.” This last factor is undoubtedly the single most important element of fair use. “Fair use, when properly applied, is limited to copying by others which does not materially impair the marketability of the work which is copied.”¹⁵ . . . Rarely will a case of copyright infringement present such clear-cut evidence of actual damage. Petitioners assured Time that there would be no other authorized publication of any portion of the unpublished manuscript prior to April 23, 1979. Any publication of material from chapters 1 and 3 would permit Time to renegotiate its final payment. Time cited The Nation's article, which contained verbatim quotes from the unpublished manuscript, as a reason for its nonperformance. . . .

[T]o negate fair use one need only show that if the challenged use should become widespread, it would adversely affect the potential market for the copyrighted work. This inquiry must take account not only of harm to the original but also of harm to the market for derivative works. “If the defendant's work adversely affects the value of any of the rights in the copyrighted work (in this case the adaptation [and serialization] right) the use is not fair.”¹⁶

It is undisputed that the factual material in the balance of The Nation's article, besides the verbatim quotes at issue here, was drawn exclusively

¹⁵ 1 NIMMER § 1.10[D], at 1-87.

¹⁶ 3 NIMMER § 13.05[B], at 13-77-13-78

from the chapters on the pardon. The excerpts were employed as featured episodes in a story about the Nixon pardon—precisely the use petitioners had licensed to Time. The borrowing of these verbatim quotes from the unpublished manuscript lent The Nation's piece a special air of authenticity—as Navasky expressed it, the reader would know it was Ford speaking and not The Nation. Thus it directly competed for a share of the market for prepublication excerpts. . . .

V

. . . The Nation conceded that its verbatim copying of some 300 words of direct quotation from the Ford manuscript would constitute an infringement unless excused as a fair use. Because we find that The Nation's use of these verbatim excerpts from the unpublished manuscript was not a fair use, the judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

CASE COMPREHENSION

1. Recall that the first fair-use factor examines the purpose of the use, where news reporting is presumptively fair. Is the story of Ford's explanation for pardoning Nixon "news"? What principle informs your opinion? Does the Court provide any guidance as to how to determine whether particular content is news?
2. How does the Court weigh the third factor—the amount and substantiality of the portion used in relation to the copyrighted work as a whole? The Nation used 300 words of Ford's 200,000-word manuscript, or 0.15%. Yet the Court relies on the fact that the 300 words constitute 13% of the infringing article. Which percentage does the statute demand courts to consider—the 0.15% or the 13%?
3. The Court concludes that the fourth factor favors Harper & Row. At first blush, this conclusion seems correct: Harper & Row has clearly sustained damage from The Nation's publication. But consider this question: Is the damage caused by the publication of the copyrightable expression or

from the publication of the uncopyrightable ideas within the expression? Should this distinction matter?

4. Should the fact that the manuscript was “purloined” (i.e., stolen) affect the fair-use analysis? On the one hand, the character of the use examines “the propriety of the defendant’s conduct.” The Court seems to consider the fact that the manuscript was purloined as suggesting against fair use. On the other hand, there is no evidence or allegation before the Court that Navasky or The Nation was responsible for committing any illegal act to obtain the manuscript. News organizations often receive information through third-party sources who themselves may commit illegal acts to gain the information, but that fact doesn’t affect the character of the news organization that reports it. Accordingly, The Nation’s conduct arguably does not suggest bad faith. What do you think?

BEYOND THE CASE

5. The *Harper* Court states unequivocally that “fair use is an affirmative defense.” But evidence suggests that it wasn’t always so. See, e.g., *West Publishing Co. v. Edward Thompson Co.*, 169 F. 833, 844, 861 (C.C.E.D.N.Y. 1909) (“The complainant has raised the question of unfair use; that is, of infringement. . . . In addition to copying, it must be shown that this has been done to an unfair extent. It is only after copying has been shown that the question of fair or unfair use arises, and then it is controlling.”).
Why does this matter whether fair use is a defense or an affirmative defense? *Answer*: the burden of proof. As a defense, fair use would require the copyright owner to prove that the use was not fair in order to prevail on a claim for infringement. By contrast, as an affirmative defense, a defendant must prove that the use is fair to excuse the infringement. Any doubt in the mind of the decision-maker disfavors the party bearing the burden. Given that fair use

often raises difficult questions, the burden may prove dispositive. So, what do you think? Which party should bear the burden of proof: the copyright owner or the fair user? Why?

6. The *Harper* Court stated: “Fair use is a mixed question of law and fact.” Was the Court correct to state this? Prior to *Harper*, most courts considered fair use to be a question of fact, uniquely suited for a jury. *See, e.g., MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981) (“[W]e may now review the evidence to determine whether the district court’s rejection of the fair-use defense was clearly erroneous. Since the issue of fair use is one of fact, the clearly erroneous standard of review is appropriate.”). Only a handful of cases referred to it as a mixed question. *See, e.g., Piper Aircraft Corp. v. Wag-Aero, Inc.*, 741 F.2d 925, 936 (7th Cir. 1984) (Posner, J., concurring) (“[C]lear error has been held to be the proper standard for reviewing determinations of most mixed questions of law and fact in intellectual-property cases—such questions as similarity, copying, access, and *fair use* in copyright cases.”).

Yet after the *Harper* Court’s declaration, courts began treating the evaluation of the fair-use factors as a legal issue, while treating the historical facts of what actually happened as the only factual issue. *See, e.g., Fisher v. Dees*, 794 F.2d 432, 426 (9th Cir. 1986) (“The parties dispute only the ultimate conclusions to be drawn from the admitted facts. Because, under *Harper & Row*, these judgments are legal in nature, we can make them without usurping the function of the jury.”). *Harper* appears to have changed fair use from a factual issue for a jury to a legal issue for a judge. Arguably, this raises a tension with the Seventh Amendment, which states that “the right of trial by jury shall be preserved.” *See* U.S. CONST. amend. VII. What do you think: should fair use be a fact issue for the jury or a legal issue for the judge? Why or why not?

Authors Guild v. Google, Inc.

804 F.3d 202 (2d Cir. 2015)

LEVAL, J.

This copyright dispute tests the boundaries of fair use. Plaintiffs, who are authors of published books under copyright, sued Google, Inc. (“Google”) for copyright infringement in the United States District Court for the Southern District of New York (Chin, J.). They appeal from the grant of summary judgment in Google's favor. Through its *Library Project* and its *Google Books* project, acting without permission of rights holders, Google has made digital copies of tens of millions of books, including Plaintiffs', that were submitted to it for that purpose by major libraries. Google has scanned the digital copies and established a publicly available search function. An Internet user can use this function to search without charge to determine whether the book contains a specified word or term and also see “snippets” of text containing the searched-for terms. . . . Plaintiffs sought injunctive and declaratory relief as well as damages.

Google defended on the ground that its actions constitute “fair use,” which, under 17 U.S.C. § 107, is “not an infringement.” The district court agreed. Plaintiffs brought this appeal. . . .

BACKGROUND

. . . Since 2004, Google has scanned, rendered machine-readable, and indexed more than 20 million books, including both copyrighted works and works in the public domain. The vast majority of the books are non-fiction, and most are out of print. All of the digital information created by Google in the process is stored on servers protected by the same security systems Google uses to shield its own confidential information.

The digital corpus created by the scanning of these millions of books enables the Google Books search engine. Members of the public who access the Google Books website can enter search words or terms of their own choice, receiving in response a list of all books in the database in which those terms appear, as well as the number of times the term appears in each book. A brief description of each book, entitled “About the Book,” gives some rudimentary additional information, including a list of the words and terms that appear with most frequency in the book. It sometimes provides links to buy the book online and identifies libraries where the book can be found. The search tool permits a researcher to

identify those books, out of millions, that do, as well as those that do not, use the terms selected by the researcher. Google notes that this identifying information instantaneously supplied would otherwise not be obtainable in lifetimes of searching.

No advertising is displayed to a user of the search function. Nor does Google receive payment by reason of the searcher's use of Google's link to purchase the book.

The search engine also makes possible new forms of research, known as "text mining" and "data mining." Google's "ngrams" research tool draws on the Google Library Project corpus to furnish statistical information to Internet users about the frequency of word and phrase usage over centuries. This tool permits users to discern fluctuations of interest in a particular subject over time and space by showing increases and decreases in the frequency of reference and usage in different periods and different linguistic regions. It also allows researchers to comb over the tens of millions of books Google has scanned in order to examine "word frequencies, syntactic patterns, and thematic markers" and to derive information on how nomenclature, linguistic usage, and literary style have changed over time. . . .

The Google Books search function also allows the user a limited viewing of text. In addition to telling the number of times the word or term selected by the searcher appears in the book, the search function will display a maximum of three "snippets" containing it. A snippet is a horizontal segment comprising ordinarily an eighth of a page. Each page of a conventionally formatted book in the Google Books database is divided into eight non-overlapping horizontal segments, each such horizontal segment being a snippet. (Thus, for such a book with 24 lines to a page, each snippet is comprised of three lines of text.) Each search for a particular word or term within a book will reveal the same three snippets, regardless of the number of computers from which the search is launched. Only the first usage of the term on a given page is displayed. Thus, if the top snippet of a page contains two (or more) words for which the user searches, and Google's program is fixed to reveal that particular snippet in response to a search for either term, the second search will duplicate the snippet already revealed by the first search, rather than moving to reveal a different snippet containing the word because the first snippet was already revealed. Google's program does not allow a searcher to increase the number of snippets revealed by repeated entry of the same

search term or by entering searches from different computers. A searcher can view more than three snippets of a book by entering additional searches for different terms. However, Google makes permanently unavailable for snippet view one snippet on each page and one complete page out of every ten—a process Google calls “blacklisting.”

Google also disables snippet view entirely for types of books for which a single snippet is likely to satisfy the searcher's present need for the book, such as dictionaries, cookbooks, and books of short poems. Finally, since 2005, Google will exclude any book altogether from snippet view at the request of the rights holder by the submission of an online form. . . .

DISCUSSION

I. The Law of Fair Use

The ultimate goal of copyright is to expand public knowledge and understanding, which copyright seeks to achieve by giving potential creators exclusive control over copying of their works, thus giving them a financial incentive to create informative, intellectually enriching works for public consumption. This objective is clearly reflected in the Constitution's empowerment of Congress “*To promote the Progress of Science ... by securing for limited Times to Authors ... the exclusive Right to their respective Writings.*”¹⁷ Thus, while authors are undoubtedly important intended beneficiaries of copyright, the ultimate, primary intended beneficiary is the public, whose access to knowledge copyright seeks to advance by providing rewards for authorship. . . .

With this background, we proceed to discuss each of the statutory factors, as illuminated by Campbell and subsequent case law, in relation to the issues here in dispute.

II. The Search and Snippet View Functions

A. Factor One

(1) *Transformative purpose.* . . . [T]ransformative uses tend to favor a fair use finding because a transformative use is one that communicates something new and different from the original or expands its utility, thus serving copyright's overall objective of contributing to public knowledge. The word “transformative” cannot be taken too literally as a sufficient key

¹⁷ U.S. CONST., Art. I, § 8, cl. 8 (emphasis added).

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 made to an author's original text will necessarily support a finding of fair use. . . . [T]he would-be fair user of another's work must have justification for the taking. A secondary author is not necessarily at liberty to make wholesale takings of the original author's expression merely because of how well the original author's expression would convey the secondary author's different message.¹⁸ . . .

With these considerations in mind, we first consider whether Google's search and snippet views functions satisfy the first fair use factor with respect to Plaintiffs' rights in their books. (The question whether these functions might infringe upon Plaintiffs' derivative rights is discussed in the next Part.)

(2) *Search Function*. We have no difficulty concluding that Google's making of a digital copy of Plaintiffs' books for the purpose of enabling a search for identification of books containing a term of interest to the searcher involves a highly transformative purpose, in the sense intended by *Campbell*. . . . [T]he purpose of Google's copying of the original copyrighted books is to make available significant information about those books, permitting a searcher to identify those that contain a word or term

¹⁸ A further complication that can result from oversimplified reliance on whether the copying involves transformation is that the word “transform” also plays a role in defining “derivative works,” over which the original rights holder retains exclusive control. Section 106 of the Act specifies the “exclusive right[]” of the copyright owner “(2) to prepare derivative works based upon the copyrighted work.” See 17 U.S.C. § 106. The statute defines derivative works largely by example, rather than explanation. The examples include “translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation,” to which list the statute adds “any other form in which a work may be ... transformed.” *Id.* § 101 (emphasis added). As we noted in *Authors Guild, Inc. v. HathiTrust*, “[p]aradigmatic examples of derivative works include the translation of a novel into another language, the adaptation of a novel into a movie or play, or the recasting of a novel as an e-book or an audiobook.” 755 F.3d 87, 95 (2d Cir. 2014). While such changes can be described as transformations, they do not involve the kind of transformative purpose that favors a fair use finding. The statutory definition suggests that derivative works generally involve transformations in the nature of changes of form. 17 U.S.C. § 101. By contrast, copying from an original for the purpose of criticism or commentary on the original or provision of information about it, tends most clearly to satisfy *Campbell*'s notion of the “transformative” purpose involved in the analysis of Factor One.

of interest, as well as those that do not include reference to it. In addition, through the *ngrams* tool, Google allows readers to learn the frequency of usage of selected words in the aggregate corpus of published books in different historical periods. We have no doubt that the purpose of this copying is the sort of transformative purpose described in *Campbell* as strongly favoring satisfaction of the first factor. . . .

(3) *Snippet View*. . . . Snippet view adds important value to the basic transformative search function, which tells only whether and how often the searched term appears in the book. Merely knowing that a term of interest appears in a book does not necessarily tell the searcher whether she needs to obtain the book, because it does not reveal whether the term is discussed in a manner or context falling within the scope of the searcher's interest. For example, a searcher seeking books that explore Einstein's theories, who finds that a particular book includes 39 usages of "Einstein," will nonetheless conclude she can skip that book if the snippets reveal that the book speaks of "Einstein" because that is the name of the author's cat. In contrast, the snippet will tell the searcher that this is a book she needs to obtain if the snippet shows that the author is engaging with Einstein's theories.

Google's division of the page into tiny snippets is designed to show the searcher just enough context surrounding the searched term to help her evaluate whether the book falls within the scope of her interest (without revealing so much as to threaten the author's copyright interests). Snippet view thus adds importantly to the highly transformative purpose of identifying books of interest to the searcher. With respect to the first factor test, it favors a finding of fair use (unless the value of its transformative purpose is overcome by its providing text in a manner that offers a competing substitute for Plaintiffs' books, which we discuss under factors three and four below).

(4) *Google's Commercial Motivation*. . . . Although Google has no revenues flowing directly from its operation of the Google Books functions, Plaintiffs stress that Google is profit-motivated and seeks to use its dominance of book search to fortify its overall dominance of the Internet search market, and that thereby Google indirectly reaps profits from the Google Books functions. . . . Our court has . . . repeatedly rejected the contention that commercial motivation should outweigh a convincing transformative purpose and absence of significant substitutive competition with the

original.¹⁹ While we recognize that in some circumstances, a commercial motivation on the part of the secondary user will weigh against her, especially, as the Supreme Court suggested, when a persuasive transformative purpose is lacking, we see no reason in this case why Google's overall profit motivation should prevail as a reason for denying fair use over its highly convincing transformative purpose, together with the absence of significant substitutive competition, as reasons for granting fair use. Many of the most universally accepted forms of fair use, such as news reporting and commentary, quotation in historical or analytic books, reviews of books, and performances, as well as parody, are all normally done commercially for profit.

B. Factor Two

The second fair use factor directs consideration of the “nature of the copyrighted work.” While the “transformative purpose” inquiry discussed above is conventionally treated as a part of first factor analysis, it inevitably involves the second factor as well. One cannot assess whether the copying work has an objective that differs from the original without considering both works, and their respective objectives.

The second factor has rarely played a significant role in the determination of a fair use dispute. The Supreme Court in *Harper & Row* made a passing observation in dictum that, “[t]he law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.”²⁰ Courts have sometimes speculated that this might mean that a finding of fair use is more favored when the copying is of factual works than when copying is from works of fiction. However, while the copyright does not protect facts or ideas set forth in a work, it does protect that author's manner of expressing those facts and ideas. At least unless a persuasive fair use justification is involved, authors of factual works, like authors of fiction, should be entitled to copyright protection of their protected expression. The mere fact that the original is a factual work therefore should not imply that others may freely copy it. Those who report the news undoubtedly create factual works. It cannot seriously be argued that, for that reason, others may freely copy and re-disseminate news reports. . . .

¹⁹ See *Cariou v. Prince*, 714 F.3d 694, 708 (2d Cir. 2013); *Castle Rock Entm't, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 141-42 (2d Cir. 1998).

²⁰ 471 U.S. 539, 563 (1985).

While each of the three Plaintiffs' books in this case is factual, we do not consider that as a boost to Google's claim of fair use. If one (or all) of the plaintiff works were fiction, we do not think that would change in any way our appraisal. Nothing in this case influences us one way or the other with respect to the second factor considered in isolation. To the extent that the "nature" of the original copyrighted work necessarily combines with the "purpose and character" of the secondary work to permit assessment of whether the secondary work uses the original in a "transformative" manner, as the term is used in *Campbell*, the second factor favors fair use not because Plaintiffs' works are factual, but because the secondary use transformatively provides valuable information about the original, rather than replicating protected expression in a manner that provides a meaningful substitute for the original.

C. Factor Three

The third statutory factor instructs us to consider "the amount and substantiality of the portion used in relation to the copyrighted work as a whole." The clear implication of the third factor is that a finding of fair use is more likely when small amounts, or less important passages, are copied than when the copying is extensive, or encompasses the most important parts of the original. The obvious reason for this lies in the relationship between the third and the fourth factors. The larger the amount, or the more important the part, of the original that is copied, the greater the likelihood that the secondary work might serve as an effectively competing substitute for the original, and might therefore diminish the original rights holder's sales and profits.

(1) *Search Function*. The Google Books program has made a digital copy of the entirety of each of Plaintiffs' books. Notwithstanding the reasonable implication of Factor Three that fair use is more likely to be favored by the copying of smaller, rather than larger, portions of the original, courts have rejected any categorical rule that a copying of the entirety cannot be a fair use. Complete unchanged copying has repeatedly been found justified as fair use when the copying was reasonably appropriate to achieve the copier's transformative purpose and was done in such a manner that it did not offer a competing substitute for the original. . . .

[N]ot only is the copying of the totality of the original reasonably appropriate to Google's transformative purpose, it is literally necessary to achieve that purpose. If Google copied less than the totality of the

originals, its search function could not advise searchers reliably whether their searched term appears in a book (or how many times).

While Google makes an unauthorized digital copy of the entire book, it does not reveal that digital copy to the public. The copy is made to enable the search functions to reveal limited, important information about the books. With respect to the search function, Google satisfies the third factor test, as illuminated by the Supreme Court in *Campbell*.

(2) *Snippet View*. . . . Without doubt, enabling searchers to see portions of the copied texts could have determinative effect on the fair use analysis. The larger the quantity of the copyrighted text the searcher can see and the more control the searcher can exercise over what part of the text she sees, the greater the likelihood that those revelations could serve her as an effective, free substitute for the purchase of the plaintiff's book. We nonetheless conclude that, at least as presently structured by Google, the snippet view does not reveal matter that offers the marketplace a significantly competing substitute for the copyrighted work.

Google has constructed the snippet feature in a manner that substantially protects against its serving as an effectively competing substitute for Plaintiffs' books. In the Background section of this opinion, we describe a variety of limitations Google imposes on the snippet function. These include the small size of the snippets (normally one eighth of a page), the blacklisting of one snippet per page and of one page in every ten, the fact that no more than three snippets are shown—and no more than one per page—for each term searched, and the fact that the same snippets are shown for a searched term no matter how many times, or from how many different computers, the term is searched. In addition, Google does not provide snippet view for types of books, such as dictionaries and cookbooks, for which viewing a small segment is likely to satisfy the searcher's need. The result of these restrictions is, so far as the record demonstrates, that a searcher cannot succeed, even after long extended effort to multiply what can be revealed, in revealing through a snippet search what could usefully serve as a competing substitute for the original.

The blacklisting, which permanently blocks about 22% of a book's text from snippet view, is by no means the most important of the obstacles Google has designed. While it is true that the blacklisting of 22% leaves 78% of a book theoretically accessible to a searcher, it does not follow that any large part of that 78% is in fact accessible. The other restrictions built into the program work together to ensure that, even after protracted

effort over a substantial period of time, only small and randomly scattered portions of a book will be accessible. In an effort to show what large portions of text searchers can read through persistently augmented snippet searches, Plaintiffs' counsel employed researchers over a period of weeks to do multiple word searches on Plaintiffs' books. In no case were they able to access as much as 16% of the text, and the snippets collected were usually not sequential but scattered randomly throughout the book. Because Google's snippets are arbitrarily and uniformly divided by lines of text, and not by complete sentences, paragraphs, or any measure dictated by content, a searcher would have great difficulty constructing a search so as to provide any extensive information about the book's use of that term. As snippet view never reveals more than one snippet per page in response to repeated searches for the same term, it is at least difficult, and often impossible, for a searcher to gain access to more than a single snippet's worth of an extended, continuous discussion of the term.

The fact that Plaintiffs' searchers managed to reveal nearly 16% of the text of Plaintiffs' books overstates the degree to which snippet view can provide a meaningful substitute. At least as important as the percentage of words of a book that are revealed is the manner and order in which they are revealed. Even if the search function revealed 100% of the words of the copyrighted book, this would be of little substitutive value if the words were revealed in alphabetical order, or any order other than the order they follow in the original book. It cannot be said that a revelation is "substantial" in the sense intended by the statute's third factor if the revelation is in a form that communicates little of the sense of the original. The fragmentary and scattered nature of the snippets revealed, even after a determined, assiduous, time-consuming search, results in a revelation that is not "substantial," even if it includes an aggregate 16% of the text of the book. If snippet view could be used to reveal a coherent block amounting to 16% of a book, that would raise a very different question beyond the scope of our inquiry.

D. Factor Four

The fourth fair use factor, "the effect of the [copying] use upon the potential market for or value of the copyrighted work," focuses on whether the copy brings to the marketplace a competing substitute for the original, or its derivative, so as to deprive the rights holder of significant revenues because of the likelihood that potential purchasers may opt to acquire the

copy in preference to the original. Because copyright is a commercial doctrine whose objective is to stimulate creativity among potential authors by enabling them to earn money from their creations, the fourth factor is of great importance in making a fair use assessment. . . .

Even if the purpose of the copying is for a valuably transformative purpose, such copying might nonetheless harm the value of the copyrighted original if done in a manner that results in widespread revelation of sufficiently significant portions of the original as to make available a significantly competing substitute. The question for us is whether snippet view, notwithstanding its transformative purpose, does that. We conclude that, at least as snippet view is presently constructed, it does not.

Especially in view of the fact that the normal purchase price of a book is relatively low in relation to the cost of manpower needed to secure an arbitrary assortment of randomly scattered snippets, we conclude that the snippet function does not give searchers access to effectively competing substitutes. Snippet view, at best and after a large commitment of manpower, produces discontinuous, tiny fragments, amounting in the aggregate to no more than 16% of a book. This does not threaten the rights holders with any significant harm to the value of their copyrights or diminish their harvest of copyright revenue.

We recognize that the snippet function can cause some loss of sales. There are surely instances in which a searcher's need for access to a text will be satisfied by the snippet view, resulting in either the loss of a sale to that searcher, or reduction of demand on libraries for that title, which might have resulted in libraries purchasing additional copies. But the possibility, or even the probability or certainty, of some loss of sales does not suffice to make the copy an effectively competing substitute that would tilt the weighty fourth factor in favor of the rights holder in the original. There must be a meaningful or significant effect "upon the potential market for or value of the copyrighted work." 17 U.S.C. § 107(4).

Furthermore, the type of loss of sale envisioned above will generally occur in relation to interests that are not protected by the copyright. A snippet's capacity to satisfy a searcher's need for access to a copyrighted book will at times be because the snippet conveys a historical fact that the searcher needs to ascertain. For example, a student writing a paper on Franklin D. Roosevelt might need to learn the year Roosevelt was stricken with polio. By entering "Roosevelt polio" in a Google Books search, the student would be taken to (among numerous sites) a snippet from page 31 of Richard

Thayer Goldberg's *The Making of Franklin D. Roosevelt* (1981), telling that the polio attack occurred in 1921. This would satisfy the searcher's need for the book, eliminating any need to purchase it or acquire it from a library. But what the searcher derived from the snippet was a historical fact. Author Goldberg's copyright does not extend to the facts communicated by his book. It protects only the author's manner of expression. Google would be entitled, without infringement of Goldberg's copyright, to answer the student's query about the year Roosevelt was afflicted, taking the information from Goldberg's book. The fact that, in the case of the student's snippet search, the information came embedded in three lines of Goldberg's writing, which were superfluous to the searcher's needs, would not change the taking of an unprotected fact into a copyright infringement.

Even if the snippet reveals some authorial expression, because of the brevity of a single snippet and the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view, we think it would be a rare case in which the searcher's interest in the protected aspect of the author's work would be satisfied by what is available from snippet view, and rarer still—because of the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view—that snippet view could provide a significant substitute for the purchase of the author's book.

Accordingly, considering the four fair use factors in light of the goals of copyright, we conclude that Google's making of a complete digital copy of Plaintiffs' works for the purpose of providing the public with its search and snippet view functions (at least as snippet view is presently designed) is a fair use and does not infringe Plaintiffs' copyrights in their books.

III. Derivative Rights in Search and Snippet View

Plaintiffs next contend that, under Section 106(2), they have a derivative right in the application of search and snippet view functions to their works, and that Google has usurped their exclusive market for such derivatives.

There is no merit to this argument. . . . If Plaintiffs' claim were based on Google's converting their books into a digitized form and making that digitized version accessible to the public, their claim would be strong. But as noted above, Google safeguards from public view the digitized copies it makes and allows access only to the extent of permitting the public to search for the very limited information accessible through the search

function and snippet view. The program does not allow access in any substantial way to a book's expressive content. Nothing in the statutory definition of a derivative work, or of the logic that underlies it, suggests that the author of an original work enjoys an exclusive derivative right to supply information about that work of the sort communicated by Google's search functions.

Plaintiffs seek to support their derivative claim by a showing that there exist, or would have existed, paid licensing markets in digitized works, such as those provided by the Copyright Clearance Center or the previous, revenue-generating version of the Google Partners Program. Plaintiffs also point to the proposed settlement agreement rejected by the district court in this case, according to which Google would have paid authors for its use of digitized copies of their works.

The existence or potential existence of such paid licensing schemes does not support Plaintiffs' derivative argument. The access to the expressive content of the original that is or would have been provided by the paid licensing arrangements Plaintiffs cite is far more extensive than that which Google's search and snippet view functions provide. Those arrangements allow or would have allowed public users to read substantial portions of the book. Such access would most likely constitute copyright infringement if not licensed by the rights holders. Accordingly, such arrangements have no bearing on Google's present programs, which, in a non-infringing manner, allow the public to obtain limited data about the contents of the book, without allowing any substantial reading of its text.

Plaintiffs also seek to support their derivative claim by a showing that there is a current unpaid market in licenses for partial viewing of digitized books, such as the licenses that publishers currently grant to the *Google Partners* program and Amazon's *Search Inside the Book* program to display substantial portions of their books. . . . [But] unlike the reading experience that the *Google Partners* program or the *Amazon Search Inside the Book* program provides, the snippet function does not provide searchers with any meaningful experience of the expressive content of the book. Its purpose is not to communicate copyrighted expression, but rather, by revealing to the searcher a tiny segment surrounding the searched term, to give some minimal contextual information to help the searcher learn whether the book's use of that term will be of interest to her. . . .

In sum, we conclude that: (1) Google's unauthorized digitizing of copyright-protected works, creation of a search functionality, and display of snippets from those works are non-infringing fair uses. The purpose of the copying is highly transformative, the public display of text is limited, and the revelations do not provide a significant market substitute for the protected aspects of the originals. Google's commercial nature and profit motivation do not justify denial of fair use. . . .

Conclusion

The judgment of the district court is affirmed.

CASE COMPREHENSION

1. As the case indicates, Google performs both a search function of text and a display function of snippets. Based on this fact, what two rights in a copyright are at issue here?
2. Does it make a difference that “since 2005, Google will exclude any book altogether from snippet view at the request of the right holder”? Should this fact matter in the fair-use analysis? Why or why not?
3. How are the search function and the snippet views transformative of the plaintiffs’ works?
4. Each of the three books of the plaintiffs in this case is factual. Yet the court does not see that fact as strengthening Google’s argument for fair use. Why not?
5. In performing the search function, Google copies “the entirety of each of Plaintiffs’ books.” Yet the court construes the third factor (amount and substantiality of copying) as favoring Google. Why?
6. The plaintiffs’ searches suggested that Google’s snippet views reveal nearly 16% of the text of the plaintiffs’ books.

According to the court, why does that 16% not suggest infringement under the third factor?

7. Given that the snippet function can cause some loss of sales, why does the fourth factor (potential market effect of the use) favor Google?
8. The plaintiffs argue that there is a potential licensing market to create a derivative work of the books. Why doesn't the court view this potential licensing market as suggesting that the fourth factor favors the plaintiffs?

BEYOND THE CASE

9. The author of this opinion, Judge Pierre Leval, wrote one of the most influential law articles on fair use, entitled *Toward a Fair Use Standard*, 103 HARV. L. R. 1105 (1990). Among other things, the article introduced the inquiry into transformativeness under the first fair-use factor. The Supreme Court in *Campbell* then cited this article throughout its opinion.
10. Consider corpus linguistics, which is the study of language as evidenced by real world texts, or *corpora*. Computers analyze language usage by searching through databases of texts. This method assists to track language usage over time and geography.

A linguistics professor has created a publicly-available corpora which pulls from a variety of textual sources. See <http://corpus.byu.edu>. Assuming the professor has not received permission to search, analyze, and provide the results, would this be a fair use under *Authors Guild*?

B. REMEDIES

The Copyright Act provides for injunctive and monetary relief.

Injunctive Relief

Copyright owners usually seek an injunction to prevent further infringement. Section 502 of the Copyright Act provides that courts “may” grant a temporary or final (permanent) injunction as courts “deem reasonable to prevent or restrain infringement of a copyright.” They may also impound or destroy the infringing material.²¹ Hence, the Copyright Act provides courts discretion in granting injunctive relief. That said, courts routinely grant injunctions to stop infringing activity.

Monetary Relief

Section 504 of the Copyright Act provides two forms of monetary relief for a copyright owner. First, the copyright owner may receive both her actual damages and the profits of the infringer. Second, and in the alternative, the copyright owner may receive a statutorily set amount of damages. Additionally, § 505 provides courts discretion to award “a reasonable attorney’s fee” to whichever party prevails in a copyright action.²²

Registration

Neither injunctive nor monetary relief is possible without registering a work with the Copyright Office of the United States.²³ The time at which registration occurs is important. To be eligible for any sort of remedy, a copyright owner must merely register the work prior to filing the lawsuit. To be eligible for statutory damages, however, the registration must occur prior to the act of infringement.²⁴

²¹ 17 U.S.C. § 503.

²² *Id.* § 505.

²³ *Id.* § 411(a).

²⁴ *Id.* § 412. More accurately stated: Statutory damages are not available if infringement occurs after publication of the work and the copyright owner has

Statutory Damages

The Copyright Act sets the normal amount of statutory damages at an amount between \$750 to \$30,000, with the exact amount determined by the finder of fact.²⁵ Where a court finds the infringement to be willful, the court may increase the statutory damages amount up to \$150,000. By contrast, where an infringer committed the infringement innocently (i.e., circumstances reasonably suggested to the defendant that his act was not infringing), a court may reduce the statutory damages amount to as low as \$200.

Engel v. Wild Oats, Inc.

644 F. Supp. 1089 (S.D.N.Y. 1986)

CARTER, J.

Plaintiff in this copyright infringement action is Mary Engel, daughter and executrix of the estate of the late Ruth Orkin Engel, a renowned photographer. Defendants are Ocean Atlantic Textile Screen Printing, Inc., which manufactures T-shirts and other garments and goes by the acronym "Wild Oats"

The late Ms. Engel is perhaps best known for her still-life color photographs of Central Park. Plaintiff has alleged that without permission Wild Oats reprinted on some of its T-shirts and sweat shirts one of these photographs from the late Ms. Engel's book, *More Pictures from My Window*. Defendants concede liability for copyright infringement, leaving damages as the issue before the court.

At a hearing on damages, Mary Engel testified to her mother's stature and reputation in the fine art of photography. Plaintiff did not, however, produce evidence of either her actual damages or defendants' net profits

not registered that work—unless the copyright owner registers within three months after the publication date.

²⁵ *Id.* § 504.

resulting from the infringement. Injury to her mother's reputation, plaintiff asserts, is not readily ascertainable.

Jerry Klause, the president and majority stockholder of Wild Oats, testified on behalf of all defendants. He stated that with 104 employees, Wild Oats produces 360,000 shirts per month. His company has not previously been sued for copyright infringement. However, soon after plaintiff brought the infringing shirt design to Mr. Klause's attention, the director of the Wild Oats art department admitted to having produced the design from a photograph, explaining that he had found the photograph in a book. Wild Oats produced a total of approximately 2,500 shirts that bear the infringing design. Mr. Klause also offered into evidence production reports showing net profits and sales commissions on the 2,500 shirts at \$1,878.52.

Defendants argue that this number controls plaintiff's damages because it reflects both the ascertained profits of the infringers and the apparent absence of injury to plaintiff. In fact, according to defendants, even if statutory damages are appropriate, the ascertained net profits are the proper guide to the court's determination of damages.

Plaintiff disagrees. She argues that it is her absolute right to elect the statutory remedy. And in her view this remedy is inherently open to the court's discretion, not controlled by the net profits figure, because her damages are not readily ascertainable. Plaintiff requests the statutory maximum of \$50,000 for willful infringement or, in the alternative, the maximum of \$10,000 for unwillful infringement.²⁶ She also seeks attorneys' fees and costs, and permanent injunctive relief against the infringement.

DISCUSSION

The victim of a copyright infringement who seeks damages is entitled to choose between two remedies. She may pursue the actual damages she has suffered plus the infringer's additional profits; or she may elect statutory damages to be determined, within specified limits, "as the court considers just."²⁷ The choice of remedies belongs to the plaintiff, as the

²⁶ Editor's note: These amounts reflect the statutory amounts in 1986, rather than the amounts in the current Copyright Act.

²⁷ 17 U.S.C. §§ 504(b)-504(c).

plain language of section 504 says, and she may exercise her choice at any time before the final judgment. However, once the plaintiff elects statutory damages, that remedy is generally exclusive. . . . [P]laintiff's election of statutory remedy precludes recovery of actual damages and profits.²⁸

Plaintiff has exercised her right to elect statutory damages. The only task at this point is to determine a just award. The court takes up the task with the frank acknowledgment that its discretion on this subject is anything but narrow. Indeed, the court's discretion and sense of justice are controlling subject only to the specific statutory limits. Congress surely did not grant this discretion unthinkingly. On the contrary, flexibility in fashioning an appropriate award when actual damages and profits are unclear is entirely consonant with the broader goal of providing the copyright owner with a potent arsenal of remedies against the infringer. And it is equally consonant with the parallel goal of discouraging further infringement.

With these general considerations in mind the court must disagree with defendants' suggestion that their estimate of the profits derived from infringement should control the determination of statutory damages. The infringers' profits are a factor to consider, but only one among others.

Other factors include the nature of the copyright, the difficulty of proving actual damages, the circumstances of the infringement, and in particular whether the infringement was willful. The importance of this last factor should be emphasized because it is the one that may affect the statutory limits on damages: While the floor on statutory damages is \$250, the ceiling is \$10,000 for unwillful infringement but \$50,000 if the infringement is willful.²⁹

The court finds that the infringement by Wild Oats was willful. The preponderance of the evidence indicates that the art director at Wild Oats copied the late Ms. Engel's photograph from the copyrighted book, *More Pictures from My Window*. The art director knew or should have known that the unauthorized reprinting of a photograph from the book was a copyright violation. Although the court finds no direct proof of the art

²⁸ *But see* Lottie Joplin Thomas Trust v. Crown Publishers, Inc., 592 F.2d 651, 657 (2d Cir. 1978) (awarding statutory damages plus profits).

²⁹ Editor's note: These amounts reflect the statutory amounts in 1986, rather than the amounts in the current Copyright Act.

director's actual knowledge of the copyright infringement, the compelling circumstantial evidence of his reckless disregard for, if not actual knowledge of, plaintiff's rights in the photograph is sufficient to establish willfulness.

The court also takes note of circumstances apart from Wild Oats's willfulness surrounding the infringement in this case. The nature of plaintiff's copyright—ownership of a rarefied, artistic subject matter—is unusually susceptible to damage when reproduced on the rather less rarefied medium of a T-shirt or sweat shirt. The scale of the infringement was not slight as defendants have distributed approximately 2,500 shirts in the open market. At the same time, the extent of plaintiff's actual damages is virtually impossible to ascertain. The harm of the infringement to the late Ms. Engel's artistic reputation, in the form of lost revenues from her works, may become evident only over the years to come.

In light of all of these circumstances, the court has determined that \$20,000 is the proper award of damages in this case. The award is adequate both to compensate plaintiff for her losses and to remind defendants and other would-be infringers of the seriousness of copyright violations. . . .

Plaintiff also seeks attorneys' fees and costs pursuant to 17 U.S.C. § 505. Fees and costs in copyright infringement cases, like statutory damages, are matters assigned to the court's discretion, to be awarded with an eye toward encouraging the pursuit of colorable copyright claims and deterring further infringement. In determining an appropriate attorneys' fee, the court considers, among other things, the amount of work, the skill employed, damages at issue, and the result achieved. . . . The court awards to plaintiff costs and an attorneys' fee of \$3,000.00.

Finally, plaintiff moves to permanently enjoin defendants from further infringement of her copyright, and to order delivery to her of defendants' infringing shirts. Defendants state that they have no opposition to this motion and assert their willingness to comply with the injunction. Accordingly, defendants are enjoined from further infringement and ordered to deliver to plaintiff all infringing shirts that remain in their possession or may with reasonable diligence be recalled.

It is so ordered.

CASE COMPREHENSION

1. Mr. Klause submits evidence suggesting that the profits and sales on the 2,500 shirts bearing the artistic work of Ms. Engel equaled \$1,878. Yet the court awarded \$20,000 in damages. What is the reason for the disparity in these figures?
2. Who decides which remedy applies as between statutory damages or actual damages plus the infringer's profits—the court or the copyright owner? What is the basis for who makes that choice—statute or case law?
3. Are the infringer's profits relevant for a court to consider in determining the amount of statutory damages? Why or why not?
4. What evidence supports the court's finding that Wild Oats committed willful infringement? Does (and should) knowledge alone imply willfulness?
5. The plaintiff cites the unascertainable effect on Ms. Engel's reputation as an artist as an argument that the statutory damages should be more than the infringer's profits. How does the printing of her artwork on t-shirts apparently affect her reputation? Should that apparent effect be relevant in the damages analysis?
6. The court requires the defendants to deliver any remaining t-shirts to the plaintiff. Why do you think that the court chose that remedy rather than simply destroying the t-shirts?

BEYOND THE CASE

7. Recall that the minimum statutory damages amount is \$750 for infringement. A song that a person downloads usually

costs \$1. There is an argument, then, that a statutory damages amount that is 750 times the actual damages sustained violates due process. *See generally* *State Farm Mut. Auto. Ins. Co. v. Campbell*, 538 U.S. 408, 425 (2003) (observing that few damages awards that exceed a single-digit ratio satisfy due process). The First Circuit has rejected this argument. *See Sony BMG Music Entm'n't v. Tenenbaum*, 719 F.3d 67 (1st Cir. 2013) (upholding constitutionality of statutory-damages award of \$22,500 per downloaded song, for a total of \$675,000). What do you think? Does a damages ratio that is 750:1 violate due process? Why or why not?

8. Who decides the statutory damages amount—judge or jury? In *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340 (1998), the Supreme Court held that where a copyright owner elects statutory damages in a copyright suit, the defendant has a Seventh Amendment right to a jury trial on the issue of damages. However, if the minimum amount of statutory damages, \$750, is sought, the defendant is not entitled to the jury. *See* *BMG Music v. Gonzalez*, 430 F.3d 888, 892–93 (7th Cir. 2005).

Chapter Review

Key Concepts

Defenses. A defendant may challenge elements of the plaintiff's prima facie case by arguing that the plaintiff's work is not copyrightable or that the defendant's action does not constitute infringement. Affirmative defenses include independent creation, license, statute of limitations, and fair use. The most commonly argued affirmative defense is fair use.

Fair Use. A copyright is subject to the defense of fair use. There are four factors that the Copyright Act requires courts to consider in assessing whether a use is fair:

- (1) the purpose and character of the use;
- (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;
- (4) the effect of the use upon the potential market for, or value of, the copyrighted work.

Among other things, the first factor considers whether the use transforms the original work, so as to give a new meaning to the work or to communicate a new message. This factor weighs the heaviest in the analysis (see *Campbell*). The fourth factor is the second most important factor: it considers whether the use could substitute in the commercial marketplace for the original work.

Remedies. Both injunctive and monetary relief are available for a prevailing plaintiff. Courts routinely award injunctive relief. As for damages, a plaintiff can elect to receive actual damages and profits of the infringer, or alternatively, statutory damages. Statutory damages, however, are available only if the copyright owner registered the work prior to the act of infringement. They

range from \$750 to \$30,000 per act of infringement, with an increased ceiling of \$150,000 for willful infringement.

Practice Problems

1. Donny Dump decides to run for political office. As part of his campaign, he creates a campaign song (3:00 minutes long) that he plays at all his rallies. Hillary Chilton is his opponent. She creates a television commercial that uses 15 seconds of Donny's song, as she criticizes Donny and his campaign tactics.

Question: Is Hillary's use of Donny's song a fair use?

2. Benny loves to listen to a variety of music. To decide whether he would like to purchase a song, he often downloads songs from a file-sharing website and then listens to them. Once he listens to a song that he downloads, he does not delete it from his hard drive. Some songs he decides to purchase; others he does not.

Question: Is Benny's use of the copyrighted songs a fair use?

3. Lucy writes a biography about a famous artist, Billy BonaFide. In writing the biography, Lucy quotes from six unpublished letters and ten unpublished journal entries that Billy wrote. The total quotations constitute less than 1% of the letters and journal entries at issue, and Lucy uses them to demonstrate specific factual occurrences. Lucy publishes her biography and makes a profit.

Question: Is Lucy's use of the letters a fair use?

4. Swoze is a foreign corporation that holds a yearly conference call about its earnings report (which Swoze tapes). Swoze invites several hundred financial analysts to the call. Information in the call assists the analysts understand circumstances surrounding the earnings report, and thereby value the stock of Swoze more accurately. Swoze refuses to publish the call and instructs the analysts to keep the information confidential.

After Swoze's yearly earnings-report call, a news organization named Beelberg obtains a copy of the phone call (without Swoze's permission). Beelberg publishes a transcript of the entire call in its financial newspaper.

Question: Is Beelberg's use of the recorded call a fair use?

5. Lily is outside at the city center recording the festive atmosphere there on her video camera. Suddenly, a horrible crime occurs nearby her: a man violently beats an innocent bystander. Thankfully, the police quickly apprehend the guilty man. It so happens that Lily captured the entire event on her camera. She offers to sell the video to several local news stations. Channel 2 purchases a right to show it on its evening newscast. Channel 5 refuses to purchase it from Lily. Instead, Channel 5 records the video from Channel 2's evening broadcast and then proceeds to show the video on its own newscast?

Question: Is Channel 5's use of Lily's video a fair use?

Answers

1. Likely the use is fair. Factor one: Hillary's use is for a non-commercial purpose, and in particular, a political campaign, which suggests fairness. Factor two: The song is likely creative in nature, suggesting infringement. Factor three: The 15-second time is not a significant amount (1/8th of the total song), although the substantiality of the portion used is not known. Factor four: The potential market effect on the song is likely minimal, given Hillary's distinct purpose—criticizing Donny Dump.

Because most of the factors suggest fairness, the use is likely fair. *See* *Keep Thomson Governor Comm. v. Citizens for Gallen Comm.*, 457 F. Supp. 957 (D. N.H. 1978).

2. Likely the use is not fair. Factor one: Benny's use is not transformative. His use constitutes personal consumption, suggesting infringement. Factor two: A song is creative in nature, suggesting infringement. Factor three: Benny copies the entire song, so the amount and substantiality suggests infringement. Factor four: The effect on the potential market is negative because the downloaded copy is a substitute for the authorized copyrighted work in the marketplace.

Because all four factors suggest infringement, Benny's use is not a fair use. *See* *BMG Music v. Gonzalez*, 430 F.3d 888 (7th Cir. 2005).

3. Likely the use is fair. Factor one: The purpose of Lucy's use (biographical information) is informational and arguably educational, suggesting fairness. Factor two: Difficult to say. Billy's letters and journal entries are likely his personal thoughts, suggesting a creative nature, but the quotations demonstrate factual occurrences, suggesting a factual nature. The letter are unpublished which suggests infringement. Factor three: Lucy uses a small amount, and likely the entries are not substantial because they merely demonstrate that facts

occurred. Factor four: Given the small amount that Lucy has used, and that the letters and diaries are not for sale, there is not likely a negative effect on the market for the letters and diaries.

Because most of the factors suggest fairness, Lucy's use is likely fair. *Compare* *Wright v. Warner Books, Inc.*, 953 F.2d 731 (2d Cir. 1991) (holding use of unpublished letters and journal entries for biography to be fair) *with* *Salinger v. Random House*, 811 F.2d 90 (2d Cir. 1987) (holding use of unpublished letters for biography to be infringing).

4. Likely the use is fair. Factor one: Beelberg's purpose is to reveal valuable information to the public, or in other words, news reporting. This factor favors fairness. Factor two: Although the recorded call is unpublished, Swoze invited hundreds of people (without any apparent restriction) to the call. Moreover, the content of the call is factual in nature. The factor suggests fairness. Factor three: Beelberg copied and distributed the entire recorded call in its dissemination of the transcript, so this factor seems to favor infringement. That said, the purpose of news dissemination likely reduces the importance of this factor. Factor four: Arguably there is value in the recorded call because of its potential to generate licensing revenues. However, Swoze is not likely to develop this market. Given Swoze's tendency to restrict the call, the market for the transcript is not—as a practical matter—likely to exist. The value of the content lies in the factual information that it contains, as contrasted with the expression of that factual information; Beelberg's use does not diminish the value of the expression. This factor favors fairness.

Because three of the fair-use factors suggest fairness, Beelberg's use of the recorded call is likely a fair use. *See* *Swatch Group Management Services Ltd. v. Bloomberg L.P.*, 756 F.3d 73 (2d Cir. 2014).

5. Likely the use is not fair. Factor one: Channel 5 broadcasts the event as part of its news show, so arguably the purpose is news related. However, there was an established market for use of the video clip for this news purpose, so this factor does not likely weigh heavily in the analysis. Factor two: The content is entirely factual in nature, so this factor favors fair use. Factor three: Channel 5 uses the entire video clip, so this factor favors infringement. Factor four: There is an established market for the video, given that Channel 2 has already paid Lily a royalty to show it. Failing to pay the royalty has a negative effect on Lily's market. In this circumstance, this fourth factor likely weighs heaviest in the analysis. The fourth factor suggests infringement.

Because the third and fourth factors suggest infringement, the use is likely infringing. However, if Lily had not offered the video for sale, Channel 5's use arguably would be fair. *See Los Angeles News Service v. KCAL-TV Channel 9*, 108 F.3d 1119 (9th Cir. 1997).

