

# High Court Will Need To Resolve Circuit Split In Fair Use

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Despite a circuit split, the Supreme Court has once again passed on an opportunity to address the question of the appropriate framework for assessing the statutory factors used to evaluate “fair use” of a copyrighted work. On March 23, the Court denied a petition to review *Kienitz v. Sconnie Nation, LLC*, a Seventh Circuit decision holding that the adaptation of a photograph of a



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political figure for a satirical t-shirt was fair use. [1] Although the Court has touched on the fair use doctrine over the years in other contexts, [2] it has not squarely addressed the standard for determining whether an unauthorized use is fair since its 1994 decision in *Campbell v. Acuff-Rose Music, Inc.* [3]

The *Kienitz* case raised two issues that are central to the doctrine of fair use: the extent to which a use must be “transformative” in order to qualify as fair, and the degree to which a new work must comment on the copied work. In light of the different approaches taken by the regional circuits, the Supreme Court will ultimately need to resolve these issues—and when it does, it will almost certainly have a profound impact in shaping the future of copyright law, and in steering the actions of artists and other content creators.

## The Fair Use Standard

Fair use has long been regarded as among “the most troublesome” doctrines in copyright law because of the difficulty in determining whether any particular use is fair. [4] When Congress codified the doctrine in 1976, it did not define fair use but instead provided a nonexhaustive list of illustrative uses—such as criticism, scholarship, and news reporting—that may qualify as fair. Additionally, in keeping with prior caselaw, it enumerated four nonexclusive factors to be considered by courts in evaluating whether a specific instance of copying is fair:

- (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. [5]

Congress provided no guidance as to how to measure these factors against one another, whether all must be satisfied for a finding of fair use, or how conflicts among them are to be reconciled. Instead, Congress simply instructed that “each case raising the question must be decided on its own facts,” [6] and as a result, courts have struggled to develop a consistent method of application.

The Supreme Court has addressed the statutory factors on several occasions, [7] but much of the present jurisprudence is derived from the seminal *Campbell* case, which addressed whether 2 Live Crew’s parody of the Roy Orbison song “Oh,

Pretty Woman” constituted fair use. In finding that it did, the Court made several key points that have driven much of the recent conflict involving the doctrine.

First, the Court emphasized the importance of assessing “whether and to what extent the new work is transformative.”[8] The Court noted that while “such transformative use is not absolutely necessary for a finding of fair use,” such works “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.”[9]

Second, the Court drew a distinction between a “parody” that copies or exaggerates a work in order to hold it up to ridicule, and a non-parodic “satire” that aims to ridicule with “irony, derision, or wit” but without imitating its target (and thus, any copying involved in such a satire is not employed for the purpose of deriding the work being copied).[10] The Court explained that “[p]arody needs to mimic an original to make its point,” and therefore has a greater claim to fair use, whereas if “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.”[11]

Courts have struggled to apply these concepts in practice, leading to some seemingly inconsistent results. For example, the producers of the film *Naked Gun 33 1/3* created an advertisement featuring the head of star Leslie Nielson superimposed on the body of a pregnant woman, mimicking Annie Liebovitz’s famous photograph of Demi Moore that appeared on the cover of *Vanity Fair*. The Second Circuit ruled that the advertisement was a parody and constituted fair use.[12] But just a few months later, the Central District of California found no fair use with respect to an advertisement for the Michael Moore documentary *The Big One* that emulated (and purportedly parodied) a poster for the movie *Men In Black*, based on its finding that *The Big One* advertisement failed to criticize or comment on the *Men In Black* poster.[13]

### **The Circuit Split Regarding Fair Use**

The key dispute highlighted in *Kienitz* is the difference in the methodologies employed by the regional circuits with respect to the four fair use factors, in particular the approach taken by the Second Circuit (and embraced by the Ninth Circuit) that focuses on the degree to which an allegedly infringing work is “transformative,” and the more economically-focused approach employed by the Seventh Circuit.

The Second Circuit’s methodology is exemplified by its recent decision in *Cariou v. Prince*, in which the court addressed artwork created by “appropriation artist” Richard Prince. Prince purchased a book of photography by Patrick Cariou and modified various photographs (for example, by cutting out fragments and coloring them) before incorporating them into larger collages. The Second Circuit analyzed Prince’s works under the four fair use factors, placing particular emphasis on the “transformative” nature of Prince’s use of Cariou’s photographs. The court ultimately concluded that the majority of the works at issue were so transformative as to be “fundamentally different and new compared to [Cariou’s] photographs”

and thus constituted fair use.[14] The Ninth Circuit subsequently applied *Cariou* to find that the incorporation of an artist's illustration in a video backdrop for a musical performance was fair use.[15]

The Seventh Circuit, however, criticized *Cariou* in its *Kienitz* opinion. There, the court addressed a similar issue of artwork appropriation. In order to mock the mayor of Madison, Wisconsin for attempting to shut down an anti-authoritarian annual "block party" that he had participated in prior to his political career, Scennie Nation decided to create t-shirts with an image of the mayor and the slogan "Sorry For Partying." Scennie Nation downloaded from the city's website a photograph of the mayor that had been taken by Kienitz and posted with his permission, and then altered the image by removing the background and adjusting the color and shading before placing it on t-shirts that it sold for a small profit.[16]

The Seventh Circuit found that Scennie Nation's use was fair, but took pains to explain that it was reaching that result by applying a different approach than the Second Circuit in *Cariou*. In particular, the court expressed concern with the Second Circuit's emphasis on whether a work was "transformative," and asserted that the Second Circuit failed to "explain how every 'transformative use' can be 'fair use' without extinguishing the author's rights" to derivative works.[17] Instead, the court stated that "the most important [statutory factor] usually is the fourth (market effect)," and found that Scennie Nation's t-shirt neither acted as a market substitute for Kienitz's photograph, nor otherwise reduced the demand for the original work or any potential derivative works that Kienitz may have been contemplating.[18] The court also found it significant that, in altering the photograph for the t-shirt, Scennie Nation had removed all but a "a hint of [the mayor's] smile" and "the outline of his face, which can't be copyrighted."[19]

It should be noted that the circuit split is more nuanced than the Seventh Circuit's opinion may suggest. The court stated that it was "skeptical of *Cariou*'s approach, because asking exclusively whether something is 'transformative' ... replaces the list [of fair use factors set forth in] in § 107." [20] The Second Circuit, however, addressed each of the four factors; it merely found that the degree to which Prince's use was transformative informed how each factor was evaluated and led to the ultimate conclusion of fair use.[21] Thus, while there is a clear difference between the two approaches, each circuit applies its methodology within the same four-factor framework.

Further, *Cariou* and *Kienitz* both found the copying at issue to be fair use, despite the courts finding in each case that the new work did not criticize or comment on the copied work.[22] By contrast, different courts have placed greater emphasis on the parody/satire dichotomy that the Supreme Court set forth in *Campbell*, with the Ninth Circuit, for example, holding that a failure to offer commentary on a copied work weighs heavily against a finding of fair use.[23] Thus, the scope of fair use in cases of non-parodic satire also remains an open question.

### **The Road Ahead**

The Supreme Court's denial of the petition for certiorari in *Kienitz* does not, of course, signal which way it may ultimately rule. But in light of the significant differences in how the regional circuits approach fair use, it seems inevitable that the Court will need to resolve how courts should apply the statutory factors, how the issue of "transformative" use should be

evaluated to distinguish non-infringing fair uses from infringing derivative works, and the extent to which appropriations that do not criticize or comment upon the appropriated work may be entitled to the defense of fair use. How the Court eventually decides these issues will play a crucial role in shaping the behavior of all artists that build on preexisting materials to create new works.

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[1] 766 F.3d 756 (7th Cir. 2014).

[2] See, e.g., *Golan v. Holder*, 565 U.S. \_\_\_, 132 S.Ct. 873, 890-91 (2012) (addressing the constitutionality of the section of the Uruguay Round Agreements Act granting copyright protection to certain preexisting works); *Eldred v. Ashcroft*, 537 U.S. 186, 219-20 (2003) (addressing the constitutionality of the Sonny Bono Copyright Term Extension Act); *Quality King Distributors, Inc. v. L’anza Research Int’l, Inc.*, 523 U.S. 135, 150-52 (1998) (addressing the application of the first sale doctrine to gray market goods).

[3] 510 U.S. 569 (1994).

[4] *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1929) (describing fair use as “the most troublesome [doctrine] in the whole law of copyright”).

[5] 17 U.S.C. § 107.

[6] H.R. Rep. No. 94-1476, at 65 (1976).

[7] See, e.g., *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 444, 456 (1984) (holding that private, noncommercial time-shifting of television broadcasts is fair use); *Harper & Row, Publishers v. Nation Enters.*, 471 U.S. 539, 564-65 (1985) (holding that the unauthorized publication of the three-to-four hundred words constituting the “heart” of Gerald Ford’s soon-to-be-published memoir was not fair use).

[8] 510 U.S. at 578-79.

[9] *Id.* The reference to “breathing space” appears intended to invoke Justice Brennan’s statement in *NAACP v. Button* that “[b]ecause First Amendment freedoms need breathing space to survive, government may regulate in the area only with narrow specificity.” 371 U.S. 415, 433 (1961).

[10] 510 U.S. at 580.

[11] *Id.*

[12] *Annie Liebovitz v. Paramount Pictures Corp.*, 137 F.3d 109, 117 (2d Cir. 1988).

[13] *Columbia Pictures Indus., Inc. v. Miramax Films Corp.*, 11 F.Supp.2d 1179, 1188 (C.D. Cal. 1998).

[14] 717 F.3d. 694, 706 (2d Cir. 2013).

[15] *See Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1178 (9th Cir. 2013).

[16] 766 F.3d at 757.

[17] *Id.* at 758.

[18] *Id.* at 758-59. This emphasis on market effect can be traced to the Supreme Court’s statement in *Harper & Row* that the fourth factor “is undoubtedly the single most important element of fair use.” 471 U.S. at 566.

[19] 766 F.3d at 759.

[20] *Id.* at 758.

[21] 717 F.3d at 708-10.

[22] *Prince*, 717 F.3d at 706-07; *Kienitz*, 766 F.3d at 759.

[23] *See Dr. Seuss Ents., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1400-01 (9th Cir. 1997). In other cases, the Second Circuit has given more weight to the issue of whether a new work criticizes or comments on the work being copied. *E.g.*, *Rogers v. Koons*, 960 F.2d 301, 310 (2d Cir. 1992).