

Fifteen Hundred and Twenty-two

**NYIPLA**

The New York Intellectual Property Law Association®

## Hot Topics in Trademark, Advertising & Copyright CLE Seminar

Thursday, July 17, 2014, 12:00 p.m. to 5:00 p.m.  
Princeton Club, 15 West 43rd Street, New York

**EARN 3.5 NY/NJ CLE CREDITS**

FOR BOTH NEWLY ADMITTED & EXPERIENCED ATTORNEYS



### AGENDA

12:00 - 12:30 Registration

12:30 - 1:00 Lunch

1:00 - 1:40 Welcome Remarks followed by the Keynote Address **Dr. John Tantillo**  
**Protecting Brands in Social Media Today:**  
**What to do when “tweets and things” go wrong**

1:40 - 2:40

- **Advising Clients on Handling TM Issues in China and the New Chinese TM Law Update**  
**Demi Wang**, *NTD Intellectual Property Attorneys, China*
- **Homeland Security Investigations – Criminal Enforcement of Intellectual Property Rights Violations**  
**Erin Keegan** and **Jordan Brafman**, *Department of Homeland Security*

2:40 - 2:55 Refreshment break

2:55 - 4:55

- **To me, or not to me? Performing artists and the Right of Publicity**  
**Anthony B. Corleto**, *Wilson Elser Moskowitz Edelman & Dicker*
- **Privacy Law Update** **Boris Segalis**, *Info Law Group*
- **FTC-Proofing Marketing Campaigns: What to Include and What to Avoid** **Lesley Fair**, *FTC*
- **Copyright: Fair Use Update** **Thomas Kjellberg**, *Cowan Liebowitz & Latman*

4:55 - 5:00 Closing Remarks

*Hosted by the Trademark Law & Practice Committee Co-Chairs Pina Campagna, Dyan Finguerra-DuCharme, & Kathleen McCarthy in conjunction with the Continuing Legal Education Committee Co-Chairs Mark Bloomberg & Robert Rando*



## **Keynote Speaker**


### **Dr. John Tantillo**

Dr. John Tantillo is author, branding and marketing consultant, former radio talk show host, contributor to the Fox News Opinion Page, a go-to expert for BBC on a range of marketing issues and frequently appears in the national media, which includes Cavuto, Fox & Friends, MSNBC's Weekends with Alex Witt, ABC News Live and Fox News Live. He is widely known as "The Marketing Doctor" for his outspoken adherence to the marketing concept, which has been defined as the essential role of marketing as a vehicle to identifying and satisfying consumer needs. He has been particularly outspoken about what he perceives as the money wasted on Super Bowl advertising.

Tantillo has been called the "Howard Cosell" of marketing for his distinctive voice, mannerisms and clothing. He is credited with coining the term The O'Reilly Factor, which later became the title of Bill O'Reilly's television show.

Dr. Tantillo is the author of the popular book, "People Buy Brands Not Companies," and Udemy on-line Course: "Go Brand Yourself with Dr. John Tantillo: The secrets of branding for personal and professional success!" He is currently working on his second book: "Go Brand Yourself: How To Make Your Brand All About Those You Meet!"

A graduate of St. Francis College, Magna Cum Laude, in Psychology; Dr. Tantillo holds a Master Degree in Experimental Psychology from Queens College of the City University of New York and doctorate in Applied Research Psychology from Hofstra University.



*Protecting Brands in Social Media Today:  
What to do when  
“tweets and things” go wrong?*

Presented By:  
John Tantillo, Ph.D.  
Keynote To NYIPLA  
Trademark Half Day Program  
Princeton Club, NY  
July 17, 2014 12 pm

“We must act out passion before we can feel it.”

Jean-Paul Sartre



“You can’t fake passion.”

Barbara Corcoran



















Take Away Tip # 1:

IT'S NOT ABOUT YOU;  
IT'S ALL ABOUT YOUR CUSTOMER.

## The “formal” definition of a brand:

- Name
- Term
- Symbol
- Special design

–Intended to identify the product





A Brand is Simply  
**More Than A Name**

# A Better Explanation of a brand: The “N.A.V. Concept”:

- Noun
- Adjective
- Verb



How do we protect brands within the social media today? and

What do we do when “tweets and things go wrong?”



# How do we Protect Brands within the Social Media Today?

1. Thinking Proactively—Hire a Good Intellectual Property Lawyer

# How do we Protect Brands within the Social Media Today?

2. By Thinking Strategically and remembering the second take away for today:

# How do we Protect Brands within the Social Media Today?

Take Away Tip # 2:

People Buy Brands Not Companies



# How do we Protect Brands within the Social Media Today?

3. By Thinking Practically,—  
thinking before you or your client  
executes a social media engagement.



# How do we Protect Brands within the Social Media Today?

This may be a special service that one offers clients.

*The Legal Dos and Don'ts in Social Media*

# How do we Protect Brands within the Social Media Today?

Another example of thinking practically is never **DIRECTLY** tweet from another Social Media site to another.



# How do we Protect Brands within the Social Media Today?

Examples:

Derek Jeter CT scan revealed small crack.

&

*JT LinkedIn to Facebook Incident*

# How do we Protect Brands within the Social Media Today?

4. By Thinking Outwardly—About Your Target Market “TM” or Your Customer’s TM which leads me once again to my first take-away:

*It's Not About You, It's All About  
Your Customers*

# What Can We Learn From



# How do we Protect Brands within the Social Media Today?

5. Thinking Dynamically—like influences, media, communications professionals and using the NAV model.

What to do when tweets and things go  
wrong?

Tweets Gone Wrong:

# Tweets Gone Wrong:



Kenneth Cole, Kenneth Cole Brands, Egypt Crisis:

Millions are in uproar in Cairo. Rumor is that they heard our new spring collection online.



Gilbert Gottfried, AFLAC Duck Voice, after Japanese Earthquake:

I just split up with my girlfriend, but like the Japanese say, there is another floating by any minute now.

Entenmann's Bakery on Casey Anthony Trial:

Who's #not guilty about eating all the  
tasty treats they want.

Chrysler Contractor on automaker's account:

I find it ironic that Detroit is known as motor city and yet no one here knows how to (expletive) drive.

Microsoft after the death of Amy Winehouse:

Remember Amy Winehouse by  
downloading the ground breaking Back  
to Black over at Zune.

## Microsoft's Again on Bing:

How you can #support Japan. For every retweet @Bing will give \$1 to Japan quake victims up to 100k.

Response from media and public—Microsoft was trying to use tragedy to market its own products.

Roger Ebert after death of Jackass star Ryan Dunn in  
fiery car crash:

Friends don't let jackasses drink & drive.



Dr. Phil:

If a girl is drunk is it ok to have sex with her. Reply yes or no.

Epicurious, after Boston Marathon Tragedy:

Boston, our hearts are with you. Here's  
a bowl of breakfast energy we could all  
use to start today.

Justine Sacco, PR Professional:

Going To Africa. Hope I don't get aids.  
Just kidding. I'm white.

Adam Richman “Man Finds Food,” used

#thinspiration.

Got criticism and so he tweeted to my a friend  
concerning his critics:

DILLIGAF?”

(Do I Look Like I Give an [Expletive]?)”

and then said to another Instagram critic

“Grab a razor blade and draw a bath.  
I doubt anyone will miss you.”

But what do you do when tweets and things go wrong?



## Crisis Management Action Plan

- a. Respond Quickly
- b. Be Contrite
- c. Take Responsibility
- d. Be Truthful as possible
- e. Communicate Plan of Action

## Communicate Plan of Action

How do we make tweets & things go  
right?

By Implementing Take Away Tip # 3

Take Away Tip # 3

Go Brand Yourself

## Go Brand Yourself

You make your brand benefit rich to  
those covering your brand

(Think benefits that you provide within  
this situation).

You can tell a great deal about someone,  
not when things are going right but  
when things are going wrong.

Leave Behinds



# How do we Protect Brands within the Social Media Today?

By Thinking:

*Proactively*

*Strategically*

*Practically*

*Outwardly*

*Dynamically*

# How we make our Tweets and Social Media Things go right?

## Three Branding Take-a-ways:

1. It's not about you-it's all about your customer;
2. People Buy Brands Not Companies;
3. Go Brand Yourself.

Thank You

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*Protecting Brands in Social Media Today:  
What to do when "Tweets and Things" Go Wrong  
By John Tantillo, Ph.D.  
2317 words Draft 7/9/2014 2:19 pm*

Good afternoon and thank you and Pina for inviting me today to address the New York Intellectual Property Law Association. It's an honor to be asked to address this august Association and jumped at the opportunity when asked to share thoughts about Brands, what is going on today in the wonderful world of branding and a different take from what you may be accustomed so that you may bring something fresh, and knew when advising your clients within the Intellectual Property arena.

First, I love what I do, and there is nothing more motivating than to hear someone speak about what they are passionate about. Jean-Paul Sartre got it right when he said: "We must act out passion before we can feel it." Or Barbara Corcoran—You can't fake passion. And this passion for Brands goes back to college. When I was away at school, I requested that Miracle Whip (the salad dressing mayo substitute) be purchased for the dorm room. My faculty advisor instructed me how bourgeois I was, for wanting a specific brand and why any brand of mayonnaise was just as good. A few weeks later this same Professor went off on how he just loved Cracker Barrel Sharp Cheddar by Kraft, (the same company who markets Miracle Whip). I reminded him on what he had said to me a few weeks earlier. To which he flippantly dismissed my point and went onto something much more important, from his perspective. After all, we were only talking about brands, instead of solving the problems of the day!

What we want to accomplish today is to satisfy your needs, not mine. Before taking this assignment, I asked Pina what she thought association members would like to hear. Which is the first take-away that I would like to leave with you today! It's what I have on my Facebook Page, and I enthusiastically scream about and it is this:

**IT'S NOT ABOUT YOU; IT'S ALL ABOUT YOUR CUSTOMER.**

And this is the marketing concept—satisfying the needs of others, not getting others to buy something that they don't want. I like to think that Marketing is the most interpersonal and humanistic of all the business disciplines because it deals with worrying about the concerns of others and not ourselves. Here are two examples: The Re-useable mousetrap the Duncan Hines instant cake mix and the Railroads

Back in the 1930s there was this mis-guided idea that there was a need for a re-useable mouse-trap—so they manufactured the best mouse-trap money could buy. Guess what—sales went nowhere. Why? Because when they queried potential buyers they found that the last thing they wanted to do was to clean the mousetrap after a mouse was lodged into it—Lesson—this was something that manufacturers thought was needed, but customers had a different perception.

And then in the early 70s Duncan Himes (DH) came up with an instant cake mix. The new product solved the problem of making a dessert for the family in half the time—all you needed to do is add water. It failed. Why? Because when housewives at that time were asked why they did not purchase the new innovative way to bake they found that women wanted to do something extra for their family and that by merely adding an egg to the mix, (something that they did have to do with the instant version) internalized this need of expressing extra effort to the family when preparing the after dinner treat or snack. Lesson here—it's not about you-it's all about your customer.

And the last example for your consideration is the Railroads. Why did fail? Because they were in the Railroad business and not in the transportation business. If they were in the transportation business that would have seen that cars and airplanes would be competitors and would have responded appropriately to these threats. The American Car makers in the 70's also failed to see the need for smaller (gas efficient) cars and the invasion of the foreign car makers into the US. Reference LinkedIn article: My first car and the lesson it taught me about brands and my dad. Originally published on FoxNews.com

The first take-away for today's presentation:

Some added suspense before I give my first take away.

In the Godfather II, after Michael is almost killed, he is trying to figure out who put a hit on him and says to Tom: Tom he said my father told me "Michael, try to think the way the people around you think, and on that basis, anything is possible.

Take Away Tip # 1: it's not about you-it's all about your customer.

You never get rich playing another's game, so I am not going to tell you anything about branding that you don't already know from a legal point of view. But in order to address the issue at hand that is today's topic: Protecting Brands in Social Media Today: What to do when "Tweets and Things" Go Wrong, I would like to provide some definitions that will be helpful in analyzing this topic effectively.

I would like to provide first a formal definition of brand and then express a more marketing/communication Definition of Brand and introduce something that may be helpful when in our analysis today— Protecting Brands in Social Media Today: What to do when "Tweets and Things" Go Wrong! It's the NAV model.

But before introducing this NAV model let's get down to the Formal Definition a brand— a Name Term Symbol Special design Intended to identify the product.

Serendipity's Frozen Hot Chocolate vs. DK Frozen Hot Chocolate

Today this definition is not enough.

We need a model that takes into account the vicissitudes of today's social media world and so I introduce the

Nav Model:

Noun, This is where most legal people are—protecting the name and stop there

Adjective, what comes to mind when I mention the name It's called position Is the domain of marketers

Verb, the promotional part domain of marketers and PR, Communications professionals

So just how do we Protect Brands within the Social Media Today and What do we do when Tweets and Things Go Wrong?

1. By Thinking Pro-actively-Getting Yourself a Good Intellectual Property Lawyer;

2. By Thinking Strategically and remembering the second take away for today:

Take Away Tip # 2: People Buy Brands Not Companies—

which means this we buy Chevys, Caddy's and Chevy trucks, we don't buy GM, the company when deciding what car to purchase, Investors buy companies but customers buy brands. JT came up with this when I was in the elevator with Tracy Byrnes from FBN. It was at the time of the GM Bailout, and she asked, "So doc, is GM going down Or what. I said, no Tracy they are not going down because "People Buy Brands Not Companies." And what does this mean for you as strategic thinking professionals, that Your potential clients will choose your firm, not only based on the firm's reputation, but By the person brands that make up the firm. In other words, clients buy the Individual talents of each of the member partners (personal brands) more than they do The firms. This may be a little controversial, but this is exactly what I want to do Today—THINK Differently!

3. By Thinking Practically,—thinking before, you or your client executes a Social Media engagement. This may be a special service that you offer your clients. The Legal Dos and Don'ts in Social Media.

Another example of thinking practically is never DIRECTLY tweet from another Social Media site to another. Your truncated tweet may get one in trouble —Derek Jeeter CT scan revealed small crack. Or what happen me the other day, I was commenting on my LinkedIn post and checked the box that indicated that it would be Twittered and so it

Appeared on my Facebook page. A friend then informed me what A wonderful person I was and how understanding I was in counseling another's problem's when in reality I was speaking to another issue entirely. Mistaken Social Media identity caveat emptor or think practically when advising your clients to protect their brands.

4. By Thinking Outwardly--About Your Target Market "TM" or Your Customer's TM which leads me once again to my first take-away:

It's Not about You It's All About Your customers- What JT learned from

Jay Leno; Bill O'Reilly and Paula Deen;

Jay Leno A few years ago, I went to the Jay Leno show with VIP passes. We had just ok seats, and I wasn't that impressed by how I and my party were treated until after the show. My name was called and was escorted with my party to the stage, and there he was—Jay Leno talking to us and then posing with pictures with JT and my party. I never forgot that. You see for Jay leno, his customers were very important and that it wasn't about him, it's was all about his fans. BTW, no of the other Talk Show hosts, do this. After the show, it's over, and they are gone.



Bill O'Reilly Successful because he still works at it. His Bolder and Fresher Tour. Why is BOR so successful because he worries about his fans and is always looking for new ones. His books to children and his Miller tour continue to create ongoing awareness for his brand and remind us that's it not about HIM, but rather about his customers.

Paula Deen Targeted Relations vs. Public Relations. Those who did not like PD were the media, let's face it. Her fans loved her but when her problems surfaced, PD forgot about her fans and worried too much about the media. After being fired from the Food Network, what she should have done is aired her show over the internet and said to the TV types, I understand your concern and then proceed straight for a large bandwidth medium. She has only recently decided to do this and if she would have only realized my point that they should change the name of Public Relations to Targeted relations. No cares what the public thinks; it's what your customers think!!

5. By Thinking Dynamically Like Influencers media, communications professionals opinion setters not just legal professionals. This means using the NAV system presented earlier to dissect just what is going on in your client's brand life.

What to do when "Tweets and Things" Go Wrong

So let's consider some Tweets that have gone wrong:

Tweets Gone Wrong:

Kenneth Cole, Kenneth Cole Brands, Egypt Crisis:  
Millions are in uproar in Cairo. Rumor is that they heard our new spring collection online.

Gilbert Gottfried, AFLAC Duck Voice, After Japanese Earthquake:  
I just split up with my girlfriend, but like the Japanese say, there is another floating by any minute now.

Entenmann's Bakery on Casey Anthony Trial:  
Who's #not guilty about eating all the tasty treats they want.

Chrysler Contractor on automaker's account:  
I find it ironic that Detroit is known as motor city and yet no one here knows how to (expletive) drive.

Microsoft after the death of Amy Winehouse:  
Remember Amy Winehouse by downloading the ground-breaking Back to Black over at Zune.

Microsoft's again on Bing:  
How you can #support Japan For every retweet @Bing will give \$1 to Japan quake victims up to 100k.  
Response from public/media—Microsoft was trying to use a tragedy to market its own products.

Roger Ebert after death of Jackass star Ryan Dunn in fiery car crash:  
Friends don't let jackasses drink and drive.

Dr. Phil:

If a girl is drunk is it ok to have sex with her. Reply yes or no.

Epicurious:

Boston, our hearts are with you. Here's a bowl of breakfast energy we could all use to start today.

Justine Sacco, PR Professionals:

Going To Africa. Hope I don't get aids. Just kidding. I'm white.

Just recently, Adam Richman "Man Finds Food," used #thinspiration. Got criticism and so he tweeted to a friend concerning his critics:

DILLIGAF?" (Do I Look Like I Give an [Expletive]?)

and then said to another Instagram critic

"Grab a razor blade and draw a bath. I doubt anyone will miss you."

So what do you do when these things go wrong. You think like a Crisis manager and execute a Crisis Management Action Plan.

Crisis Management Action Plan

- a. Respond Quickly
- b. Be Contrite remorseful, sorry for what has happened
- c. Take Responsibility
- d. Be Truthful as possible
- e. Communicate Plan of Action

How do make your tweets and things go Right –

By communicating that your client's brand is a quality brand, that will in the end do the Right thing. You implement 'Take Away Tip # 3 Go Brand Yourself

You make your brand (or the brand you represent so positive (unique) that the media admires your method of how you solved the issue that this becomes part of the brand itself. Think benefits that you provide.

A favorite line that a teacher offered me when things were not going so well.

You can tell a great deal about someone, not when things are going right but when things are going wrong.

If we replace some-one with brands,

we then can learn a great deal about how the people around the brand thinks.

And so how do we Protect Brands in Social Media Today:

By Thinking Proactively, Strategically, Practically, Outwardly and Dynamically we can reduce the probability of "Tweets and Things" Going Wrong.

And how we make our Tweets and Social Media Things go right. By remembering our three Branding Take-a-ways:

1. it's not about you-it's all about your customer;
2. People Buy Brands Not Companies;
3. Go Brand Yourself.

Thank You for providing me this opportunity to share an approach to brands where we match attributes to customer needs that are the basis for all marketing activity—which branding most definitely belongs.



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## **Demi Wang**

**Trademark Attorney (China)**

**Director, US Liaison Office**

**NTD Patent & Trademark Agency Ltd.**

**Practice Area:**

**Trademark counseling in China, Firm management leader**

## **Work Experience**

### **Director, US Liaison Office**

NTD Patent & Trademark Agency Limited (China)

2011-Present

NTD's business development strategies and implement including marketing strategy planning, initiated and led educational programs in the US and China, new lead generation and development, current clients' relationships strengthen.

### **Marketing and Strategy Consultant**

NTD Patent & Trademark Agency Limited (China)

2004-2011

NTD's strategic business development planning for US market, including initiating and steering marketing plans, client relationship management,

### **Trademark Attorney**

NTD Patent & Trademark Agency Limited (China)

2000-2004

Counseled large Chinese companies in house IP counsel on trademark portfolios worldwide, "Lenovo", "ZTE" etc.

Prosecuted trademark registration for large Chinese companies worldwide, "Lenovo", "ZTE" etc.

## **Education**

2000 LL.B., Intellectual Property Law, Renmin University of China

1996 Bachelor International Trade, Xi'an Jiaotong University

# Discussion on a Few Issues Regarding the 3<sup>rd</sup> Amendment of PRC Trademark Law

Demi Wang

Trademark Attorney (China)

Director, US Liaison Office

NTD Patent & Trademark Agency Limited

2014.7

# Contents

- Issue 1: Time limit for examination
- Issue 2: Bad faith filing
- Issue 3: Opposition proceeding
- Issue 4: Protection of trademark right
- Issue 5: Protection of well-known mark

# General Status of the Amendment

- 53 changes with this amendment
- Deleted 3 Articles
- Added 12 Articles



# Issue 1: Time limit for examination

New Law added a time limit for examinations by CTMO and TRAB, on 10 types of cases:

4 for CTMO / 6 for TRAB

- Ex Parte cases: 9 months, 3 months extension
- Inter parties: 12 months, 6 months extension

# Time limit on 10 types of cases

- *Application for registration*: 9 months
- *Opposition*: 12+6 months
- *Non-use cancellation*: 9+3 months
- *Cancellation based on genericness*: 9+3 months
- Review on refusal: 9+3 months
- Review on rejection: 12+6 months
- Review on non-use cancellation: 12+6 months
- Invalidation based on absolute grounds: 9+3 months
- Invalidation based on relative grounds: : 12+6 months
- Review on invalidation by CTMO: 9+3 months

## Issue 2: Bad faith filing

- The new law added one clause in Article 7: “The good faith principle shall be complied with in the application and use of trademark.”
- The new law added one clause in Article 15: “  
If an applied trademark **is identical with or similar** to a prior used and unregistered trademark on **same of similar goods** of the other, and the applicant **has known** this trademark of the other because of **contractual or business relationship**, this application shall be rejected **if the other filed an opposition.**”

# Issue 3: Opposition proceeding

## 1. Restriction on the opponent and grounds

Prior Right Holders  
Interested Parties

Relative Grounds

Raise an Opposition  
on the ground of  
affecting its prior rights  
as prescribed  
by the trademark law

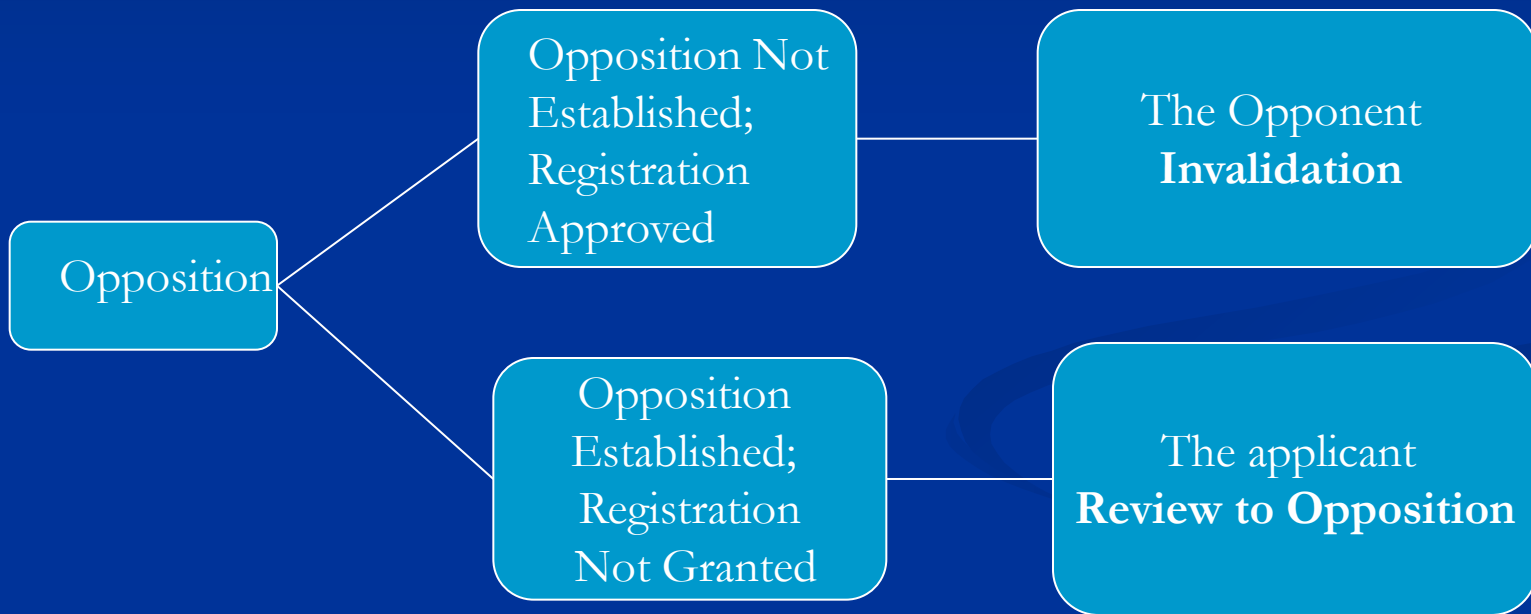
Anyone

Absolute Grounds

Raise an Opposition on the grounds  
that it shall not be used  
as trademark  
( Article 10 )  
and be registered as trademark  
( Article 11&12 )  
as prescribed  
by the trademark law

## 2. Simplifying opposition proceeding

### Opposition



# Issue 4: Protection of trademark

- 1. Added types of infringing activities:

**Intentionally** providing assistance for other's trademark infringement, **helping** others conduct trademark infringement

## 2. confusion element added

Except for “same goods same mark” situation, “likelihood of confusion” is required to establish trademark infringement

- **Article 57** the following activities constitute trademark infringement:
  - (1) Use same trademark on same goods without the authorization of the owner of the registered trademark;
  - (2) Use similar trademark on same goods, or use same or similar trademark on similar goods, and **likely to cause confusion**;



### 3. Enforcement and Damages on infringement: Article 60

#### ■ From “specially” to “mainly”

“Confiscation and destruction of infringing products and the tools (**specially**) **mainly** used to produce infringing products and fake registered trademark logo”

#### ■ Fine:

- illegal sales amount above RMB 50000 – up to 5 times of the illegal sales amount;
- illegal sales amount below RMB50000 or no illegal sales – up to RMB 150000

- **4. Repeat infringement:** more severe punishment on infringers who repeat trademark infringement within 5 years, or have other serious situations (not specified in the law, to be determined by the court)

## 6. Damages on trademark infringement

- Added lost license royalty as one ground to calculate damages
- Punitive damages introduced (bad faith, serious situation : 1-3 times)
- Lowered the standard of proof for the brand owner

## Issue 5. Well-Know Trademark

- Explicitly forbids the manufacturers and distributors from using “well-known mark” wording on product, its packaging or container, or in advertising, exhibition or other business promotions.
- Fine: “local AIC order to stop, and a fine of RMB100,000” 。

*Thank you for your  
attention*

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### **Jordan Brafman**

Jordan Brafman has been a Special Agent with Homeland Security Investigations, U.S. Immigration and Customs Enforcement for the past four years. During that time, SA Brafman has focused on complex customs fraud investigations, to include intellectual property rights violations, financial crimes, and cultural property smuggling. Prior to joining HSI, SA Brafman worked for the Department of Homeland Security in a non-law enforcement capacity as well as in the private sector. SA Brafman is a graduate of Columbia College and also received his Master's Degree in International Security Policy and Middle East Studies from Columbia University.

### **Erin Keegan**

Erin Keegan has been a Special Agent with Homeland Security Investigations, U.S. Immigration and Customs Enforcement for the past 10 years. During that time, SA Keegan has worked in multiple investigative areas, to include the Violent Gang Unit, the Counter Proliferation Investigations Unit and she also spent time working overseas in the HSI Attaché Panama City, Panama office helping foreign officials to identify trade based money laundering. Erin Keegan is presently a Supervisory Special Agent overseeing a group of nine special agents in New York working criminal investigations involving complex customs fraud, intellectual property rights violations and Stolen Art and Antiquities. Prior to joining HSI, SA Keegan worked as an Inspector for the U.S. Customs Service in Newark, New Jersey. SA Keegan is a graduate of Marist College, where she also received her Master's Degree in Public Administration.

**Anthony B. Corleto**  
Partner

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## Services

Accountants

Commercial & Business Litigation

Commercial Contracts & Agreements

Corporate Governance & Compliance

General Liability & Casualty

Insurance & Reinsurance Coverage

Intellectual Property

Land Use & Zoning

Mergers & Acquisitions

Municipal/Local Government

Real Estate & Development

Real Property

Construction

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## Admissions

### Bar

Connecticut, New York

### Courts

U.S. District Court, District of Connecticut

U.S. District Court, Eastern and Southern Districts of New York

U.S. Court of Appeals, Second Circuit

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## Awards & Distinctions

AV® Rated by Martindale-Hubbell

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## Education

Pace University School of Law, J.D., 1989

College of Insurance, B.B.A., 1983

Tony Corleto focuses on commercial litigation, transactions and municipal liability. His experience covers intellectual property, corporate, construction, insurance coverage and bad faith, environmental, and employment practice liability issues. He regularly tries cases and argues appeals in the state and federal courts of Connecticut and New York, including complex matters involving banking and lease finance, software disputes, development rights and insurance coverage.

Before his legal career, Tony worked as a commercial casualty underwriter and risk management consultant. He also has served as general counsel for a software company where he handled copyright, trademark, trade secret and licensing matters.

Whether Tony is managing a data breach for a gaming company or litigating construction defect issues, he looks beyond the issue of immediate concern to better understand how it originated. This allows him to help clients avoid similar problems in the future.

## Areas of Focus

### Commercial Services

In commercial litigation and transactions, Tony represents a wide range of clients, including consulting organizations in the technology, environmental and market research sectors; general and trade contractors; insurance companies and brokers; and software developers.

Tony has handled branding/identity projects, franchise matters involving petroleum dealers (PMPA) and automobile dealers, and transfers of environmentally impaired properties. He has litigated commercial disputes involving trademark, copyright, trade dress and patent infringement claims. As counsel to automobile leasing companies, manufacturers, banks, software developers and consulting organizations, Tony also has managed numerous transactions involving licensing, executive employment, spin-offs, mergers, buy-backs, technology transfers and real estate.

His recent technology engagements included assisting a new gaming company with its strategic agreements, copyright and licensing work. He also recently assisted a market research company after hackers accessed and posted proprietary product development information. Leading a team of Wilson Elser attorneys, the offending posts were taken down, the source of the leak was eliminated, and an effective presentation was made to assure content owners of security going forward.

Tony's recent commercial engagements also included a copyright dispute involving a housewares designer, trade secret matters between competitors, insurance coverage issues related to the 2010 catastrophic snowstorms in the Northeast, and sports liability matters involving football and cheerleading events.

### Municipal Liability

Tony has successfully defended property rights claims brought by developers and landowners,



wrongful arrest claims brought by detainees, defective road claims, drainage and sewer claims, employment claims, and claims under the federal Religious Land Use and Institutionalized Persons Act. He has secured defense verdicts, summary judgments and other favorable outcomes for a number of towns and villages. In addition to his litigation work for municipal clients, Tony consults and works on insurance coverage disputes.

## Representative Matters

### Commercial

Won summary judgment dismissal of tortious interference, unfair trade practice and breach of contract claims in federal court in the District of Connecticut on behalf of an insurance company client. Plaintiff, an independent adjuster, commenced this action to recover payment of unpaid invoices and for breach of an alleged agreement to use the adjuster's services exclusively in Connecticut and Western Massachusetts. Defendant withheld payment and ended the relationship when an internal audit revealed a pattern of fraudulent billing by plaintiff, and brought a counterclaim for affirmative relief. Court dismissed plaintiff's breach of contract claims; defendant's counterclaims and plaintiff's claim for unpaid invoices also were resolved favorably for the client.

Resolved a commercial dispute between a landlord client and a tenant that was chronically delinquent in paying rent and was preparing to vacate the premises prior to the expiration of the lease. In a rare move, the court granted the Writ of Attachment in an amount \$240,000, which covered both back rent and the remaining balance of the lease.

Obtained a defense verdict in a trespass/property damage claim brought in Connecticut Superior Court by the owner of a Greenwich, CT, estate home against the owner and builder of the adjacent property. Plaintiff claimed that the construction company, while doing work on the adjacent property owned by the co-defendant, trespassed on her property, damaging a vintage rock wall and disrupting the grade. Successfully argued that plaintiff failed to meet her burden of proof.

Represent a national nonprofit youth football organization as a defendant in a variety of matters arising from league operations across the country, including defeating injunctions brought by three disqualified teams seeking to gain post-season berths in regional championships.

### Municipal

Obtained dismissal of a Religious Land Use and Institutionalized Persons Act (RLUIPA) case in the Eastern District of New York against an environmental engineering consulting firm. Plaintiff, the Roman Catholic Diocese of Rockville Centre, NY, acquired a 97-acre parcel of land in the Village of Old Westbury to develop a cemetery. After the Village denied a permit because cemeteries were not within the building code, the diocese sued, claiming the cemetery would be used for religious purposes and therefore would be allowed under RLUIPA. The diocese prevailed on appeal, with the stipulation that the project be subject to State Environmental Quality Review (SEQR) process. Our client, the environmental consulting firm, was hired by the Village to establish ground water monitoring and management criteria under which a cemetery could be developed, if feasible. The firm recommended stringent criteria to avoid contamination of the main source of water on Long Island. The diocese claimed the firm violated RLUIPA and the first and 14th amendments of the U.S. Constitution because its criteria for the cemetery were more stringent than regional criteria for similar non-religious uses (*e.g.*, golf courses). We successfully argued that plaintiff failed to articulate facts demonstrating religious animus or an interference with the exercise of religious beliefs.

Won defense verdict for a Connecticut municipal Board of Education and its officials in a student "bullying" case. Complainant initially leveled claims of common law negligence and violations of the Connecticut "bullying" statute. Court granted defendants' initial motion to strike the bullying claim on the grounds that the statute did not create a private cause of action. Motions for summary judgment based on governmental and qualified immunity were denied for "questions of fact."

# The Right of Publicity To Me, or Not To Me ?

Prepared by Anthony B. Corleto  
Wilson Elser Moskowitz Edelman & Dicker, LLP  
For NYIPLA 2014 Hot Topics in Trademarks,  
Advertising, & Copyrights CLE Seminar

# Arnold Schwarzenegger





# Magic Johnson



# Michael Jackson



# Nikki Sixx





# Ann Maria Alberghetti



# The Three Stooges



# Barbara Streisand



## **The Right of Publicity: To Me or Not To Me?**

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The Right of Publicity is a state law claim, recognizing the right of an individual to control the commercial use of his or her image or likeness. Remedies for theft of a right of publicity are generally similar to those available for Lanham Act and Copyright violations. New York covers the ROP claim within the statutory “Right of Privacy”. The statute, Civil Rights Law S. 51, includes a “false light” tort, allowing recovery for general damages – the injury of having been unwillingly exposed or publicized. *Stephano v. News Group Publ'ns*, 64 N.Y.2d 174. We are going to address the commercial Right of Publicity claim

We’re going to look at the elements of Right of Publicity claims in New York and California, actual cases brought by celebrities, defenses and damages. We’ll discuss the use of experts and general practice points.

About the title: I’m presently defending a right of publicity case, brought by a celebrity in state court outside NY. The claimant is a UK subject. The title of this presentation was inspired by a defense that we’ve raised: local “choice of law” rules apply the substantive law of the claimant’s domicile for a right of publicity claim. So, arguably, if a claim is based on use of a “voice double” and the ROP statute in the claimant’s domicile does not recognize a voice claim, the celebrity is out of luck. In the case we’re presently defending, the celebrity is a UK subject. Guess what? UK does not recognize a ROP claim. So in a perfect world, this bloke is out of luck. His other claim, under the Lanham act, is defective because the image at issue came from a movie, and we contend the studio, not the celebrity, owns the rights to the image. Hence, “to me, or not tome” – in our case, not to him.

### **CA CIVIL CODE §3344 UNAUTHORIZED COMMERCIAL USE OF NAME, VOICE, SIGNATURE, PHOTOGRAPH, LIKENESS**

Essentially all elements of personality are protected.

Claim extends to all manner of commercial use – advertising, selling, soliciting; goods or services, without consent.

Damages “sustained by the person” = general damages, i.e., mental suffering, anguish, whatever.

### **Cal Civ Code § 3344 (2014) - ELEMENTS**

- 1) Knowing Use
- 2) Name, Voice, Signature, Photograph, Likeness

3) On Products, Merchandise, Goods OR For Advertising, Selling

4) Without Consent

5a) "Damages sustained by the Person Injured, as a result thereof"

5b) Liable for Greater of \$750 or Actual Damages Suffered as result of the Unauthorized Use, plus Profits from the Unauthorized Use, attributable to the use and not taken into account for Actual Damages.

5c) Claimant establishes Gross Revenue, infringer proves deductible expenses.

5d) Punitive Damages may be awarded to injured party

5e) Prevailing Party SHALL get attorneys fees and costs,

**"The elements of emotional distress damages, i.e., anxiety, embarrassment, humiliation, shame, depression, feelings of powerlessness, anguish, etc., would thus be subjects of legitimate inquiry by a jury in the action before us, taking into account all of the consequences and events which flowed from the actionable wrong." (Miller v. National Broadcasting Company, 187 Cal.App.3d at p. 1485.)**

In *Miller* the TV station was granted summary judgment dismissing a surviving spouse and daughters' trespass, invasion of privacy, and intentional and negligent infliction of emotional distress claims. The TV station produced a documentary series on paramedics, during which the program's crew entered plaintiffs' home on a 911 call and filmed paramedics attempting to revive the husband, who was dying of a heart attack. Plaintiffs did not witness the filming and were shocked to see the footage later broadcast on a local news program. The appellate court reversed, finding that the plaintiffs raised triable issues of fact as to whether she suffered emotional damage from defendant's trespass and invasion of privacy. The court specifically held that the broadcaster's First Amendment rights did not outweigh the surviving spouse's right to privacy. The surviving daughter's emotional distress and invasion of privacy claims were dismissed because she was not present in the home at the time of the filming.

§ 3344. Unauthorized commercial use of name, voice, signature, photograph or likeness

(a) Any person who knowingly uses another's name, voice, signature, photograph, or likeness, in any manner, on or in products, merchandise, or goods, or for purposes of advertising or selling, or soliciting purchases of, products, merchandise, goods or services, without such person's prior consent, or, in the case of a minor, the prior consent of his parent or legal guardian, shall be liable for any damages sustained by the person or persons injured as a result thereof. In addition, in any action brought under this section,

the person who violated the section shall be liable to the injured party or parties in an amount equal to the greater of seven hundred fifty dollars (\$750) or the actual damages suffered by him or her as a result of the unauthorized use, and any profits from the unauthorized use that are attributable to the use and are not taken into account in computing the actual damages. In establishing such profits, the injured party or parties are required to present proof only of the gross revenue attributable to such use, and the person who violated this section is required to prove his or her deductible expenses. Punitive damages may also be awarded to the injured party or parties. The prevailing party in any action under this section shall also be entitled to attorney's fees and costs.

(b) As used in this section, "photograph" means any photograph or photographic reproduction, still or moving, or any videotape or live television transmission, of any person, such that the person is readily identifiable.

(1) A person shall be deemed to be readily identifiable from a photograph when one who views the photograph with the naked eye can reasonably determine that the person depicted in the photograph is the same person who is complaining of its unauthorized use.

(2) If the photograph includes more than one person so identifiable, then the person or persons complaining of the use shall be represented as individuals rather than solely as members of a definable group represented in the photograph. A definable group includes, but is not limited to, the following examples: a crowd at any sporting event, a crowd in any street or public building, the audience at any theatrical or stage production, a glee club, or a baseball team.

(3) A person or persons shall be considered to be represented as members of a definable group if they are represented in the photograph solely as a result of being present at the time the photograph was taken and have not been singled out as individuals in any manner.

(c) Where a photograph or likeness of an employee of the person using the photograph or likeness appearing in the advertisement or other publication prepared by or in behalf of the user is only incidental, and not essential, to the purpose of the publication in which it appears, there shall arise a rebuttable presumption affecting the burden of producing evidence that the failure to obtain the consent of the employee was not a knowing use of the employee's photograph or likeness.

(d) For purposes of this section, a use of a name, voice, signature, photograph, or likeness in connection with any news, public affairs, or sports broadcast or account, or any political campaign, shall not constitute a use for which consent is required under subdivision (a).

(e) The use of a name, voice, signature, photograph, or likeness in a commercial medium shall not constitute a use for which consent is required under subdivision (a) solely because the material containing such use is commercially sponsored or contains paid advertising. Rather it shall be a question of fact whether or not the use of the person's name, voice, signature, photograph, or likeness was so directly connected with the commercial sponsorship or with the paid advertising as to constitute a use for which consent is required under subdivision (a).

(f) Nothing in this section shall apply to the owners or employees of any medium used for advertising, including, but not limited to, newspapers, magazines, radio and television networks and stations, cable television systems, billboards, and transit ads, by whom any advertisement or solicitation in violation of this section is published or disseminated, unless it is established that such owners or employees had knowledge of the unauthorized use of the person's name, voice, signature, photograph, or likeness as prohibited by this section.

(g) The remedies provided for in this section are cumulative and shall be in addition to any others provided for by law.

### California Common Law Claim

The common law tort of misappropriation or image has three elements: (1) a showing of substantial investment of time, effort, and money into creating the thing misappropriated such that the court can characterize that "thing" as a kind of property right; (2) a showing that the defendant has profited unjustly from use of that "property right;" and (3) a showing that the defendant has injured plaintiff by the misappropriation. The right of publicity doctrine recognizes that for a celebrity, her persona is her product. Therefore, taking a celebrity's persona and using it for commercial gain is little different from stealing a manufacturer's product and selling it, whether or not there is actual confusion as to sponsorship. Right of publicity laws also protect the intrusion into ones privacy arising from having ones identity used in a manner with which he or she disagrees. (Aroa Marketing, Inc. v. Hartford Ins. Co. of Midwest, 198 Cal. App. 4th 781 (2011); Eastwood v. Superior Court (1983) 149 Cal.App.3d 409]

### NY Civil Rights Law § 50, 51 (2014) – Right of Privacy

Article 5 of New York's Civil Rights Law covers a number of subjects, including the prohibition taxes without a vote, the state Bill of Rights (to bear arms, to be free from conscription without vote, to pay for exemption from military service, search and seizure, suffrage, speedy trial, reasonable of fines, jury trial in criminal matters, to serve on a jury, sanctity of the jury, public servants' right to appeal, equal rights in public housing, no imprisonment for debt, equal rights in



places of public accommodation, disabled persons, employment of persons with genetic disorders).

NY Civil Rights law also includes the Right of Privacy statute. In addition to the civil claim for invasion of a right of privacy, the statute includes specific sections applicable to personnel records of police, firefighters and corrections officers (50-a), victims of sex and HIV transmission offenses (50-b), personnel records of court officers (50-d) and bridge and tunnel workers.

## CIVIL CLAIM – S. 50

Most elements of personality are protected – signature is not expressly covered.

Claim extends to all manner of commercial use – advertising or trade

Damages “sustained by reason of the use” = general damages, i.e., mental suffering, anguish, for invading the right of privacy.

- 1) Use of Name, Portrait, Picture, Voice, of a living person, In NYS
- 2) For Advertising or for Trade
- 3) Without Written Consent
- 4a) Equitable Action to Restrain Use
- 4b) Damages for injuries sustained by reason of the use
- 4c) If use was knowing, jury may award exemplary damages

### § 50. Right of privacy

A person, firm or corporation that uses for advertising purposes, or for the purposes of trade, the name, portrait or picture of any living person without having first obtained the written consent of such person, or if a minor of his or her parent or guardian, is guilty of a misdemeanor.

### § 51. Action for injunction and for damages

Any person whose name, portrait, picture or voice is used within this state for advertising

purposes **or for** the purposes of **trade without the written consent** first obtained as above provided may maintain an **equitable action** in the supreme court of this state against the person, firm or corporation so using his name, portrait, picture or voice, to prevent **and restrain the** use thereof; and **may also sue** and **recover damages** for any **injuries sustained by reason of such** use and **if** the defendant shall have knowingly used such person's name, portrait, picture or voice in such manner as is forbidden or declared to be unlawful by section fifty of this article, **the jury, in its discretion, may award exemplary damages**. But nothing contained in this article shall be so construed as to prevent any person, firm or corporation from selling or otherwise transferring any material containing such name, portrait, picture or voice in whatever medium to any user of such name, portrait, picture or voice, or to any third party for sale or transfer directly or indirectly to such a user, for use in a manner lawful under this article; **nothing** contained in this article shall be so construed as to **prevent** any person, firm or corporation, practicing the profession of **photography**, from **exhibiting in** or about his or its establishment specimens of the work of such establishment, **unless the same is continued** by such person, firm or corporation **after written notice objecting thereto** has been given by the person portrayed; and **nothing** contained in this article shall be so construed as to **prevent any** person, firm or corporation from **using the name**, portrait, picture or voice of **any manufacturer** or dealer in **connection with the goods**, wares and merchandise manufactured, produced or dealt in by him **which he has sold** or disposed of **with such name, portrait, picture** or voice used in connection therewith; **or from** using the **name**, portrait, picture or voice of any author, composer or artist in connection with his literary, musical or **artistic productions** which he has **sold or disposed of with such name, portrait, picture** or voice used in connection therewith. Nothing contained in this section shall be construed to prohibit the copyright owner of a sound recording from disposing of, dealing in, licensing or selling that sound recording to any party, if the right to dispose of, deal in, license or sell such sound recording has been conferred by contract or other written document by such living person or the holder of such right. Nothing contained in the foregoing sentence shall be deemed to abrogate or otherwise limit any rights or remedies otherwise conferred by federal law or state law.

## ***Statutes of Limitation***

### NY CLS CPLR § 215 (2014)

§ 215. Actions to be commenced within one year: against sheriff, coroner or constable; for escape of prisoner; for assault, battery, false imprisonment, malicious prosecution, libel or slander; for violation of right of privacy; for penalty given to informer; on arbitration award

The following actions shall be commenced within one year:

3. an action to recover damages for assault, battery, false imprisonment, malicious prosecution, libel, slander, false words causing special damages, or a violation of the right of privacy under section fifty-one of the civil rights law;

Cal Code Civ Proc § 340 (2014)

§ 340. Statutory penalties or forfeitures; Libel; Slander; False imprisonment; Seduction of person under age of consent; Payment by bank of forged check; Injury or death of animal; Damages in making property seizure; Good faith improvements

Within one year:

(c) An action for libel, slander, false imprisonment, seduction of a person below the age of legal consent, or by a depositor against a bank for the payment of a forged or raised check, or a check that bears a forged or unauthorized endorsement, or against any person who boards or feeds an animal or fowl or who engages in the practice of veterinary medicine as defined in Section 4826 of the Business and Professions Code, for that person's neglect resulting in injury or death to an animal or fowl in the course of boarding or feeding the animal or fowl or in the course of the practice of veterinary medicine on that animal or fowl.

**Compare – Lanham Act and Copyright Claims**

*Lanham Act*

[T]he Lanham Act, which governs trademarks, contains no statute of limitations, and expressly provides for defensive use of “equitable principles, including laches.” 15 U. S. C. § 1115(b)(9). But cf. post, at 8, 11 (citing *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813 (CA7 1999), but failing to observe that Lanham Act contains no statute of limitations). *Petrella v. MGM*, 134 S. Ct. 1962 (U.S. 2014).

We apply New York's six-year fraud statute of limitations to determine if a Lanham Act claim is barred by the doctrine of laches. *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 191 (2d Cir. 1996). Where the complaint is filed outside the six-year limitations period, the plaintiff bears the burden to prove the circumstances making it inequitable to apply the laches defense. *Parks v. ABC, Inc.*, 341 Fed. Appx. 737 (2d Cir. 2009)

[S]tatute of limitations for Lanham Act false endorsement claims brought under 15 U.S.C. § 1125(a) is borrowed from the most analogous state law. *Yeager v. Aviat Aircraft, Inc.*, 553 Fed. Appx. 730 (9th Cir. Cal. 2014) citing, *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 720 n.17 (9th Cir. 2004).

The Ninth Circuit has applied the three-year statute of limitations from California Civil Code § 338(d) to a trademark infringement claim brought under the Lanham Act. *Karl Storz Endoscopy-Amer., Inc. v. Surgical Tech., Inc.*, 285 F.3d 848, 857 (9th Cir. 2002).

However, as the Ninth Circuit subsequently has observed, the *Karl Storz* court "failed to consider whether Congress intended that laches, as opposed to the statute of limitations be the sole timeliness defense available to [Lanham Act] claims." *Jarrow Formulas*, 304 F.3d at 836. Laches is an equitable defense, whereas statute of limitations is a creature of law. *Id.* at 835. "Statutes of limitations generally are limited to actions at law and therefore are inapplicable to equitable causes of action. ... Laches serves as the

counterpart to the statute of limitations, barring untimely equitable causes of action." *Id.* (internal citation omitted). *Levi Strauss & Co v. Papikian Enters.*, 2011 U.S. Dist. LEXIS 94867, 10-11 (N.D. Cal. Aug. 24, 2011)

### *Copyright*

"When Congress fails to enact a statute of limitations, a [federal] court that borrows a state statute of limitations but permits it to be abridged by the doctrine of laches is not invading congressional prerogatives. It is merely filling a legislative hole." (internal citation omitted). In 1957, Congress addressed the matter and filled the hole; it prescribed a three-year look-back limitations period for all civil claims arising under the Copyright Act. See Act of Sept. 7, 1957, Pub. L. 85-313, 71 Stat. 633, 17 U. S. C. § 115(b) (1958 ed.). The provision, as already noted, reads: HN7 "No civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." § 507(b). *Petrella v. MGM*, 134 S. Ct. 1962, 1968-1969 (U.S. 2014)

### ***Single Publication rule***

The "Single Publication" rule sets the accrual of ROP claims and limits the aggregation of claims arising from repeated dissemination of the same publication.

#### *CA CIVIL CODE § 3425.3. Single cause of action; Damages*

No person shall have more than one cause of action for damages for libel or slander or invasion of privacy or any other tort founded upon any single publication or exhibition or utterance, such as one issue of a newspaper or book or magazine or any one presentation to an audience or any one broadcast over radio or television or any one exhibition of a motion picture. Recovery in any action shall include all damages for any such tort suffered by the plaintiff in all jurisdictions.

#### *NY Single Publication Rule*

Under New York's "single publication" rule, right of publicity claims accrue from the date of first publication of an offending time. The dissemination of that same offending item at a later date does not give rise to a new cause of action, nor toll the statute of limitations. See *Costanza v. Seinfeld*, 279 A.D.2d 255, 255-56, 719 N.Y.S.2d 29 (1st Dept 2001) (dismissing on statute of limitation grounds and rejecting plaintiff's claim that a right of publicity violation ran anew with the airing of each new episode of *Seinfeld*).

However, an exception to the New York's single publication rule is republication. See *Firth v. State of New York*, 98 N.Y. 2d 365, 369, 775 N.E.2d 463, 747 N.Y.S.2d 69 [2002] ("Republication, retriggering the period of limitations, occurs upon a separate aggregate publication from the original, on a different occasion, which is not merely 'a delayed circulation of the original edition.'").

### ***Christoff v. Nestle USA, Inc., 47 Cal. 4th 468 (CA SUP CT, 2009)***

In 1986, professional model Russell Christoff was paid \$ 250 for a two-hour photo shoot, to be used in Canada on a label for bricks of coffee. Christoff received a contract providing that if Nestle Canada used the picture on a label it was designing for a brick of Taster's Choice coffee, Christoff would be paid \$

2,000 plus an agency commission. The price for any other use of Christoff's image would require further negotiations. Without informing Christoff, or paying him according to the terms of the contract, Nestle Canada used Christoff's image on the coffee brick.

Sixteen years later, Christoff saw his face on a jar of Taster's Choice instant coffee in the United States and discovered that his image had been used without his consent on millions of labels sold internationally for the preceding five years. Christoff filed the present action for appropriation of his likeness six years after Nestle began using his image on the Taster's Choice label but less than a year after his discovery.

The trial court applied a two-year statute of limitations and instructed the jury to determine under the discovery rule whether Christoff knew or should have known earlier that Nestle had used his image. The jury found that Christoff did not know, and should not reasonably have suspected prior to seeing the jar, that his image was being used without his consent and awarded him more than \$ 15 million in damages.

The Court of Appeal reversed, holding that under the single-publication rule, because Christoff had not filed his lawsuit within two years after Nestlé first “published” the label, his cause of action is barred by the statute of limitations unless, on remand, the trier of fact finds that Nestle hindered Christoff's discovery of the use of his photograph, or that the label had been “republished.” We granted review.

The CA SUP CT affirmed the Appeals Court ruling that the trial court erroneously applied the single-publication rule to claims for appropriation of likeness. CA UP CT disagreed with the Appeals Court ruling that Christoff is barred by the statute of limitations unless he can show that Nestle hindered discovery of the use of his photograph, or that the label had been “republished”, because the Appeal's ruling assumes that Nestle various uses of Christoff's likeness, including its production of the product label for a five-year period, necessarily constituted a “single publication” within the meaning of the single-publication rule. Because the parties were prevented by the trial court's erroneous legal ruling from developing a record concerning whether the single-publication rule applied, the case was remanded for further proceedings.

From 1987 to 2000, Christoff's average income from modeling and acting was about \$ 50,000 a year. At the time of trial in 2005, Christoff worked as an elementary school teacher in addition to modeling and acting.

In 1997, Nestle decided to redesign its Taster's Choice label which, for three decades, had prominently featured a “taster,” that is a person peering into a cup of coffee. The high resolution artwork of the original “taster” used to produce the existing label had been lost. Nestle searched without success for other high resolution artwork of the original “taster,” but found instead the photograph of Christoff that Nestle Canada had used on the coffee brick, which satisfied the requirements.

Nestle decided to use Christoff's image because he looked "distinguished" and resembled the original "taster." Christoff's photograph was "youthened" to make him appear younger and more similar to the original "taster." Nestle believed that it had authority to use Christoff's image because it had been widely used in Canada. Nestle never investigated the scope of the consent and never asked Christoff if he consented to the use of his image. Christoff's image was used in the redesigned Taster's Choice label beginning in 1998. The redesigned label was used on several different Taster's Choice jars, including regular coffee, decaffeinated, and various flavors. Labels bearing Christoff's image also were produced in different languages and placed on jars of coffee to be sold internationally. For the label used in Mexico, Christoff's image was altered to add sideburns and darken his complexion. Images of jars of coffee bearing Christoff's image appeared in multiple advertising campaigns for Taster's Choice, including transit ads, coupons in newspapers, magazine advertisements, and Internet advertisements.

In 2002, a person standing in line with Christoff at a hardware store remarked that he "look[ed] like the guy on my coffee jar." A month or so later, on June 4, 2002, Christoff saw a jar of Taster's Choice instant coffee on a store shelf and, for the first time, recognized his photograph on the label. He purchased the jar of coffee and called his agent.

In 2003, Nestle again redesigned its label using another model, James Vaccaro, as the "taster." Vaccaro was paid \$ 150,000 for the use of his image for 10 years. The new label started circulating in May 2003, but jars of Taster's Choice with Christoff's image were still in Nestle inventory and could have been shipped to retailers.

In 2003, Christoff sued Nestle for unauthorized commercial use of his likeness in violation of Civil Code section 3344, common law appropriation of likeness, quantum meruit and unjust enrichment. The trial court denied Nestle's motion for summary judgment based on the statute of limitations, ruling that the Uniform Single Publication Act as (Civil Code section 3425.3) which states that "[n]o person shall have more than one cause of action for damages for libel or slander or invasion of privacy or any other tort founded upon any single publication or exhibition or utterance, such as any one issue of a newspaper or book or magazine," did not apply to Christoff's claims because they were not "based on defamation." The trial court reasoned that the single-publication rule "was developed in the common law to avoid the problems that mass publication of books and newspapers created for the tort of defamation." The trial court explained that Christoff's "claim is not defamation-like because he is not alleging that he suffered damages from offensive communications," but rather his "claim arises from the alleged unauthorized use of his likeness, which is protected by his right of publicity." Christoff "does not claim that this use was offensive, but instead seeks compensation for the defendant's use of his likeness in advertising."

The court applied a two-year statute of limitations under Code of Civil Procedure section 339 and instructed the jury that because Christoff filed his complaint on February 7, 2003, he could "claim damages that took place at any time on or after February 7, 2001." The court further instructed the jury that "the rule of delayed discovery" would apply and Christoff could "also seek damages that took place from the time Nestle USA first used his image" if Christoff proved that "prior to his discovery of the facts

he did not previously suspect, or should have suspected, that his photograph was on the Taster's Choice label." The trial court denied Nestlé's motion for summary judgment which argued that there was no proof it knowingly used Christoff's image without his consent.

At trial, Nestlé objected to Christoff's damage expert, Peter Sealy, that the icon on the Taster's Choice label was responsible for 5 to 15 percent of Nestlé's Taster's Choice profit. This testimony was the basis for Christoff's argument that he was entitled to 10 percent of Nestlé's profits from the sale of Taster's Choice instant coffee. Christoff's accounting expert testified that, during the six-year period Nestlé used Christoff's likeness, Nestlé's total profits from Taster's Choice were \$ 531,018,000 and, based on Sealy's testimony, Christoff was entitled to \$ 53,101,800.

Joseph Hunter, a former partner at Ford Models, a prominent modeling agency, also testified as an expert for Christoff. According to Hunter, a model generally charges a day rate for a photo shoot and a usage fee for different uses such as packaging, billboards, and transit. He valued the use of Christoff's photograph for a six-year period at \$ 1,475,000. In addition to the six-year time period, Hunter assumed that the photo was used "in virtually all kinds of media that existed." He acknowledged that Vaccaro received \$ 150,000 for the use of his image for a 10-year period but explained that \$ 150,000 is a very low fee.

At the close of Christoff's case, the court granted Nestlé's nonsuit motion on the issue of punitive damages. The court found no evidence of malice.

The jury concluded as follows: (1) Nestlé knowingly used Christoff's photograph or likeness on the Taster's Choice labels for commercial purposes without Christoff's consent; (2) prior to 2002, Christoff did not know and should not have known or reasonably suspected that his photograph was being used for commercial purposes; (3) Christoff suffered \$ 330,000 in actual damages; (4) the profits attributable to the use of Christoff's photograph or likeness were \$ 15,305,850; (5) the damages for the common law appropriation claim were \$ 330,000 and for the quantum meruit claim were \$ 15,635,850. The trial court subsequently granted Christoff's motion for attorney fees. Nestlé appealed from the judgment and the order awarding costs and attorney fees.

The Appeals Court reversed the judgment and remanded the case for a new trial, ruling that the single-publication rule (section 3425.3) applied to the appropriation of likeness claim, and applied the CA SUP CT decision in *Shively v. Bozanich* (2003) 31 Cal.4th 1230, 1245 [7 Cal. Rptr. 3d 576, 80 P.3d 676] which held that the defamation cause of action in that case accrued upon the " 'first general distribution of the publication to the public,' " and reasoned that whether the discovery rule delayed the accrual of the cause of action depended upon whether Nestlé hindered Christoff's discovery of the use of his photograph. The court directed that, in a retrial, the trier of fact must consider whether Nestlé hindered Christoff's discovery of the use of his photograph and "whether any republications occurred within the two-year limitations period."



The Court of Appeal further ruled that the two-year statute of limitations set forth in Code of Civil Procedure section 339 applied, that Nestle knowingly used Christoff's likeness within the meaning of Civil Code section 3344, that the award of more than \$ 15 million for profits attributable to the use of Christoff's photograph was not supported by substantial evidence, and that the award of more than \$ 15 million for quantum meruit must be reversed.

The Appeal's Court ruled that the single-publication rule (section 3425.3) applied to the claim for unauthorized commercial use of likeness. Thus, the statute of limitations was triggered when Nestle first "published" the label and expired two years later UNLESS accrual was delayed by the delayed discovery rule OR the statute of limitations began anew because Nestle REPUBLISHED the label. CA SUP CT agreed that, in general, the single-publication, section 3425.3, applies to causes of action for unauthorized commercial use of likeness, but in order to determine when the statute of limitations was triggered for Christoff's action, it needs to decide whether Nestle's unauthorized use of Christoff's image, including its production of the label, constituted a "single publication" within the meaning of the single-publication rule. CA SUP CT remanded for further proceedings on this point.

The Court of Appeal was correct that the single-publication rule applies, in general, to a cause of action for unauthorized commercial use of likeness. The language of 3425.3 is broad and applies to any action "for libel or slander or invasion of privacy or any other tort founded upon any single publication or exhibition or utterance, such as any one issue of a newspaper or book or magazine or any one presentation to an audience or any one broadcast over radio or television or any one exhibition of a motion picture." (Italics added.)

"When the Legislature inserted the clause 'or any other tort' it is presumed to have meant exactly what it said." (Strick v. Superior Court (1983) 143 Cal. App. 3d 916, 924 [192 Cal. Rptr. 314].) The [\*\*\*804] rule announced in section 3425.3 is " 'not aimed at the particular tort alleged, but rather at the manner in which the tort is executed.' " (Strick, at p. 924; see Long v. Walt Disney Co. [\*477] (2004) 116 Cal.App.4th 868, 871 [10 Cal. Rptr. 3d 836] ["courts in California and other jurisdictions have interpreted the uniform act expansively"].) We agree with the Court of Appeal, therefore, that the trial court erred in ruling that section 3425.3 did not apply to Christoff's claims because they were not "based on defamation."

The Court of Appeal then turned to *Shively*, which held that a cause claim governed by the single-publication rule accrues "from the date of the 'first general distribution of the publication to the public.'" (Shively, supra, 31 Cal.4th at p. 1245.) Christoff argues, inter alia, that the single-publication rule does not apply to printing of its product label because it is not "a single 'publication,' a one-time occurrence," such as a newspaper, book, magazine, or television broadcast. Nestle counters that "the rule was intended to apply to multiple printings of the same publication." The question is more subtle than either of these positions would suggest.

**In order to apply the single-publication rule, a court first must identify what constitutes a “single integrated publication” (Belli v. Roberts Brothers Furs (1966) 240 Cal. App. 2d 284, 289 [49 Cal. Rptr. 625]) within the meaning of the rule, such as the printing and distribution of a particular issue of a newspaper, magazine, or book. Whether the printing of a product label over a five-year period constitutes a single integrated publication within the meaning of the single-publication rule is an issue of first impression in this state.**

In addition to producing the product label Nestle also used Christoff's likeness in other forms, including transit ads, coupons in newspapers, magazine advertisements, and Internet advertisements. This raises questions whether each of these activities constituted a “single integrated publication,” whether the entire advertising campaign should be considered a “single integrated publication,” or whether Nestlé's first use of Christoff's image triggered the running of the statute of limitations for all subsequent uses in whatever form. These are important questions, and there is little authority to turn to for guidance.

The single-publication rule was created to address the problem that arose with the advent of mass communication from the general rule in defamation cases that “each time the defamatory statement is communicated to a third person ... the statement is said to [\*\*138] have been ‘published,’ ” giving rise to a separate cause of action. (Shively, supra, 31 Cal.4th at p. 1242.) “[T]he principle that each communication of a defamatory remark to a new audience constitutes a separate ‘publication,’ giving rise to a separate cause of action, led to the conclusion that each sale or delivery of a copy of a newspaper or book containing a defamation also constitutes a separate publication of the defamation to a new audience, giving rise to a separate cause of action for [\*478] defamation. [Citations.] This conclusion had the potential to subject the publishers of books and newspapers to lawsuits stating hundreds, thousands, or even millions of causes of action for a single issue of a periodical or edition of a book.” (Id. at pp. 1243–1244.) “As one commentator stated: ‘... Regardless of whether it was an appropriate rule in 1849 it is horrendous today when magazine readers and radio and TV audiences may total many millions.’ [Citation.]” (Hebrew Academy of San Francisco v. Goldman (2007) 42 Cal.4th 883, 891, fn. 2 [70 Cal. Rptr. 3d 178, 173 P.3d 1004].)

The common law rule that each “publication” of a defamatory statement created a new cause of action “also had the potential to disturb the repose that the statute of limitations ordinarily would afford, because a new publication of the defamation could occur if a copy of the newspaper or book were preserved for many years and then came into the hands of a new reader ... . The statute of limitations could be tolled indefinitely, perhaps forever, under this approach.” (Shively, supra, 31 Cal.4th 1230, 1244.) We cited as an example “a 19th-century English case that concluded a plaintiff could bring an action seeking redress for libel against a publisher based upon an allegedly defamatory remark contained in a newspaper issued 17 years prior to the plaintiff's discovery of the defamation, on the theory that the sale to the plaintiff of the long-forgotten copy of the newspaper constituted a new publication, starting anew the running of the period of limitations. (Ibid.) We observed “courts recognized that the advent of books and newspapers that were circulated among a mass readership threatened unending and potentially ruinous liability as well as overwhelming (and endless) litigation, as

long as courts adhered to the rule that each sale of a copy of a newspaper or a book, regardless how long after original publication, constituted a new and separate publication.” (Ibid.)

To correct these problems, “courts fashioned what became known as the single-publication rule, holding that, for any single edition of a newspaper or book, there was but a single potential action for a defamatory statement contained in the newspaper or book, no matter how many copies of the newspaper or the book were distributed. [Citations.]” (Shively, *supra*, 31 Cal.4th at p. 1245.) The common law single-publication rule was codified in 1955 when California adopted the Uniform Single Publication Act by enacting section 3425.3, which states, in part: “No person shall have more than one cause of action for damages for libel or slander or invasion of privacy or any other tort founded upon any single publication ... .” The prefatory note to the uniform act states that under the single-publication rule “any single integrated publication, such as one edition of a newspaper or magazine, or [\*479] one broadcast, is treated as a unit, giving rise to only one cause of action.” (14 West’s U. Laws Ann. (2005) U. Single Publication Act, p. 469.)

The decision in *Gregoire v. G. P. Putnam's Sons* (1948) 298 N.Y. 119 [81 N.E.2d 45], upon which we relied in *Shively*, recognized that the purpose of the single-publication rule was to give meaning to the statute of limitations as “a statute of repose—designed ‘to spare the courts from litigation of stale claims, and the citizen from being put to his defense after memories have faded, witnesses have [\*\*139] died or disappeared, and evidence has been lost.’ (Id., 81 N.E.2d at p. 48.) The plaintiff in *Gregoire* filed a suit for defamation nearly five years after the book *Total Espionage* first was published. Although approximately 6,000 copies of the book had been sold in each of the first two years of its distribution, only 60 copies had been sold from stock in the year prior to the filing of the action. The plaintiff argued that these [\*\*\*806] relatively few sales from stock caused the book to be “republished,” triggering a new limitations period. The court observed that accepting the plaintiff’s view would mean that “although a book containing libelous material may have been the product of but one edition or printing fifty years ago, if, by sale from stock or by display, the publisher continues to make unsold copies of the single publication available to the public today, such conduct would amount to a republication of any libel the book contains and thereby would become actionable. Under such a rule the Statute of Limitation would never expire so long as a copy of such book remained in stock and is made by the publisher the subject of a sale or inspection by the public.” (Id. at pp. 48–49.)

The court in *Gregoire* thus held that the publisher was entitled to repose following the initial process of printing and releasing the book to the public and that subsequent sales from the stock so produced would not begin the statute of limitations anew. The court stated “that the publication of a libelous book, involving styling, printing, binding and those other acts which enable a publisher on a given date to release to the public thousands of copies of a single printing or impression, affords the one libeled a legal basis for only one cause of action which arises when the finished product is released by the publisher for sale in accord with trade practice.” (*Gregoire v. G. P. Putnam's Sons*, *supra*, 81 N.E.2d at p. 49.)

The New York high court later described its holding in *Gregoire* as follows: “[T]he *Gregoire* court furnishes its own illustrations of the kind of case in which the [single-publication] principle it articulated was to have its primary application. First, of course, was the case then at hand. It emanated from a publisher's sale from stock of a copy of the book containing the libelous language. Since this transaction occurred two years after the book had last undergone a printing and general distribution, the issue was whether the last printing or the later sale from stock was to be the point of departure for the running of the statute. Qualitatively ... , the sale from stock here was one of only a trickle of 60 to which dwindling demand for the book had reduced such sales in the 12 months preceding initiation of suit. Thus, on its facts, *Gregoire* merely held that ... the Statute of Limitations is not to be reactivated by a late sale from the residue of a time-barred publishing event.” (*Rinaldi v. Viking Penguin, Inc.* (N.Y. 1981) 52 N.Y.2d 422 [438 N.Y.S.2d 496, 420 N.E.2d 377, 381].)

The first California case to apply the single-publication rule, *Belli v. Roberts Brothers Furs*, supra, 240 Cal. App. 2d 284, held that the February 14, 1962, issue of the San Francisco Chronicle newspaper, which was composed of six editions that were issued over a two-day period was “a single, integrated publication.” (*Id.* at p. 289.) The court concluded that “the Legislature intended to abrogate the right to bring a separate action based upon defamatory matter appearing in several editions of a newspaper or magazine, where, as here, all of the editions comprise a single issue of a particular date.” (*Id.* at p. 289.)

(3) The Court of Appeal therefore concluded that “[t]he various editions of the Chronicle for February 14, 1962, comprise a single integrated publication, namely the issue of the newspaper for that date. As we have seen, the allegedly defamatory matter appeared in the first edition and was repeated without change in each and every edition that followed. It has generally been held that, in the case of a single, integrated publication, the cause of action based upon objectionable matter appearing in the publication accrues upon the first general distribution of the publication to the public. [Citation.]” (*Belli v. Roberts Brothers Furs*, supra, 240 Cal. App. 2d at p. 289; see *Fleury v. Harper & Row, Publishers, Inc.* (9th Cir. 1983) 698 F.2d 1022, 1027 in the case of a single, integrated publication, a cause of action accrues on the first general distribution of the publication to the public.”); *Rinaldi v. Viking Penguin, Inc.*, supra, 420 N.E.2d 377, 381 [“the activities reasonably related to the production and distribution of a newspaper or magazine were regarded as part of a single transaction against which the statute would run from the time that the original circulation of the periodical, no matter how large or widespread, had taken place ...”].)

The single-publication rule is intended to prevent a “single integrated publication” from resulting in numerous causes of action because the publication is received by a mass audience. (*Rinaldi v. Viking Penguin, Inc.*, supra, 420 N.E.2d 377, 381 [“neither the time nor the circumstance in which a copy of a book or other publication finds its way to a particular consumer is, in and of itself, to militate against the operation of the unitary, integrated publication concept”].) As the Court of Appeal recognized in *Miller v. Collectors Universe, Inc.* (2008) 159 Cal.App.4th 988, 998 [72 Cal. Rptr. 3d 194]: “The original purpose of the single-publication rule is apparent, both from its history and from the language of the California

statute implementing it. The rule was originally directed at mass communications, such as communications in newspapers, books, magazines, radio and television broadcasts, and speeches to an audience. Where the offending language is read or heard by a large audience, the rule limits the plaintiff to a single cause of action for each mass communication. A separate cause of action for each member of the public audience is disallowed.”

The rule does not address the issue of repeated publications of the same libelous material over a substantial period of time. (See *Kanarek v. Bugliosi* (1980) 108 Cal. App. 3d 327, 332 [166 Cal. Rptr. 526] [“the Uniform Single Publication Act ... was not designed to give unending immunity for repeated publications of libelous matter”].) This distinction is clearly made in the Restatement Second of Torts, which adopts the single-publication rule that “[a]ny one edition of a book or newspaper, or any one radio or television broadcast, exhibition of a motion picture or similar aggregate communication is a single publication.” (Rest.2d Torts, § 577A, p. 208.) The comments explain: “An exceptional rule, sometimes called the ‘single publication rule,’ is applied in cases where the same communication is heard at the same time by two or more persons. In order to avoid multiplicity of actions and undue harassment of the defendant by repeated suits by new individuals, as well as excessive damages that might have been recovered in numerous separate suits, the communication to the entire group is treated as one publication, giving rise to only one cause of action.” (Id., com. b, p. 209.) “The single publication rule applies also to the issue of any one edition of a newspaper, magazine or book; to any one broadcast over radio or television; to any one exhibition of a motion picture; to any one theatrical performance or other presentation to an audience; and to any similar aggregate communication that reaches a large number of persons at the same time. ...” (Id., com. c, p. 209.)

It is not clear whether the production of a product label over a period of years is a “single integrated publication” that triggers the running of the statute of limitations when the first such label is distributed to the public. Publishing an issue of a newspaper or magazine or an edition of a book is a discrete publishing event. A publisher that prints and distributes an issue of a magazine or an edition of a book is entitled to repose from the threat that a copy of that magazine or book will surface years later and trigger a lawsuit. But as we stated earlier, there is little case law or academic commentary discussing whether a manufacturer that produces a product label for a period of years is entitled to the same repose, especially while that product label is still being produced. Christoff argues that Nestlé’s conduct qualified as a continuing wrong, in which “a cause of action accrues each time a wrongful act occurs, triggering a new limitations period.” (*Hogar Dulce Hogar v. Community Development Commission* (2003) 110 Cal.App.4th 1288, 1295 [2 Cal. Rptr. 3d 497].) Nestlé, by contrast, argues that its use of Christoff’s image on its product label was a “single overt act” with “a continual effect that is relevant [\*\*141] to damages, but does not denote a continuing course of conduct for which the limitations period can be tolled.” (*Blair v. Nevada Landing Partnership* (2006) 369 Ill. App. 3d 318 [307 Ill. Dec. 511, 859 N.E.2d 1188, 1193]; accord, *Cuccioli v. Jekyll & Hyde Neue Metropol Bremen Theater* (S.D.N.Y. 2001) 150 F. Supp. 2d 566.)

**We decline to resolve this important issue without the benefit of a sufficient factual record that**

reveals the manner in which the labels were produced and distributed, including when production of the labels began and ceased. (*Lahr v. Adell Chemical Co.* (1st Cir. 1962) 300 F.2d 256, 260 [“Whether the single publication rule should be applied to the circumstances of this case had best be decided when we know what they were.”].) The parties did not have a reason or an opportunity to present such evidence in light of the trial court's erroneous ruling that the single-publication rule did not apply to claims for misappropriation of likeness. The parties will have that opportunity on remand to the superior court. If on remand it is established that all or some portion of the production of the label constituted a single integrated publication, then the superior court should further consider whether the statute of limitations began anew because the label was “republished” within the meaning of the single-publication rule.

Whether producing the product labels was a “single integrated publication” is not the only issue that the trial court will face on remand. Evidence was introduced at trial that Christoff's image also was used without his consent in various forms of advertising, including transit ads, coupons in newspapers, magazine advertisements, and Internet advertisements. Nestle may be able to show that the production of some or all of these items were single integrated publications and that the statute of limitations was triggered as to that item when it first was distributed to the public.

WERDEGAR ▼, J., Concurring.—I concur fully in the majority opinion. In particular, I agree that without a better factual record we cannot determine how California's single publication rule (Civ. Code, § 3425.3 (hereafter section 3425.3)) should apply here and hence whether, or to what extent, plaintiff's action is barred by the statute of limitations. Nonetheless, I believe some general principles relevant to that question may be discerned from the language of section 3425.3. 1

Leaving aside any Taster's Choice labels on which plaintiff's image was significantly altered, and further disregarding advertisements that employed photographs of a label, **the broadest question posed here is whether all distribution of labels employing the original misappropriated image, whenever they occurred, should be deemed to constitute a single publication for purposes of section 3425.3. Phrased more generally, should a series of temporally distinct publications be treated as a single publication because each consisted of substantially the same text or images?**

On this question, California courts have not spoken, and **courts from other jurisdictions have reached diverse results. Some have held that multiple broadcasts, distributions or displays of identical material constitute a single publication for purposes of the statute of limitations, and not a series of republications.** (See, e.g., *Blair v. Nevada Landing Partnership* (2006) 369 Ill. App. 3d 318 [307 Ill. Dec. 511, 859 N.E.2d 1188, 1193–1194] [use of the plaintiff's image in various advertisements within a casino and on the casino's Web site over a nine-year period treated as a single publication]; *Auscape Intern. v. National Geographic Soc.*, supra, 461 F. Supp. 2d at pp. 185–187 [the defendant, which each year distributed a digital compilation of past magazine issues, including in each year's compilation all the prior years' contents, did not thereby republish the prior years' issues]; *Zoll v. Jordache Enterprises Inc.* (S.D.N.Y. 2002) 2002 WL 31873461, pp. \*9–\*11 [rebroadcast of 1978 television commercial in 2000 was

not a republication of the original 1978 broadcast].)

Other courts have looked on each broadcast or display as a separate publication, or republication, each of which, if it violates the plaintiff's rights, begins a new limitations period. (See, e.g., *Wells v. Talk Radio Network-FM, Inc.* (N.D.Ill. 2008) 2008 WL 4888992, pp. \*1–\*3 [each unauthorized use of the plaintiff's voice in radio advertisements broadcast repeatedly for two years was a rebroadcast triggering a new statute of limitations period]; *Lehman v. Discovery Communications, Inc.* (E.D.N.Y. 2004) 332 F. Supp. 2d 534, 535–536 [where the defendant broadcast a program 17 times over more than two years, each broadcast was a republication of the allegedly defamatory material]; *Baucom v. Haverty* (Fla. Dist. Ct. App. 2001) 805 So. 2d 959, 960–961 [where, over several years, the defendant repeatedly used the plaintiff's name and image in marketing presentations to potential clients, each such presentation was a new publication].)

In my view, the latter approach is more consistent with our statutory language. As illustrative of a single publication, section 3425.3 refers to “any one issue of a newspaper or book or magazine or any one presentation to an audience or any one broadcast over radio or television or any one exhibition of a motion picture.” The statute thus dictates we treat as a separate publication any reissue, rebroadcast or reexhibition, even though the publication's contents or the manner of its distribution or display has not been changed. Section 3425.3's reference to “any one broadcast,” for example, appears to preclude a result like that in *Zoll v. Jordache Enterprises, Inc.*, supra, 2002 WL 31873461, where two broadcasts of the same advertisement, separated by 22 years, were deemed to be a single publication. 4

Granted, determining what is a single “issue” of printed material presents special difficulties. When large numbers of a book are printed and distributed at one time, the later distribution of smaller numbers from stock is considered part of the original publication. (*Gregoire v. G. P. Putnam's Sons* (1948) 298 N.Y. 119 [81 N.E.2d 45, 46, 49].) The same rule has been applied to additional printings of a single book edition, at least within a short time of its original publication. (See *Fleury v. Harper & Row, Publishers, Inc.* (9th Cir. 1983) 698 F.2d 1022, 1028 [where a book was published in November 1978, “continued printing of the book into 1979” was part of the same publication].) Would the same rule apply if there were no initial mass printing, but individual copies or small batches of copies were printed and sent out to readers on demand? Arguably it should, for each instance of access to text on the Internet is not considered a separate publication (*Firth v. State* (N.Y. Ct. Cl. 2000) 184 Misc. 2d 105 [706 N.Y.S.2d 835, 841–843]), nor presumably would be each download of text in digital form to an electronic reader or audio device; the use of printed paper as a distribution medium should not lead to a different result.

A useful distinction lies in earlier cases' criterion of a republication decision that is “ ‘ ‘conscious [and] independent” ’ ’” (*Barres v. Holt, Rinehart & Winston, Inc.* (1974) 131 N.J. Super. 371 [330 A.2d 38, 46], italics omitted, *affd.* (1977) 74 N.J. 461 [378 A.2d 1148]) or “conscious and deliberate” (*Rinaldi v. Viking*



Penguin, Inc. (1981) 52 N.Y.2d 422 [438 N.Y.S.2d 496, 420 N.E.2d 377, 382]). Where the publisher has set up a more or less automated system for printing and distributing an item or for downloading it in digital form and does not make a separate publishing decision as to each copy or small batch of copies, to call each such distribution a new "issue" of the material would defeat the purposes of the single publication rule. (See *Firth v. State*, supra, 706 N.Y.S.2d at p. 843.) Conversely, where a publication has been out of print or unavailable in digital form for some time and the publisher makes a conscious decision to reissue it or again make it available for download, no reason appears in the text or purposes of section 3425.3 why the publisher should not be separately responsible for any tort committed in republishing.

**For these reasons, I doubt defendant's entire five-year course of printing and distributing labels may be deemed a single publication simply because the labels were substantially altered during that time. The trial court should consider as well whether the production and distribution of labels was predetermined by a single initial decision or whether defendant (that is, the officers or managing agents of defendant corporation) made at any relevant time a conscious, deliberate choice to continue, renew or expand the use of labels bearing plaintiff's misappropriated image. If any such decisions occurred during the period defined by the statute of limitations, plaintiff should be able to recover damages caused by publication pursuant to those decisions.**

### ***Choice of Law – The Claimant's Domicile***

CALIFORNIA

Civil Code § 946. By what law governed

If there is no law to the contrary, in the place where personal property is situated, it is deemed to follow the person of its owner, and is governed by the law of his domicile.

As enacted in 1984 and amended in 1988, California's post-mortem right of publicity statute did not contain a choice of law provision. See CAL. CIV. CODE § 990 (West 1998). The District Court concluded that California's default personal property choice of law provision in California Civil Code § 946 applied to the Fund's post-mortem right of publicity claim and required application of the law of the decedent's domicile. n5 The law of Great Britain, where Princess Diana was domiciled, does not recognize post-mortem right of publicity claims. See *Bi-Rite Enters. v. Bruce Miner Co.*, 757 F.2d 440, 442 (1st Cir. 1985) (citing *Tolley v. Fry*, 1 K.B. 467 (1930); J. Thomas McCarthy, *Rights of Publicity & Privacy*, § 6.21 (1998)). Accordingly, the District Court dismissed the claim. On interlocutory appeal of this dismissal and the accompanying denial of a preliminary injunction, we affirmed by memorandum disposition.

*Cairns v. Franklin Mint Co.*, 292 F.3d 1139 (9th Cir. Cal. 2002)

## NEW YORK

The parties have assumed that the substantive law of New [\*912] York is dispositive of the appeal and have addressed Florida law only tangentially. Both Special Term and the Appellate Division decided the case under what they believed to be New York law. In doing so, all have overlooked the applicable choice of law principle (cf. *James v Powell*, 19 NY2d 249, 256), followed by both New York and Florida, that HN1 questions concerning personal property rights are to be determined by reference to the substantive law of the decedent's domicile ( EPTL 3-5.1 [b] [2]; [e]; *Matter of Fabbri*, 2 NY2d 236, 239; *Quintana v Ordone*, 195 So 2d 577 [Fla App], cert discharged 202 So 2d 178 [Fla]; *In re Tim's Estate*, 161 So 2d 40 [Fla App], decree quashed on other grounds 180 So 2d 161 [Fla], judgment conformed to 180 So 2d 502 [Fla App], cert denied sub nom. *Rudawski v Florida*, 384 U.S. 952; see also, Restatement [Second] of Conflict of Laws § 263; Weintraub, Conflict of Laws §§ 2.13, 8.25 [2d ed]). HN2 For choice of law purposes, at least, rights of publicity constitute personalty (see, *Acme Circus Operating Co. v Kuperstock*, 711 F2d 1538, 1541; *Groucho Marx Prods. v Day & Night Co.*, 689 F2d 317; *Factors Etc. v Pro Arts*, 652 F2d 278, cert denied 456 U.S. 927).

[Southeast Bank, N. A. v. Lawrence](#), 66 N.Y.2d 910, 911-912 (N.Y. 1985)

## INTERPLAY BETWEEN ROP, TRADEMARK, COPYRIGHT

Some elements of the ROP claim overlap with Lanham act claims – a claim for misuse of a celebrity image to imply an endorsement looks like a Lanham Act claim. However, the ROP / misuse claim is unique to the infringed personality. It is not dependent on prior use as a mark, and it is not dependent on ownership of the image.

Conversely, there are cases where trademark has been used to protect what is essentially an ROP claim. For example, in *Motown Record Corp. v. Hormel*, 657 F. Supp. 1236 (CDCA, 1987), the label (Motown) and publisher (Jobete) of the Supremes' classic "Baby Love" (written by the famed Holland – Dozier – Holland trio) sued the canned food manufacturer for theft of the Supremes image. The story: in 1985, a Motown employee saw a TV ad for Hormel's "Dinty Moore" beef stew, which featured 3 African-American ladies, in sequined gowns, with bouffant hair, looking much like the Supremes, singing "Dinty Moore, my Dinty Moore" to the tune of "Baby Love". Motown sued, claiming that use of the Supremes image coupled with the unlicensed use of the musical composition is likely to cause confusion and create the impression that Motown authorized use of the Supremes image. Side note – and without going to far down the rabbit hole, Berry Gordy / Motown owned the act – the singers, Diana Ross and Mary Wilson probably best known – would change over the years. The court dismissed the CA statutory ROP claim, finding that it in this instance, it was essentially a copyright claim, and preempted. Acknowledging that Motown may have difficulty proving in interest in the "image" of a group whose members changed over the years, and that Motown made no claim that Hormel tried to pass the trio off as the Supremes, the court nonetheless sustained the Lanham act claim, finding that Motown ". . . may be able to show some kind of protectable interest in the "persona" of "The Supremes".

Preemption is an important consideration when looking at a right of publicity claim.

The Copyright Act of 1976 (17 U.S.C. § 101 et seq.) describes in § 301 the extent to which the Act preempts state law claims based on copyright. 17 U.S.C. § 301(a) & (b) states in pertinent part:

On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by section 102 and 103 . . . are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to --

(1) subject matter that does not come within the subject matter of copyright as specified by section 102 and 103, including works of authorship not fixed in any tangible medium of expression, . . .

An early draft of the bill read:

§ 301(b)(3): activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright . . . including rights against misappropriation not equivalent to any such exclusive rights, breaches of contract, breaches of trust, trespass, conversion, invasion of privacy, defamation, and deceptive trade practices such as passing off and false representation.

S.22, 84th Cong., 2d Sess. (September 3, 1976).

The above list, however, was excluded from the actual statute without explanation. The result is that courts are now left to grapple with the decision of which state law claims are equivalent to rights covered by the Copyright Act. –

Nimmer's copyright treatise articulates the test for preemption as follows:

[A] right which is "equivalent to copyright" is one which is infringed by the mere act of reproduction, performance, distribution or display . . . . If, under state law the act of reproduction, performance, distribution or display, . . . will in itself infringe the state created right, then such right is preempted. But if other elements are require, in addition to or instead of, the acts of reproduction, performance, distribution or display, in order to constitute a state created cause of action, [\*\*9] then the right does not lie "within the scope of copyright," and there is no preemption.

Nimmer, *The Law of Copyright* § 1.01[B][3] at 1-11-12 (1984).

So in essence, if the claim is that content or expression is infringed by publication, display performance, etc, it's copyright and preempted. The Motown court dismissed Motown's unfair competition, negligent and intentional interference with prospective business advantage, ROP and constructive trust / accounting claims as preempted, finding that each was equivalent to a claim for copyright infringement. The decision gives a good discussion about various forms of state law claims that may in some instances survive a preemption attack, and is worth reading.

### **DAMAGES – ECONOMIC CONSIDERATIONS**

Typically, an artist will seek as damages what he perceives to be the value of his endorsement. So, the bigger the star, the bigger the number. Endorsement deals can be quite healthy. By careful analysis you can break them down into relevant components and apply industry comparatives to re-evaluate what might seem to be a juggernaut deal.

- (i) Although large consumer product manufacturers spend billions on celebrity endorsements, the expenditure represents less than 4% of revenue.
- (ii) Does the use at issue fit the concept of a celebrity endorsement? Does it identify the celebrity as himself? Is the use featured prominently?
- (iii) Large multi faceted endorsement deals may have elements not associated with the use in question - "personal service" days, "acting services".
- (iv) An economist can also draw comparative analysis for "exposure adjustment".
- (v) Applying this analysis to one major stars luxury brand endorsement deal, the value of a multi multi million dollar contract broke down to \$9,500 for the claimed infringement.
- (vi) Applying the "percentage of revenue" test, the same endorsement deal in a particular instance was found to be worth about \$15,000.

## **Boris Segalis**

Mr. Segalis is a Partner at InfoLawGroup LLP. He counsels clients on data confidentiality, privacy, security and management issues, including in relation to:

Data analytics and product and service development (including “Big Data” and online advertising)

- Corporate transactions that involve transfer of personal information
- Social media
- Payment systems
- E-Commerce and mobile
- Smart Grid
- Employee privacy
- Vendor management
- Cross-border data transfers
- Information security breaches and regulatory investigations

Mr. Segalis serves clients from a variety of industries, including utilities, multinational organizations, online retailers, data companies, and nonprofit organizations. His clients range from Fortune 10 companies to start-ups. **Recent Representative Matters**

- Negotiated data privacy and security terms in numerous vendor agreements
- Developed privacy guidelines for development of mobile applications and social media campaigns
- Advised client on patient privacy issues in connection with patient health records, electronic health records and adherence programs
- Drafted regulatory filings related to Smart Grid implementation
- Developed a social media crisis response plan
- Revised workplace social media guidance to comply with NLRB requirements
- Developed privacy and security policies and procedures for “Bring Your Own Device” programs for employees
- Assisted in revising and updating an online retailer’s privacy practices and privacy statement to bring them into compliance with global best practices
- Advised on privacy and security implications of the use of iFrames for OBA implementation
- Assisted a client in resolving a dispute with a self-regulatory online marketing association
- Developed data privacy and security component of client’s vendor management program
- Advised a Fortune 10 company on developing and implementing a Safe Harbor compliance program for transfers of human resources data from Europe to the company’s headquarters in the United States
- Counseled a hedge fund on financial privacy requirements in connection with the fund’s program to offer refinancing to residential mortgage loan borrowers at risk of default
- Advised a major credit card company on financial privacy issues in connection with e-commerce programs
- Advised a global financial institution on the development of data analytics products and services

- Advised on an acquisition through bankruptcy proceedings of a customer database containing detailed and highly confidential personal information; counseled the client on re-launching the business and engaging former customers

### **Select Publications**

Mr. Segalis is an active contributor to the InfoLawGroup privacy blog and has regularly discussed privacy and data security issues on Fox Live. He is a co-author of the Privacy and Data Security Law Deskbook, Aspen Publishers, Wolters Kluwer Law & Business, July 2010. Other noted publications include:

- Emerging Privacy Issues in Bankruptcy, *New York Law Journal*, June 10, 2010
- Preservation and Monitoring of Corporate Messaging, *New York Law Journal*, November 2009
- FTC's Red Flags Rule: Delays Suggest Confusion on the Part of the Industry, *Privacy & Data Security Law Journal*, July 2009

### **Education**

- J.D., NYU School of Law, 2003
- B.S., Mechanical Engineering, Georgia Tech, 1996



UNITED STATES OF AMERICA  
**FEDERAL TRADE COMMISSION**  
WASHINGTON, D.C. 20580

Bureau of Consumer Protection



## **LESLEY FAIR**

Lesley Fair is a Senior Attorney with the Federal Trade Commission's Bureau of Consumer Protection, where she has represented the FTC in numerous investigations of false advertising and fraud. She now specializes in industry education and blogs at the FTC's Business Center, [business.ftc.gov](http://business.ftc.gov).

Lesley is a Vice-Chair of the Consumer Protection Committee of the American Bar Association's Section of Antitrust Law and co-editor of the ABA publication, *What's in Store*. In addition to writing a monthly column in *Electronic Retailer* magazine, she is the author of *The FTC & Social Media* in *SOCIAL MEDIA AND FDA: THE ESSENTIAL GUIDE* (2010), *FTC Regulation of Advertising* in *FOOD AND DRUG LAW AND REGULATION* (2009), *The FTC's Approach to Health Claims in Advertising* in *REGULATION OF FUNCTIONAL FOODS AND NUTRACEUTICALS* (2005), *Regulation of Marketing Claims by the Federal Trade Commission and States* in *COSMETIC REGULATION IN A COMPETITIVE ENVIRONMENT* (1999), and *Infomercials* in *ENCYCLOPEDIA OF THE CONSUMER MOVEMENT* (1997). She also was a contributor to the ABA treatise, *Consumer Protection Law Developments* (2011).

Lesley graduated from the University of Notre Dame and received a J.D. from the University of Texas School of Law. She clerked for United States District Judge Fred Shannon of the Western District of Texas and served as staff counsel to the United States Court of Appeals for the Fifth Circuit in New Orleans. Before coming to the FTC, she practiced criminal law and appeared before the Supreme Court of the United States in *Murray v. Carrier*.

On the adjunct faculty of the Catholic University School of Law since 1984, Lesley holds the title of Distinguished Lecturer. She also serves as a Professorial Lecturer at the George Washington University Law School, where she teaches Consumer Protection Law.





# **FTC-PROOFING YOUR MARKETING CAMPAIGN**

## **a six-step approach**

Lesley Fair's  
comments are her  
own and don't  
reflect the  
official position  
of the FTC - as  
should be readily  
apparent  
momentarily.



# **FTC****BASICS**

1. Get involved early.



Nissan and TBWA (consent orders)





# FTC **BASICS**

1. Get involved early.
2. Have sound science to support objective product claims – express *and* implied.

# ***substantiation***

At minimum, advertisers need the level of substantiation they say (or imply) they have.

## ***substantiation***

Advertisers who make objective health, safety, or efficacy claims need, at minimum, "competent and reliable scientific evidence."

A smaller version of the POM Wonderful bottle is shown inside a white speech bubble with a black outline. The background is a dark red color with a subtle pattern of pomegranate seeds. The text 'I'm off to save PROSTATES!' is written in a bold, black, sans-serif font inside the speech bubble. Below the speech bubble, the text 'The Antioxidant Superpower.' is written in a white, sans-serif font. At the bottom right, the text 'Learn More >' is written in a white, sans-serif font.

***I'm off to save  
PROSTATES!***

**The Antioxidant  
Superpower.**

Learn More >

POM Wonderful LLC, Roll Global LLC, Stewart A. Resnick,  
Lynda Rae Resnick, and Matthew Tupper (appeal pending)



**NEED TO LOSE 30 POUNDS?**  
**TRY SENSA® FREE!\***

SENSA® is clinically proven to help you lose 30 lbs without dieting or spending all your time working out.\*\* Just sprinkle on your food, eat and lose weight!

**GET A GYM BODY WITHOUT GOING TO THE GYM**

- ✓ NO COUNTING CALORIES
- ✓ NO STIMULANTS
- ✓ NO PILLS

**SPECIAL for OK! readers SENSA® OFFER**

Doesn't change the taste of your food!

**TRY SENSA® FREE!**  
 Visit [SensaOffer.com/OK](http://SensaOffer.com/OK) or (800)750-6971  
 CLINICALLY PROVEN. 100% SATISFACTION GUARANTEED.

**GNC LiveWell** SHOP PARTNERING ON AT GNC.COM

\*Offer is Free to try for 30 days. Pay only a small shipping and handling fee. \*\*In one of the largest clinical studies ever conducted, over a 12-week period, 1000 Sensa users lost an average 28.3 pounds or over 6 months, without changing their diet or exercise regimen.

NATURAL DHA DAILY SUPPLEMENT

**brainstrong™**  
 powered by **life'sDHA™**

**NEW!**

**ADULT**

Clinically shown to improve memory™  
 Naturally supports mental clarity\*  
 Helps protect against normal cognitive decline as we age\*

not actual size

**90** 300mg DHA softgels

\*These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure or prevent any disease.

**The Best Way To Treat Lice Is To Avoid Getting Them.**

**Be Prepared with Lice Shield**  
 Scientifically shown to repel head lice. Reducing a child's chance of catching lice during an outbreak.  
 Safe & pesticide free. Formulated with a proprietary blend of essential oils to repel lice.  
 Created with kids' scalps in mind. A Shampoo and Leave In Spray, gentle enough to use every day, with a refreshing, clean fragrance. And, Gear Guard, a spray product developed specially for your child's possessions.  
 Be Prepared with Lice Shield. School lice outbreaks are a fact of life, but now you can reduce the risk of infestation.

**Don't Get Lice, Get Lice Shield.**

A little bit of good luck in getting your kids' best friends prepared for lice. For more about Lice Shield, try on for prevention, and make reservations for school buses and parties with Lice Shield. © 2011 Lornamed, Inc.

Sensa Products (stipulated final judgment)

I-Health, Inc. and Martek Biosciences Corporation (proposed consent orders)

Lornamed, Inc. (proposed consent order)

NOW, CRACK THE CODE  
TO YOUNGER ACTING SKIN.

NEW  
**Youth Code™**  
Youth Regenerating Skincare

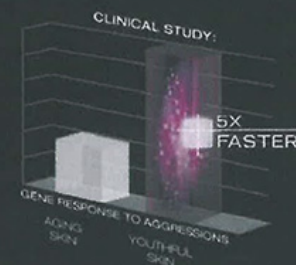


10 YEARS OF GENE RESEARCH  
INTERNATIONAL PATENT

Because you're worth it™  
**L'ORÉAL**  
PARIS

THE NEW ERA OF SKINCARE:  
GENE SCIENCE.

Imagine, what if you could grow young? Every great discovery begins by pushing the boundaries of science. After 10 years of research, now we know that recovery genes in youthful skin respond 5x faster to aggressions than aging skin does. So even though you can't grow young, we now have the knowledge to help you begin cracking the code to younger acting skin.



A dramatic new possibility against the signs of aging: L'Oréal introduces Youth Regenerating Skincare: New Youth Code Serum Intense with GenActiv Technology™. Designed to help increase skin's ability to recover faster from aggressions more like it did when it was younger.\* With Youth Code, now you can instantly improve skin quality while revealing the new youth of your skin.\*\*

Discover all of the Youth Code products and learn more about gene science.  
[LOREALPARIS.COM/YOUTHCODE](http://LOREALPARIS.COM/YOUTHCODE)

\*Based on in vivo testing. \*\*Skin is more youthful looking.  
©2011 L'Oréal USA, Inc.

ONE DROP  
INSTANTLY IMPROVES SKIN QUALITY

ONE WEEK  
SKIN BEGINS TO LOOK YOUNGER

ONE MONTH  
REVEAL THE NEW YOUTH OF YOUR SKIN\*\*



## gRefills are beyond biodegradable.

50 million diapers enter landfills every day. And they can take up to 500 years to break down. It's because disposable diapers are made of plastic and plastic doesn't biodegrade. gDiapers biodegradable gRefills are plastic-free, and they can be flushed, home composted or tossed. No stinky diaper pail. No landfill necessary.



**The only diaper you can flush, compost or toss.**



**flush**

you're putting poop where it belongs

or



**compost**

wet ones in home garden in 50-150 days.

or



**toss**

a plastic-free option that's easier on the planet

A red speech bubble with a white background, containing the text "But we don't sell juice, diapers, or lice shampoo." in bold black font. The speech bubble has a tail pointing towards the bottom left.

**But we don't  
sell juice,  
diapers, or lice  
shampoo.**



# FTC **BASICS**

1. Get involved early.
2. Have sound science to support objective product claims – express *and* implied.
3. The law applies in “new” media.

# Blurred Lines



**Advertising or Content?**  
An FTC Workshop on Native Advertising



ADT LLC (proposed consent order)

## *endorsements*

If there's a connection between an advertiser and a endorser (including a tweeter or blogger) that would be material to the weight a consumer would give the endorsement, disclose it.





# FTC **BASICS**

1. Get involved early.
2. Have sound science to support objective product claims – express *and* implied.
3. The law applies in “new” media.
4. The law applies across all platforms and devices.



SUBSCRIBE



Click link above to get your product. Under 18 need parental consent. Subscribers certify they are the account holder or have the account holder's permission, and agree to these terms, full terms and privacy policy at [www.jamster.com](http://www.jamster.com). For \$9.99/mo get 20 credits to use on ringtones and more with the Jamster Plan. Carrier msg & data rates may apply. Text "STOP" to unsubscribe at any time. Charges will be billed to user's cell phone bill or deducted from cell phone prepaid account. More information at [www.jamster.com](http://www.jamster.com). Help: text HELP to 75555 or call 866-856-5267.

Click to to Get 20 Downloads for \$9.99/mo.

Carrier msg & data rates may apply

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[Click to Subscribe](#)



**consumer refunds of  
at least \$32.5 million**



# **.com Disclosures**

**How to Make Effective Disclosures  
in Digital Advertising**

Federal Trade Commission | March 2013

**If the disclosure of information is necessary to prevent deception – or is required by an FTC Rule – the disclosure must be “clear and conspicuous.”**

*Disclosures should be “as close as possible” to the claims they modify.*

Hyperlinks should be clearly labelled.

**But some topics (e.g., cost, health, safety) may not be suitable for hyperlinks.**

If you need to disclose information, but a particular platform won't let you make the disclosure clearly and conspicuously, don't use that platform to disseminate your ad.



# FTC **BASICS**

1. Get involved early.
2. Have sound science to support objective product claims – express *and* implied.
3. The law applies in “new” media.
4. The law applies across all platforms and devices.
5. Bake privacy and security in from the start.







Credit Karma, Inc. and Fandango, LLC (proposed consent orders)

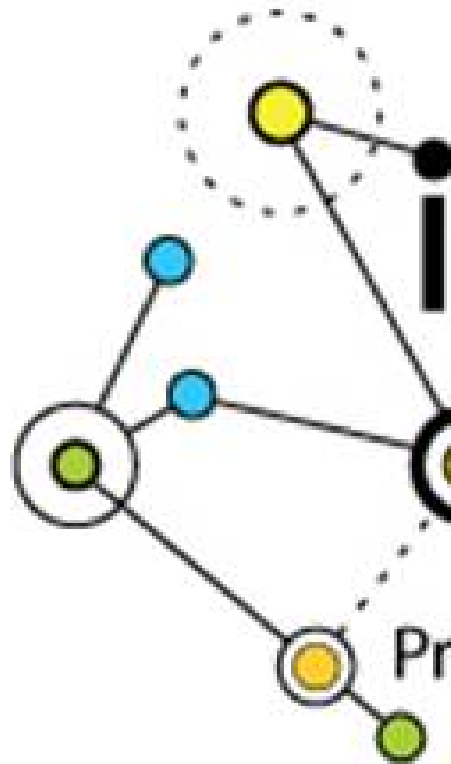




# DATA BROKERS

A Call for Transparency and Accountability

Federal Trade Commission  
May 2014



# internet of things

Privacy & Security in a Connected World



**TRENDnet**®



### SecurView™ Management Software Included

- Motion detection
- Email alerts
- Program recordings
- Manage 16 cameras



1-Way Audio



Day / Night



## SecurView Wireless Day/Night Internet Camera

- Night vision of up to 5m (16 ft.)
- No need for an Ethernet connection, video is transmitted over a secure encrypted wireless signal
- Program motion detection recording and email alerts with complimentary software
- Mount this compact Internet camera on most surfaces



Powered by an ENERGY STAR® qualified adapter for a better environment





# FTC **BASICS**






1. Get involved early.
2. Have sound science to support objective product claims – express *and* implied.
3. The law applies in “new” media.
4. The law applies across all platforms and devices.
5. Bake privacy and security in from the start.
6. Don’t assume legal compliance is someone else’s job.



**WARNING! 216 pieces of compromising content have been detected in your computer!**

Your PC has stored 216 items that are dangerous to your reputation. You can never be 100% sure that your internet activities are private when others can access your computer at work or at home

The found evidence may cause:

-  **Monitoring and investigation of your computer without your awareness**
-  **Accidental or purposeful disclosure of adult materials stored in your PC**
-  **Strong disapproval of your addiction to XXX sites**
-  **High risk to your career and marriage**
-  **Other embarrassing consequences**

To protect your family/career/property and get rid of these compromising contents, you need to hide them completely by means of AdvancedCleaner. For software registration, please click the "Register Now!" button below.



**Repair Now!**

▶ Remind me later



# BUREAU of CONSUMER PROTECTION BUSINESS CENTER

ADVERTISING  
& MARKETING

CREDIT  
& FINANCE

PRIVACY  
& SECURITY

SELECTED  
INDUSTRIES

LEGAL  
RESOURCES



## Background Checks

What Employers Need to Know

Read >>

1 2 3 4 5

### BUSINESS CENTER

#### Write your own headline

June 13, 2014

If you follow this blog, you know we try to catch readers' eye with a turn of phrase in the title. But when one of the defendant companies is named Bullroarer – and the FTC's complaint alleges a massive mobile cramming scam... [READ MORE](#)

[VIEW BLOG](#)

#### MARK YOUR CALENDAR

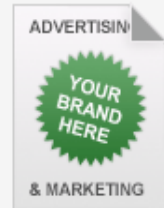
September 15, 2014  
Big Data: A Tool for Inclusion or Exclusion?

#### ADVERTISING & MARKETING

### The FTC's Revised Endorsement Guides: What People are Asking

Answers to questions people are asking about the FTC's revised Endorsement Guides, including information about disclosing material connections between advertisers and endorsers.

TOPICS: ADVERTISING AND MARKETING, ENDORSEMENTS, ONLINE ADVERTISING AND MARKETING



#### CREDIT & FINANCE

## Lice, Lice, Baby

By Lesley Fair

May 28, 2014 - 12:10pm

[ftc.gov/subscribe](http://ftc.gov/subscribe)

Dare us to describe the legal ramifications of a recent advertising settlement involving health claims in the style of a cringeworthy rap from 1990? Cue up the bass line 'cause here we go.

*Yo, FTC, let's kick it.*

*Lice, Lice, Baby. Lice, Lice, Baby.*

*Advertisers, stop! Support your claims with back-up*

*Or face an enforcement crack-up.*

*You need proof. There's no exception.*

*The law bans every kind of deception.*

*To say your products prevent infestation,*

*You need scientific substantiation.*

*Lice, Lice, Baby. Lice, Lice, Baby.*





# TODO

- Check out compliance resources at **[business.ftc.gov](https://business.ftc.gov)**.
- Subscribe to the Business Blog at **[ftc.gov/subscribe](https://ftc.gov/subscribe)**.
- Questions? Reach me at **[lfair@ftc.gov](mailto:lfair@ftc.gov)**.



## Thomas Kjellberg

### Counsel

[DOWNLOAD V-CARD](#) Email: [bjk@cjl.com](mailto:bjk@cjl.com)

1133 Avenue of the Americas, NY 10036-6799  
Ph: 212.790.9202 Fax: 212.575.0671

Tom practices in the areas of copyright, trademarks and right of publicity, including counseling and litigation for clients in a wide variety of industries including publishing, film, music and software. He speaks and writes regularly on copyright, and is co-author, with Bob Clarida, of the annual review of copyright decisions published each year in the *Journal of the Copyright Society of the USA*, and delivered at the Copyright Society's annual meeting. Tom is a past Trustee of the Society. He is an Adjunct Assistant Professor at New York University's School of Continuing and Professional Studies, where he teaches Copyright Law, and has also taught an intellectual property course in Fordham University's Department of Media Studies.

### Practices



Copyright  
Information Technology  
Intellectual Property  
Trademark

### Education

Fordham University School of Law  
(JD 1998, Nathan Burkan Memorial  
Writing Competition - First Place)  
Wayne State University (BFA 1975)

### Bar & Court Admissions

New York  
United States Court of Appeals -  
Second Circuit  
United States District Courts -  
Southern, Eastern Districts of New  
York

### Cases

*Penguin Group (USA) Inc. v. Steinbeck*, 537 F.3d 193 (2d Cir. 2008)  
*Silverstein v. Penguin Putnam, Inc.*, 368 F.3d 77 (2d Cir. 2004); 522 F. Supp. 2d 579 (S.D.N.Y. 2007)  
*Bill Graham Archives v. Dorling Kindersley Limited Ltd.*, 448 F.3d 605 (2d Cir. 2006)  
*Hudson v. Universal Pictures Corp.*, 70 U.S.P.Q.2d 1727 (E.D.N.Y. 2004)

### Articles & Speeches

Copyright Annual Review  
*Copyrights and Technology in the University: Who Owns What and What You Can Use*;  
June 28, 2000, City University of New York Graduate School and University Center;  
sponsored by Office of the General Counsel

*Teaching and Technology: Legal Guidelines for Higher Education in the Electronic Age*; March 24, 2000, State University of New York, College at Oneonta; co-sponsored by the Copyright Society of the U.S.A.

### Affiliations

New York Intellectual Property Law Association (NYIPLA) - Co-Chair, Copyright Committee  
Adjunct Assistant Professor (Copyright Law), New York University  
School of Continuing and Professional Studies  
American Bar Association - Forum on Intellectual Property Law



**Hot Topics in Trademark, Advertising, & Copyright  
July 17, 2014**

**COPYRIGHT FAIR USE UPDATE**

**Thomas Kjellberg**

**COWAN  
LIEBOWITZ  
LATMAN**

**“the most troublesome doctrine in the whole law of copyright”**

***Universal City Studios v. Sony Corp. of America*, 659 F.2d 963 (9th Cir. 1981)**

**“Copyright infringement is when other people use our stuff.**

**Fair use is when we use other people’s stuff.”**

**Anonymous**

**“Fair use theory is our legal tradition’s way of grappling with the central issue of intellectual property: At what point does protecting it start to defeat the purpose for having it in the first place?”**

**Hon. Alex Kozinski, *What’s So Fair About Fair Use?***

**(1999 Brace Memorial Lecture)**

**The Congress shall have Power ...**

**To promote the Progress of  
Science and useful Arts, by  
securing for limited Times to  
Authors and Inventors the  
exclusive Right to their respective  
Writings and Discoveries**

**U.S. Constitution, Art. I, §8, cl. 8.**



# **§ 107. Limitations on exclusive rights: Fair use**

**Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work ... 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.**

# *Campbell v. Acuff-Rose* (1994)

## “Transformativeness”:

**“whether the new work merely supersedes the objects of the original creation, supplanting the original, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.”**

# Kienitz v. Sconnie Nation LLC (W.D. Wis. 2013)













**ALL**

**WWI**

**DO IS**

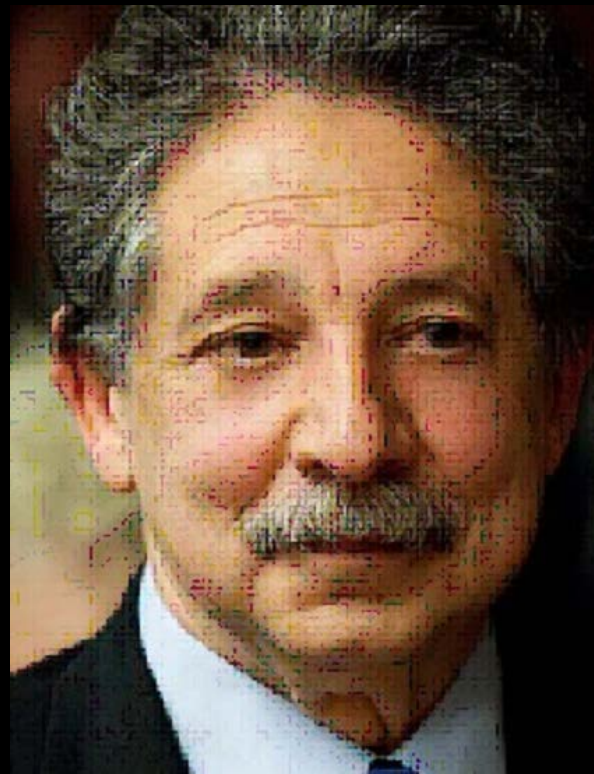
**WIN**

www.wis.com





**BEST  
STATE  
EVER**





**Authors Guild, Inc. v.  
Google Inc. (S.D.N.Y. 2014)**

**White v. West Publ'g Corp.**  
**(S.D.N.Y. 2014)**



**Am. Inst. of Physics v.  
Schwegman Lundberg &  
Woessner, P.A. (D. Minn. 2013)**

**Faulkner Literary Rights, LLC  
v. Sony Pictures Classics Inc.  
(N.D. Miss. 2013)**



**Faulkner, *Requiem for a Nun*:**

**“The past is never dead. It’s not even past.”**

**Woody Allen, *Midnight in Paris*:**

**“The past is not dead. Actually, it’s not even past. You know who said that? Faulkner, and he was right. I met him too. I ran into him at a dinner party.”**

**Michael P. Mills,  
Chief Judge, N.D. Miss.:**

**“The court has viewed Woody Allen's movie, *Midnight in Paris*, read the book, *Requiem for a Nun*, and is thankful that the parties did not ask the court to compare *The Sound and the Fury* with *Sharknado*.”**





**“If the allegedly infringing work makes such a quantitatively insubstantial use of the copyrighted work as to fall below the threshold required for actionable copying, it makes more sense to reject the claim on that basis and find no infringement, rather than undertake an elaborate fair use analysis ....”**

***Ringgold v. Black Entertainment TV*  
(2d Cir. 1997)**



**“The court considers both the substantial similarity and *de minimis* analyses in this case to be fundamentally related, and wholly encompassed within the fair use affirmative defense.”**

**“Therefore, the court will utilize the fair use factors in making a determination on the *de minimis* and substantial similarity issues.”**

**“The quote at issue is of miniscule quantitative importance to the work as a whole. Thus, the court considers both the qualitative and quantitative analyses to tip in favor of fair use. The court concludes that no substantial similarity exists between the copyrighted work and the allegedly infringing work.”**

# ***Cariou v. Prince* (2d Cir. 2013)**



**YES  
RASTA**

**PHOTOGRAPHS BY  
PATRICK  
CARIOU**



















Untitled (Rasta)





Cheese and Crackers





James Brown Disco Ball



Graduation



# Meditation







Canal Zone (2008)






# Canal Zone (2007)





Charlie Company



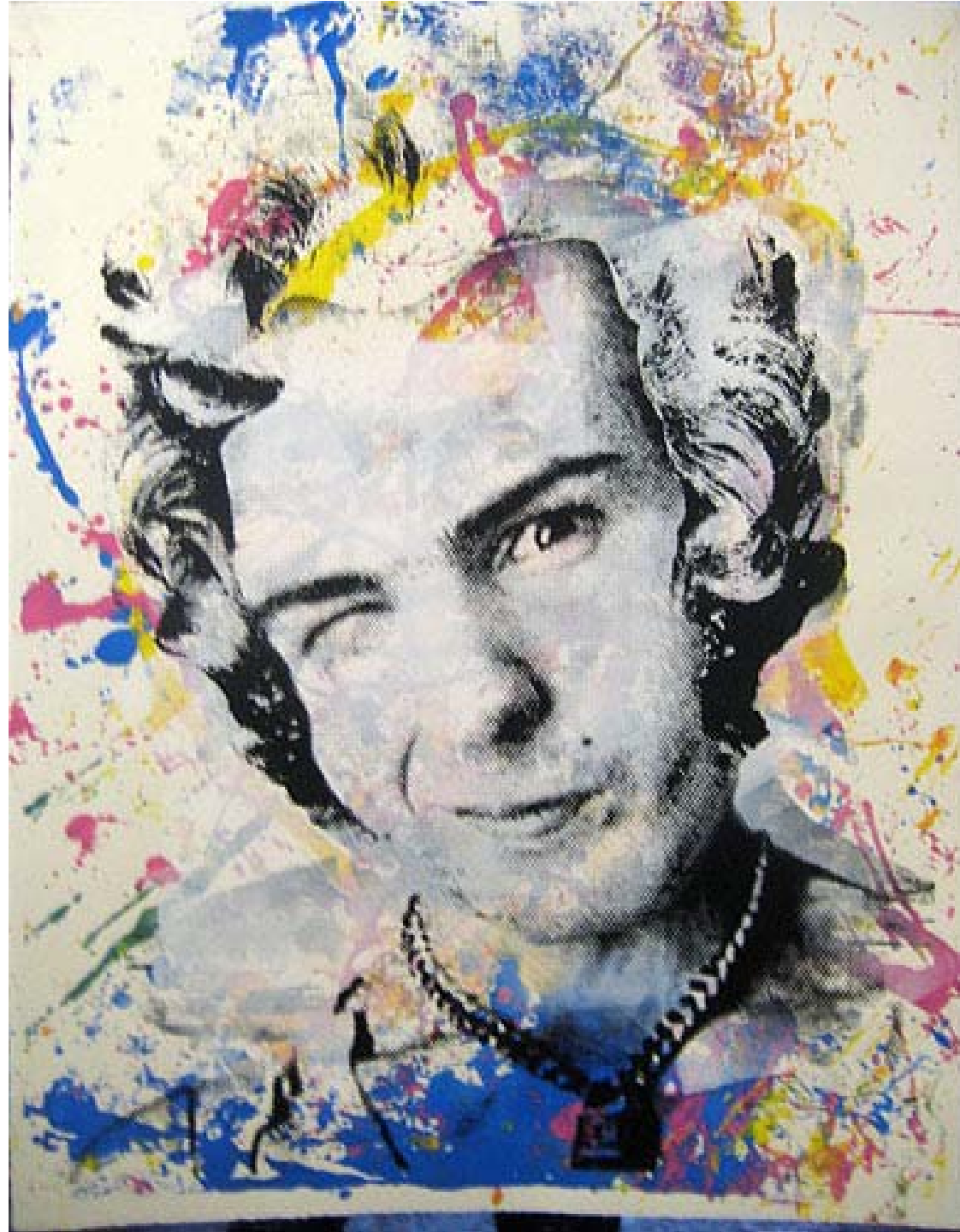
**Morris v. Guetta  
(C.D. Cal. 2013)**











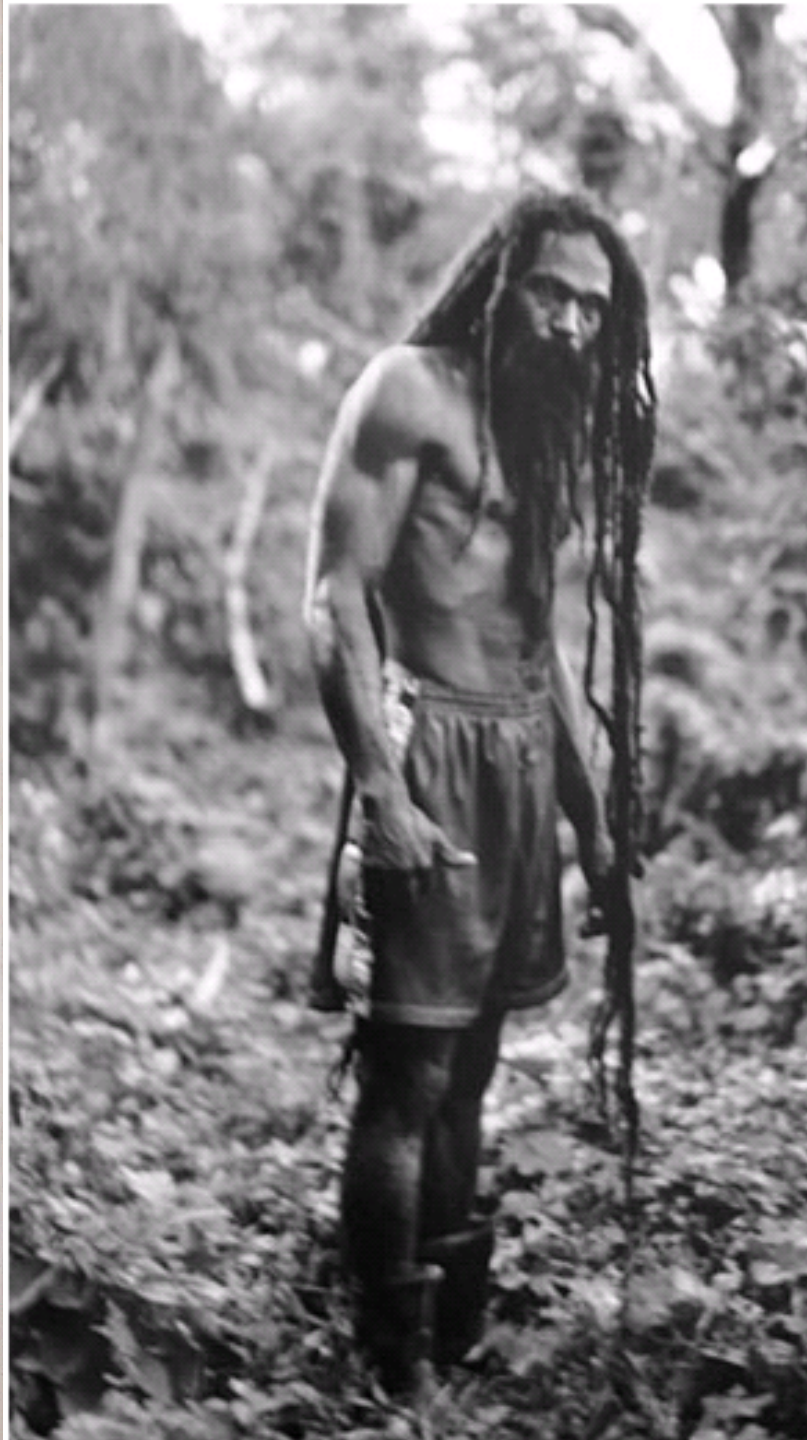
















# ***Seltzer v. Green Day (9th Cir. 2013)***





# ***Seltzer v. Green Day* (9th Cir. 2013)**

965 F. Supp. 2d 1042; 2013 U.S. Dist. LEXIS 115141, \*;  
108 U.S.P.Q.2D (BNA) 1704, \*\*; Copy. L. Rep. (CCH) P30,473

**MICHAEL KIENITZ, Plaintiff, v. SCONNIE NATION LLC, and UNDERGROUND PRINTING-WISCONSIN, L.L.C., Defendants.**

**12-cv-464-slc**

**UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF WISCONSIN**

**965 F. Supp. 2d 1042; 2013 U.S. Dist. LEXIS 115141; 108 U.S.P.Q.2D (BNA) 1704; Copy. L. Rep. (CCH) P30,473**

**August 14, 2013, Decided**

**August 15, 2013, Filed**

**COUNSEL:** [\*1] For Michael Kienitz, Plaintiff: James Donald Peterson, Jennifer Lynn Gregor, LEAD ATTORNEYS, Godfrey & Kahn, S.C., Madison, WI.

For Scennie Nation, LLC, Underground Printing - Wisconsin, LLC, Defendants: Eric Joseph Hatchell, Jeffrey Allan Simmons, Foley & Lardner LLP, Madison, WI.

**JUDGES:** STEPHEN L. CROCKER, United States Magistrate Judge.

**OPINION BY:** STEPHEN L. CROCKER

**OPINION**

**[\*\*1704] OPINION AND ORDER**

In this civil action for copyright infringement, plaintiff Michael Kienitz alleges that defendants Scennie Nation LLC and Underground Printing-Wisconsin, LLC infringed his copyright in the Official Portrait of Mayor Paul Soglin by using the photograph on t-shirts and tank tops manufactured, promoted [**\*\*1705**] and sold in connection with the 2012 Mifflin Street Block Party in Madison, Wisconsin. Before the court are the parties' cross motions for summary judgment on the issue of whether defendants' use of the photograph was a fair use permitted by the Copyright Act. Dkts. 13 and 16. <sup>1</sup> Because the parties agree on the material facts, they ask the court to decide their dispute as a matter of law. *See Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 560, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) (where material facts not in dispute, fair use appropriately [**\*\*2**] decided on summary judgment). After balancing the relevant factors, I conclude that defendants have met their burden with respect to the affirmative defense of fair use and are entitled to summary judgment on Kienitz's copyright infringement claim.

<sup>1</sup> Although Kienitz styles his submission as a brief in opposition to defendants' motion for

summary judgment, he asks the court to consider it his cross motion for summary judgment, which I will do.

Pursuant to the parties' stipulation (dkt. 10), the following material facts are undisputed:

**FACTS**

**I. The Parties**

Plaintiff Michael Kienitz is a journalist and photographer who resides in Madison, Wisconsin. Since the 1980s, Kienitz has covered violent conflict around the world, and his photographs have been published in *Life*, *Time*, *Newsweek*, and other major publications worldwide. A collection of his war photography was published in a 2007 book titled *Small Arms: Children of Conflict*. Kienitz's photographs include one of "Lady Liberty" on frozen Lake Mendota and another of 2,000 plastic flamingos on Bascom Hill at the University of Wisconsin-Madison. These two photographs have been published, under license from Kienitz, in numerous magazines and [**\*\*3**] newspapers.

Defendant Scennie Nation LLC (Scennie) is a Wisconsin limited liability company in the business of developing retail apparel products, including novelty t-shirts, and managing the "Scennie" brand via various licensing arrangements.

Defendant Underground Printing-Wisconsin, LLC (Underground) is a Wisconsin limited liability company that is in the business of apparel retail, custom screen printing, and promotional products. Underground operates a retail store at 521 State Street in Madison, Wisconsin, at which it sells novelty t-shirts and apparel. Underground also sells products through websites, such as [www.sconnie.com](http://www.sconnie.com) and [www.wiscrelic.com](http://www.wiscrelic.com). Underground has a licensing agreement with Scennie, which consults with Underground regarding the development of

t-shirts and other products. Underground supervises the actual production and sale of the t-shirts and products.

## II. Kienitz's Licensing Practices

For more than 40 years, Kienitz has earned a living gathering and producing original journalism and photographs. Part of his income is derived from licensing his photographs, which sometimes produce licensing income long after their creation and first publication. The Lady Liberty [\*4] and flamingo photographs were licensed many times, and a 1975 portrait of Paul Soglin was licensed for the 1999 book, *Frank Lloyd Wright's Monona Terrace: The Enduring Power of Civic Vision*, by David V. Mollenhoff.

When licensing his photos, Kienitz generally knows the details of how the photos will be used. The price that he charges for a license is contingent on the use of the photographing because he wants control over the way his photos are used. Kienitz has denied requests for licenses to his photos when he did not approve of the intended use of the photo. For example, Kienitz denied a request from a sandwich shop to use his "Lady Liberty" photograph in advertising because the sandwich shop wanted to use a version of the photograph featuring a sandwich in place of Lady Liberty's torch.

In the past, Kienitz has licensed photos through stock photo agencies.<sup>2</sup> Therefore, he would not have known all the expressive purposes for which a particular photograph could have been or was used when licensed through a photo agency. To his knowledge, Kienitz has never licensed one of his photos for the purpose of criticizing, mocking, parodying, or satirizing the subject of the photo. Kienitz is [\*5] aware of one instance in which a licensee used a photograph in a manner that was derogatory to or critical of the subject of the photo. Had Kienitz known his licensee intended to use his photograph for that derogatory or critical purpose, [\*\*1706] however, he would not have licensed the photograph to that licensee.

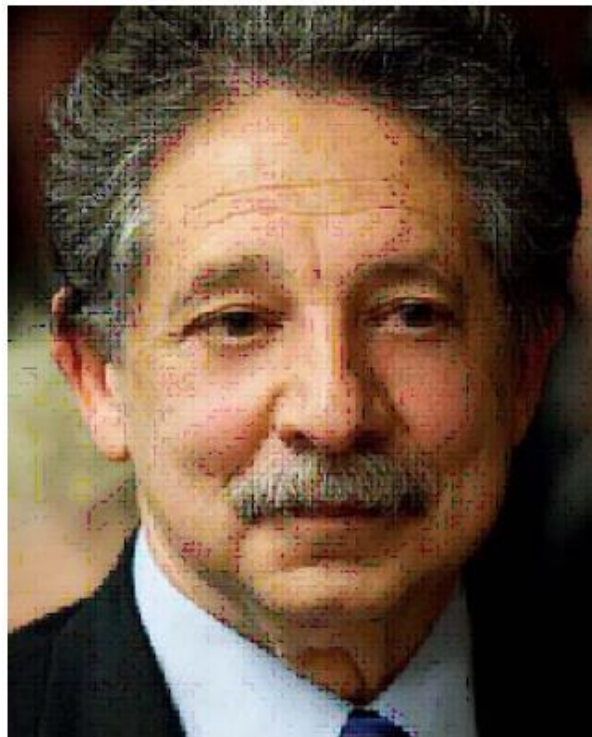
<sup>2</sup> Kienitz has not licensed through photo agencies for many years.

## III. Kienitz's Photograph of Soglin

Kienitz photographed Mayor Soglin, his family, and his staff on April 19, 2011 at the mayoral inauguration ceremony. These photographs were the culmination of Kienitz's documentation of the 2011 Soglin campaign, which began the day Soglin announced that he was going to run for mayor.

After the April 2011 inauguration ceremony, Mayor Soglin's office contacted Kienitz to obtain and use a photograph of Mayor Soglin. Kienitz sent Mayor

Soglin's office a group of photographs that he took during the 2011 campaign. The mayor's office chose a photograph that Kienitz had taken at the April 19, 2011 inauguration ceremony. See Soglin photo, dkt. 10, Exh. A, shown here:



Kienitz verbally gave permission for Mayor Soglin to use the photograph for any noncommercial purposes he desired, and for his staff [\*6] to use the photograph in connection with Mayor Soglin's political activities and for noncommercial uses by news organizations. Kienitz did not place any other restrictions on their use of the photograph or charge Mayor Soglin or his staff a fee for using it. The Soglin photograph was displayed on the City of Madison's official website beginning on April 26, 2011. Effective May 1, 2012, Kienitz registered the photo, which he has titled the "Official Portrait of Mayor Paul Soglin," with the U.S. Copyright Office, Registration No. VA 1-812-155.

At all times relevant to this dispute, the City of Madison website included the visible notation "photo credit" in the lower right corner of the photograph. If an internet user hovers his or her mouse over the photograph on the website, a full photo credit pops up stating: "Photo Credit: Michael Kienitz." The City of Madison website has never included a statutory copyright notice for the photo.

## IV. The Mifflin Street Block Party

The Mifflin Street Block Party is an annual event that began in May 1969 as part of the student protest movement on the UW-Madison campus. At that time, Paul Soglin was a student protest leader at UW-Madison and a Madison [\*7] alder. Soglin attended the first Mifflin Street Block Party and was arrested at the event. In 1972, Soglin was elected mayor of Madison and over the course of the next 40 years, he has served as mayor for more than 15 years during three separate periods.

In a September 10, 2011 interview with *The New York Times*, Soglin said of his participation in and arrest at that first Block Party: "There was an underlying theme of taking a sharp stick . . . and poking it in the eye of authority." The article stated: "Mr. Soglin acknowledges that he has grown to favor 'a sense of order.' That was not exactly a central theme during his protest days, and it causes some amusement among plenty of free-spirited young people." The *New York Times* article quoted Madison Common Council member Mike Verveer as saying, "It's a little ironic, since it was the student vote that originally got Paul elected."

Soglin was Madison's mayor at the time of the 2012 Mifflin Street Block Party, which had become a controversial event subject to significant political debate in Madison. Following the block party in 2011, the *Wisconsin State Journal* quoted Mayor Soglin when asked about the future of the event, as declaring, "All [\*8] I'm interested in is ending this thing." Shortly after the 2011 party, an Underground employee suggested that Sconnie and Underground should sell a shirt in 2012, criticizing in a humorous manner Mayor Soglin's opposition to the block party.

#### V. The "Sorry For Partying" Shirt

In March 2012, with controversy beginning to percolate over the upcoming May 5, 2012 block party, Sconnie and Underground decided [\*\*1707] to create and sell t-shirts and tank tops with the phrase "Sorry For Partying." In order to make the target of their commentary clear, Sconnie and Underground sought a recognizable image of Mayor Soglin to reproduce on the shirt. After a quick internet search, they found the Soglin portrait on the City of Madison's official internet website, [www.cityofmadison.com](http://www.cityofmadison.com).

A small version of this photograph appears on the homepage, and a larger version is prominently displayed on the "Mayor" page. The photograph also was displayed, and continues to be displayed, on the home page for Mayor Soglin's internet blog, [www.waxingamerica.com](http://www.waxingamerica.com). The blog website is operated by Mayor Soglin's campaign committee. Sconnie and Underground discovered that the photograph also was

displayed, and continues to be displayed, [\*9] on Mayor Soglin's Facebook profile.

Underground, in consultation with Sconnie, downloaded a digital copy of Kienitz's Soglin photograph from the City of Madison website. Underground altered the photograph so that Mayor Soglin's face is lime green against black, outlined in bright blue and wreathed on three sides with the phrase "Sorry For Partying," in alternating blue, green and pink spike-fonted lettering. Here's an example:



Underground screen-printed 65 tank tops and 96 t-shirts (hereafter referred to as the "SFP shirts" or "the shirts").<sup>3</sup>

<sup>3</sup> Kienitz believes that it was easier and cheaper to screen print a high-contrast, monochrome version of the Soglin photograph than the half-tone version of the photograph displayed on the City of Madison website. Sconnie and Underground dispute this, contending instead that they created and used the high-contrast, monochrome version because it reflected a neon-colored "party" aesthetic that they thought would be appealing to students attending the block party.

In consultation with Sconnie, Underground sold the SFP shirts between April 2 and May 6, 2012, stopping the day after the 2012 block party. The shirts were sold at Underground's retail store [\*10] and online at [www.sconnie.com](http://www.sconnie.com) and [www.wiscrelic.com](http://www.wiscrelic.com). Underground sold 54 shirts for \$24.99 each and received

\$1,349.46 in gross revenue. Underground's cost per shirt was \$8.13, allowing Sconnie and Underground to earn a gross profit of \$910.44. <sup>4</sup>

4 The parties do not report who absorbed the cost of the 107 printed-but-unsold t-shirts and tank tops, which presumably cost someone a total of \$861.91 to print.

On about April 24, 2012, Kienitz received a communication from Mayor Soglin via Facebook, stating that someone had created a shirt featuring Kienitz's photo. On May 1, 2012, a week after hearing from the Mayor, Kienitz filed an application for federal registration of his copyright in the Soglin photograph. Kienitz has not identified any lost sales or licensing revenue that he has suffered as a result of defendants' use of the Soglin photograph on the SFP shirts.

Kienitz would never license the Soglin photograph for purposes of criticizing, mocking, parodying, or satirizing Mayor Soglin. Kienitz is a current and long-time political supporter of Paul Soglin. Kienitz has chronicled Mayor Paul Soglin's political career in the City of Madison since the mid-1970s, including Mayor Soglin's [\*11] political campaign in 2011.

The sole issue before the court on summary judgment is whether defendants' use of the Soglin photograph was a fair use and, therefore, not in violation of Kienitz's copyright. Because fair use is affirmative defense to a claim of copyright infringement, it is defendants' burden to prove it. *Chicago Bd. of Educ. v. Substance, Inc.*, 354 F.3d 624, 629 (7th Cir. 2003).

The Copyright Act of 1976, 17 U.S.C. § 107, sets forth four, non-exclusive factors that a court must consider in determining whether a particular use of a copyrighted work is a fair use. *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687, 692 [\*\*1708] (7th Cir. 2012). Section 107 provides:

[T]he fair use of a copyrighted work . . . 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) [\*12] 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.

I will address each factor separately:

#### (1) Purpose and Character of Use

The first factor is the "heart of the fair use inquiry" and requires consideration of how the copied work was used. *Cariou v. Prince*, 714 F.3d 694, 705 (2nd Cir. 2013) (citing *Blanch v. Koons*, 467 F.3d 244, 251 (2nd Cir. 2006)). Although the copyright act instructs courts to look at the commercial nature of the use, the Supreme Court has made clear that commercial uses are not presumptively unfair. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 584, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) (finding Congress "could not have intended" such a blanket rule). "[N]early all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research . . . are generally conducted for profit." *Id.*

As the Court has explained, "[t]he crux of the 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 [\*13] material without paying the customary price." *Harper & Row*, 471 U.S. at 562; *see also Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 922 (2nd Cir. 1994) ("The commercial/ nonprofit dichotomy concerns the unfairness that arises when a secondary user makes unauthorized use of copyrighted material to capture significant revenues as a direct consequence of copying the original work."). As a result, the crucial inquiry in the first factor is "whether the new work merely supersedes the original work, or instead adds something new with a further purpose or of a different character." *Brownmark*, 682 F.3d at 693 (citing *Campbell*, 510 U.S. at 579, which defines a transformative work as one that "adds something new, with a further purpose or different character, altering the first with new expression, meaning or message"). The



Court observed that, "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." *Campbell*, 510 U.S. at 579.

There is no question that defendants' SFP shirts were at least in part a commercial venture (albeit a paltry one, with 161 shirts sold over seven weeks). However, in [\*14] addition to trying to make a quick buck, defendants were poking fun at the mayor by spotlighting what they viewed as a curmudgeonly flip-flop on the block party. The fact that Kienitz or perhaps Mayor Soglin may have been offended by this soft jab does not mean that the shirts cannot be deemed a fair use. *Cf. Campbell*, 510 U.S. at 579-80 ("When Sonny Sniffs Glue" a fair use of "When Sunny Gets Blue"; "I Love Sodom" a fair use of "I Love New York").

Further, defendants did not use an exact replica of Kienitz's photograph for monetary gain. They made a monochromatic outline of Mayor Soglin's image in a Paschke-esque neon green, similar in appearance to a photographic negative. As a result, the character and expression of the image is completely different from the original. *See Cariou*, 714 F.3d at 706-07 (paintings incorporating copyrighted photographs of Rastafarians and the Jamaican landscape were transformative because paintings had different character, manifested entirely different aesthetic and gave photographs new expression: plaintiff's photographs were serene and deliberately composed, while defendant's art works were crude, jarring, hectic and provocative).

In the instant case, [\*15] Kienitz's photograph, a candid shot from the inauguration, portrays Mayor Soglin with the gravitas and rectitude one would expect in the official portrait of a sitting mayor. Defendants employed this photograph [\*\*1709] for the diametric purposes of sophomoric humor and political critique. They had no intention of supplanting Kienitz's commercially valuable right; instead, defendants used Kienitz's photograph as raw material to create something entirely new with a different aesthetic, message and meaning. *See Campbell*, 510 U.S. at 579; *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 796, 803 (9th Cir. 2003) (photographs of one or more nude Barbie dolls juxtaposed in dangerous positions against vintage kitchen appliances were transformative); *Castle Rock Entertainment, Inc. v. Carol Pub. Group, Inc.*, 150 F.3d 132, 142 (2d Cir. 1998) (citing Pierre Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1111 (1990)); *Blanch*, 467 F.3d at 252-53 (artist who used fashion photograph in collage painting did not repackage photograph but instead employed it "as fodder for his commentary on the social and aesthetic consequences of mass media").

Kienitz argues that the shirt is really a derivative [\*16] work and that the concept of transformative use is most apt in cases where the defendant is making a commentary on the very work that is copied, such as with parody. Kienitz also contends that defendants' use of his photograph cannot be considered parody because the SFP shirts fail to comment on the photograph itself. This contention is debatable. Although the SFP shirts were not intended to parody Kienitz's photograph *ipsa*, the garishness of Soglin's re-colored visage could be viewed as mocking the gravitas and rectitude with which Kienitz's now-official portrait imbues the mayor. In any event, "a work may contain both parodic and nonparodic elements" and "[a] parody that more loosely targets an original . . . may still be sufficiently aimed at an original work to come within our analysis of parody." *Campbell*, 510 U.S. at 580, 581 n.14; *see also Rogers v. Koons*, 960 F.2d 301, 310 (2 Cir. 1992) ("the copied work must be, at least in part, an object of the parody, otherwise there would be no need to conjure up the original work").

Kienitz is correct that courts have been more willing to grant fair use protections to parodies (using a work in order to poke fun at or comment on the [\*17] work itself) than to satires (using a work to poke fun at or comment on something else). *See Campbell*, 510 U.S. at 580-81 ("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."). However,

The law imposes no requirement that a work comment on the original or its author in order to be considered transformative, and a secondary work may constitute a fair use even if it serves some purpose other than those (criticism, comment, news reporting, teaching, scholarship, and research) identified in the preamble to the statute. Instead, . . . to qualify as a fair use, a new work generally must alter the original with new expression, meaning or message. [The] original must be employed in the creation of new information, new aesthetics, new insights and understandings.

*Cariou*, 714 F.3d at 706 (citing *Campbell*, 510 U.S. at 577 and *Harper & Row*, 471 U.S. at 561).

A "work could be transformative even without commenting on [the author's] work or on culture"--[w]hat is critical is how the work in question

[\*18] appears to the reasonable observer." *Id.* at 707. The Court in *Campbell* explained that

when there is little or no risk of market substitution, whether because of the large extent of transformation of the original work, the new work's minimal distribution in the market, the small extent to which it borrows from the original, or other factors, taking parodic aim at an original is a less critical factor in the analysis, and looser forms of parody may be found to be fair use, as may satire with lesser justification for the borrowing than would otherwise be required.

*Campbell*, 510 U.S. at 581 n.14.

Thus, parody is only one type of fair use, and the ultimate outcome turns on the application of the four fair use factors. *Id.* at 581 ("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").

These considerations reference the essence of the four fair use factors. As discussed in conjunction with the fourth factor, the SFP [\*1710] shirts "have no demonstrative capacity to divert sales from the original" photograph. *MasterCard Intern. Inc. v. Nader 2000 Primary Committee, Inc.*, 2004 U.S. Dist. LEXIS 3644, 2004 WL 434404, \*13 (S.D.N.Y. Mar. 8, 2004). [\*19] As a result, "a showing of 'the parody's critical relationship to the original' is less vital in the fair use analysis." *Id.* (quoting *Campbell*, 510 U.S. at 580 n.14). In this case, the robust transformative nature of defendants' SFP shirts tips this first factor toward fair use, even taking into account the fact that the shirts were a commercial product.

## (2) Nature of The Copyrighted Work

Courts generally consider two aspects of a copyrighted work in evaluating this factor: (1) whether the work is more creative or factual in nature, and (2) whether it is unpublished, in which case the right of first publication is implicated. *Nunez v. Caribbean Int'l News Corp.*, 235 F.3d 18, 23 (1st Cir. 2000) (citing *Harper & Row*, 471 U.S. at 563-64). "[T]he more creative the work, the more protection it should be accorded from copying; correlatively, the more informational or functional the plaintiff's work, the broader should be the scope of the fair use defense." 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.05[A][2][a], p. 13-186 (Matthew Bender, 2013 Ed.). "Notwithstanding that general pronouncement, this second [fair use] factor more typically recedes into insignificance in the

[\*20] greater fair use calculus." *Id.*; see also *Campbell*, 510 U.S. at 586 (creative nature of the original work normally will not help much in determining whether a parody of the original is a fair use).

Photography is an art that often involves a fair amount of skill to do well, and merits copyright protection. *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1177 (9th Cir. 2012); *Nunez*, 235 F.3d at 23. Kienitz argues that the Soglin photograph had several creative elements, including capturing Soglin's pose and expression and choosing the appropriate lens, angle and level of light. He compares the creative value of his photograph to those in *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 60, 4 S. Ct. 279, 28 L. Ed. 349, 1884 Dec. Comm'r Pat. 186 (1884) (photograph of Oscar Wilde was original creative work because photographer posed the subject and selected his clothing, background, lighting and expression); *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109, 115 (2nd Cir. 1998) (photograph of pregnant, nude Demi Moore that court found exhibited significant expression); *Rogers*, 960 F.2d at 303, 310 (photograph of husband and wife holding a litter of puppies held to have "more in common with fiction than with works based on facts" because [\*21] artist selected light, location and arrangement of subjects); *Cariou v. Prince*, 784 F. Supp. 2d 337, 343, 352 (S.D.N.Y. 2011), *rev'd on other grounds*, 714 F.3d 694 (portraits of Rastafarians and Jamaican landscape photos "highly original and creative artistic works").<sup>5</sup>

5 On appeal, the Court of Appeals for the Second Circuit noted that although "Cariou's work is creative and published," "this factor 'may be of limited usefulness where,' as here, 'the creative work of art is being used for a transformative purpose.'" *Cariou*, 714 F.3d at 710 (quoting *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 612 (2nd Cir. 2006)).

However, as defendants point out, unlike many of the works cited by Kienitz, the photograph of Soglin was not an "artistic representation[] designed primarily to express [Kienitz's] ideas, emotions, or feelings," but is instead a candid image taken of the mayor at a political event. *Nunez*, 235 F.3d at 23 (revealing photos taken for modeling portfolio were a publicity attempt to highlight the subject's abilities as a potential model). In defendants' view, the Soglin photograph is primarily factual in nature, depicting what the mayor looked like at his inauguration. [\*22] See *Fitzgerald v. CBS Broadcasting, Inc.*, 491 F. Supp. 2d 177, 188 (D. Mass. 2007) (photograph of mobster transferred from jail "exercised no more than the minimum authorial decision-making necessary to make a work copyrightable"). Although defendants are correct that Kienitz's shot of Soglin might not contain or

display as much artistic expression as the photographs in the cases cited by Kienitz, I cannot find that his photograph of Mayor Soglin was purely factual in nature like the photograph snapped in *Fitzgerald*. Kienitz would have made at least some artistic/creative decisions with respect to composition, lighting and timing. Also, as noted above, Kienitz succeeded in capturing an image of Soglin that portrays him as any decorous and distinguished mayor would like to be portrayed in his official website photograph. That's not necessarily easy to do.

[\*\*1711] With respect to the second aspect of the second factor, defendants' use of Kienitz's photograph did not usurp his right of first publication. Although the photograph never had been published in any book or public portfolio, it appears on the City of Madison website, on Mayor Soglin's internet blog and on his Facebook page. Kienitz intended [\*23] for Mayor Soglin to use the photograph publically as an official portrait and for any other non-commercial use. *Nunez*, 235 F.3d at 24 (noting pictures commissioned for very purpose of semi-public dissemination).

With relevant considerations pointing both directions, I do not find that the factor addressing the nature of the work strongly favors either side. Therefore, I have attributed it little weight in the fair use analysis.

### (3) Amount and Substantiality of Work Used

The third factor requires a court to examine the amount and substantiality of what was used in relation to the copyrighted work as a whole. *Harper & Row*, 471 U.S. at 564. It is both a qualitative and quantitative analysis. *Campbell*, 510 U.S. at 586; *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 613 (2 Cir. 2006). There is no per se rule against copying a work as a whole if it is necessary to the purpose and character of the use. *Chicago Bd. of Educ.*, 354 F.3d at 629. The focus is not on how much of the work was taken but to what extent the protected elements were copied from the original. *See Salinger v. Random House, Inc.*, 811 F.2d 90, 97 (2nd Cir. 1987); 1 *Art, Artifact, Architecture and Museum Law* [\*24] § 7.109.

Here, defendants did not take the "heart" of Kienitz's work, using a negative image and outline of the photograph and figuratively reversing the tenor of the image. *Cf. Harper & Row*, 471 U.S. at 565 (portions of book copied were most moving and interesting parts and qualitatively embodied author's distinctive expression). As a result, the artistic elements claimed by Kienitz (e.g., the lighting, expression and pose) fade to insignificance on the SFP shirts, if they do not evanesce completely. *See Bill Graham Archives*, 448 F.3d at 613 (although thumbnail images of concert posters used entire copyrighted images, "the visual impact of their artistic ex-

pression is significantly limited because of their reduced size"). Even in a side-by-side comparison, it is difficult to discern that the image on the SFP shirts is an altered version of the Soglin portrait created by Kienitz.

In sum, this factor weighs in favor of fair use because the amount and substantiality of the photograph used by defendants was "reasonable in relation to the purpose of the copying." *Campbell*, 510 U.S. at 587-88; *see also Blanch*, 467 F.3d at 258 (finding reasonable defendant's choice to extract portions of copyrighted [\*25] work with purpose of evoking "certain style of mass communication").

### (4) Effect of Defendants' Use on the Market

The Supreme Court has stated that this factor is "the single most important element of fair use." *Harper & Row*, 471 U.S. at 566. "Fair use, when properly applied, is limited to copying by others which does not materially impair the marketability of the work which is copied." *Id.* at 566-67, quoting 1 *Nimmer*, § 1.10[D] at 1-87; *see also Stewart v. Abend*, 495 U.S. 207, 238, 110 S. Ct. 1750, 109 L. Ed. 2d 184 (1990). The question is whether the new work will be a market substitute for the copyrighted material. *Campbell*, 510 U.S. at 591. A court must consider "not only the extent of the 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. *Id.* at 590 (quoting 3 *Nimmer* § 13.05[A][4], at 13--102.61). "The less adverse impact on the owner, the less public benefit need be shown to sustain non-commercial fair use." *Rogers*, 960 F.2d at 311-12.

In *Ty, Inc. v. Publications International Ltd.*, 292 F.3d 512, 518 (7th Cir. 2002), [\*26] the court explained the essence of this factor by illustrating the distinction between transformative and superseding copies (or to use the dichotomy preferred by the court, "complementary" versus "substitutional" copying). If the new work substitutes for and is likely to reduce the demand for the copyrighted original, then it is not a fair use. *Id.* (explaining that a book review or parody compliments and does not reduce demand for original work, whereas burlesque is merely a humorous substitute catering to humor-loving segment of the original's market).

[\*\*1712] Viewing the two images side-by-side is enough to establish that defendants' SFP shirts were not a substitute for and did not reduce the demand for Kienitz's photographic portrait of Mayor Soglin. Anyone seeking a photographic portrait--or even just an accurate representative image--of the mayor would not even consider the garish image of the mayor splashed onto defendants' SFP shirts. That would be enough to quash the sale, but

there's also the mocking apology garlanding the cartoonish image which partially blocks the mayor's features and which would totally irritate viewers who deemed Mayor Soglin to be worthy of and deserving more respect. [\*27] As the Court noted in *Campbell*, with a true transformation "it is more likely that the new work will not affect the market for the original . . . because the parody and the original usually serve different market functions." 510 U.S. at 591.

Even Kienitz recognizes that the market for his photograph and the market for defendants' SFP shirts are skew, as in nonintersecting and not even parallel. Kienitz avers that he would never license his photograph of Mayor Soglin for the purpose of criticizing, mocking, parodying or satirizing Mayor Soglin; indeed, he would never sanction such disrespect toward any of his photographic subjects. In what may be a frustrating paradox to a copyright holder, the farther from his original purpose, character and audience a subsequent use deviates, the more likely this use will be deemed fair because it is anything but a substitute for the copyrighted creation. So it is here. In sum, the facts relevant to this factor militate toward a finding of fair use by defendants.

### III. Conclusion

Factors (1), (3) and (4) of the fair use test favor defendants and factor (2) is pretty much a toss-up. As a result, I conclude that defendants have met their burden of establishing [\*28] fair use. They are entitled to summary judgment on Kienitz's copyright claim. Given this finding, it is unnecessary to reach defendants' argument that the First Amendment considerations of free political speech and discourse also weigh in favor of fair use.<sup>6</sup>

6 Defendants cite the Supreme Court's pronouncement that "copyright law 6 contains built-in First Amendment accommodations." *Eldred v. Ashcroft*, 537 U.S. 186, 219, 221, 123 S. Ct. 769, 154 L. Ed. 2d 683 (2003). In response, Kienitz points out that notwithstanding *Eldred*, the Seventh Circuit has found that the First Amendment does not otherwise add to or substitute for the fair use defense itself. *Chicago Bd. of Educ.*, 354 F.3d at 631.

### ORDER

IT IS ORDERED that:

(1) The motion for summary judgment filed by defendants Sconnie Nation LLC and Underground Printing-Wisconsin, LLC (dkt. 13) is GRANTED.

(2) The motion for summary judgment filed by plaintiff Michael Kienitz (dkt. 16) is DENIED.

(3) The clerk of court is directed to enter judgment in favor of defendants and close this case.

Entered this 14th day of August, 2013.

BY THE COURT:

/s/

STEPHEN L. CROCKER

Magistrate Judge

954 F. Supp. 2d 282, \*; 2013 U.S. Dist. LEXIS 162198, \*\*;  
108 U.S.P.Q.2D (BNA) 1674, \*\*\*; Copy. L. Rep. (CCH) P30,517

**THE AUTHORS GUILD, INC., and BETTY MILES, JOSEPH GOULDEN, and  
JIM BOUTON, on behalf of themselves and all others similarly situated, Plaintiffs, -  
against - GOOGLE INC., Defendant.**

**05 Civ. 8136 (DC)**

**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF  
NEW YORK**

**954 F. Supp. 2d 282; 2013 U.S. Dist. LEXIS 162198; 108 U.S.P.Q.2D (BNA) 1674;  
Copy. L. Rep. (CCH) P30,517; 41 Media L. Rep. 2746**

**November 14, 2013, Decided**

**November 14, 2013, Filed**

**PRIOR HISTORY:** Authors Guild, Inc. v. Google Inc.,  
721 F.3d 132, 2013 U.S. App. LEXIS 13389 (2d Cir.,  
2013)

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**JUDGES:** DENNY CHIN, United States Circuit Judge.

**OPINION BY:** DENNY CHIN

**OPINION**

[\*284] [\*\*\*1675] CHIN, Circuit Judge

Since 2004, when it announced agreements with several major research libraries to digitally copy books in their collections, defendant Google Inc. ("Google") [\*\*2] has scanned more than twenty million books. It has delivered digital copies to participating libraries, created an electronic database of books, and made text available for online searching through the use of "snippets." Many of the books scanned by Google, however, were under copyright, and Google did not obtain permission from the copyright holders for these usages of their copyrighted works. As a consequence, in 2005, plaintiffs brought this class action charging Google with copyright infringement.

Before the Court are the parties' cross-motions for summary judgment with respect to Google's defense of fair use under § 107 of the Copyright Act, 17 U.S.C. § 107. For the reasons set forth below, Google's motion for summary judgment is granted and plaintiffs' motion for partial summary judgment is denied. Accordingly, judgment will be entered in favor of Google dismissing the case.

## **BACKGROUND**

### **A. The Facts**

For purposes of this motion, the facts are not in dispute. (See 9/23/13 Tr. 10-11, 15, 25-28 (Doc. No. 1086)).<sup>1</sup> They are summarized as follows:

1 When pressed at oral argument to identify any factual issues that would preclude the award of summary judgment, plaintiffs' counsel was unable [\*\*3] to do so. (Id. at 25-26).

#### **[\*285] 1. The Parties**

Plaintiff Jim Bouton, the former pitcher for the New York Yankees, is the legal or beneficial owner of the

U.S. copyright in the book [\*\*\*1676] Ball Four. Plaintiff Betty Miles is the legal or beneficial owner of the U.S. copyright in the book *The Trouble with Thirteen*. Plaintiff Joseph Goulden is the legal or beneficial owner of the U.S. copyright in the book *The Superlawyers: The Small and Powerful World of the Great Washington Law Firms*. (Google Resp. ¶¶ 1-3).<sup>2</sup> All three books have been scanned by Google and are available for search on Google's website, without plaintiffs' permission. (Google Resp. ¶ 4). Plaintiff The Authors Guild, Inc., is the nation's largest organization of published authors and it advocates for and supports the copyright and contractual interests of published writers. (Google Resp. ¶¶ 7-8).

2 "Google Resp." refers to Google's Responses and Objections to plaintiffs' Statement of Undisputed Facts in Support of Their Motion for Partial Summary Judgment (Doc. No. 1077). "Pl. Resp." refers to plaintiffs' Response to Google's Local Rule 56.1 Statement (Doc. No. 1071). I have relied on the parties' responses to the statements of undisputed [\*\*4] facts only to the extent that factual statements were not controverted.

Google owns and operates the largest Internet search engine in the world. (Google Resp. ¶ 9). Each day, millions of people use Google's search engine free of charge; commercial and other entities pay to display ads on Google's websites and on other websites that contain Google ads. (Google Resp. ¶ 10). Google is a for-profit entity, and for the year ended December 31, 2011, it reported over \$36.5 billion in advertising revenues. (Google Resp. ¶ 11).

## 2. The Google Books Project

In 2004, Google announced two digital books programs. The first, initially called "Google Print" and later renamed the "Partner Program," involved the "hosting" and display of material provided by book publishers or other rights holders. (Google Resp. ¶¶ 13, 14). The second became known as the "Library Project," and over time it involved the digital scanning of books in the collections of the New York Public Library, the Library of Congress, and a number of university libraries. (Clancy Decl. ¶ 5 (Doc. No. 1035); Google Resp. ¶¶ 25, 26, 27; Pl. Resp. ¶ 14).

The Partner Program and the Library Project together comprise the Google Books program [\*\*5] ("Google Books"). (Google Resp. ¶ 15). All types of books are encompassed, including novels, biographies, children's books, reference works, textbooks, instruction manuals, treatises, dictionaries, cookbooks, poetry books, and memoirs. (Pl. Resp. ¶ 6; Jaskiewicz Decl. ¶ 4 (Doc. No. 1041)). Some 93% of the books are non-fiction while

approximately 7% are fiction.<sup>3</sup> Both in-print and out-of-print books are included, although the great majority are out-of-print. (Jaskiewicz Decl. ¶ 4).

3 These estimates are based on studies of the contents of the libraries involved. (Def. Mem. at 7 (Doc. No. 1032) (citing Brian Lavoie and Lorcan Dempsey, *Beyond 1923: Characteristics of Potentially In-Copyright Print Books in Library Collections*, 15-D-Lib 11/12 (2009), available at <http://www.dlib.org/dlib/november09/lavoie/11lavoie.html> (last visited November 12, 2013)). The numbers are not disputed. (See 9/23/2013 Tr. at 26).

In the Partner Program, works are displayed with permission of the rights holders. (Google Resp. ¶ 16). The Partner Program is aimed at helping publishers sell books and helping books become discovered. (Google Resp. ¶ 18). Initially, Google shared revenues from ads with publishers [\*\*6] or other rights holders in certain circumstances. In 2011, however, Google stopped displaying ads in connection with all books. (Google Resp. ¶¶ 17, [\*\*286] 21; Dougall Decl. ¶¶ 5-8 (Doc. No. 1076)). Partners provide Google with a printed copy of their books for scanning, or a digital copy if one already exists. (Google Resp. ¶ 19). Partners decide how much of their books -- from a few sample pages to the entire book -- are browsable. (Google Resp. ¶ 20). As of early 2012, the Partner Program included approximately 2.5 million books, with the consent of some 45,000 rights holders. (Google Resp. ¶ 24).

As for the Library Project, Google has scanned more than twenty million books, in their entirety, using newly-developed scanning technology. (Google Resp. ¶¶ 28, 29). Pursuant to their agreement with Google, participating libraries can download a digital copy of each book scanned from their collections. (Google Resp. ¶ 30). Google has provided digital copies of millions of these books to the libraries, in accordance with these agreements. (Google Resp. ¶ 85). Some libraries agreed to allow Google to scan only public domain works, while others allowed Google to scan in-copyright works as well. [\*\*7] (Google Resp. ¶ 36).

Google creates more than one copy of each book it scans from the library collections, and it maintains digital copies of each book on its [\*\*\*1677] servers and back-up tapes. (Google Resp. ¶¶ 40, 41). Participating libraries have downloaded digital copies of in-copyright books scanned from their collections. (Google Resp. ¶¶ 53, 54). They may not obtain a digital copy created from another library's book. (Jaskiewicz Decl. ¶¶ 6, 8). The libraries agree to abide by the copyright laws with respect to the copies they make. (Clancy Decl. ¶ 5).

Google did not seek or obtain permission from the copyright holders to digitally copy or display verbatim expressions from in-copyright books. (Google Resp. ¶¶ 53, 54). Google has not compensated copyright holders for its copying of or displaying of verbatim expression from in-copyright books or its making available to libraries for downloading of digital copies of in-copyright books scanned from their collections. (Google Resp. ¶ 55).

### 3. Google Books

In scanning books for its Library Project, including in-copyright books, Google uses optical character recognition technology to generate machine-readable text, compiling a digital copy of each [\*8] book. (Google Resp. ¶ 62; Pl. Resp. ¶ 18; Jaskiewicz Decl. ¶ 3). Google analyzes each scan and creates an overall index of all scanned books. The index links each word or phrase appearing in each book with all of the locations in all of the books in which that word or phrase is found. The index allows a search for a particular word or phrase to return a result that includes the most relevant books in which the word or phrase is found. (Clancy Decl. ¶ 6; Pl. Resp. ¶¶ 22-26). Because the full texts of books are digitized, a user can search the full text of all the books in the Google Books corpus. (Clancy Decl. ¶ 7; Google Resp. ¶ 42).

Users of Google's search engine may conduct searches, using queries of their own design. (Pl. Resp. ¶ 10). In response to inquiries, Google returns a list of books in which the search term appears. (Clancy Decl. ¶ 8). A user can click on a particular result to be directed to an "About the Book" page, which will provide the user with information about the book in question. The page includes links to sellers of the books and/or libraries that list the book as part of their collections. No advertisements have ever appeared on any About the Book page that is [\*9] part of the Library Project. (Clancy Decl. ¶ 9).

For books in "snippet view" (in contrast to "full view" books), Google divides each page into eighths -- each of which is a [\*287] "snippet," a verbatim excerpt. (Google Resp. ¶¶ 43, 44). Each search generates three snippets, but by performing multiple searches using different search terms, a single user may view far more than three snippets, as different searches can return different snippets. (Google Resp. ¶ 45). For example, by making a series of consecutive, slightly different searches of the book *Ball Four*, a single user can view many different snippets from the book. (Google Resp. ¶¶ 46, 47).

Google takes security measures to prevent users from viewing a complete copy of a snippet-view book.

For example, a user cannot cause the system to return different sets of snippets for the same search query; the position of each snippet is fixed within the page and does not "slide" around the search term; only the first responsive snippet available on any given page will be returned in response to a query; one of the snippets on each page is "black-listed," meaning it will not be shown; and at least one out of ten entire pages in each book is black-listed. [\*10] (Google Resp. ¶¶ 48-50; Pl. Resp. ¶¶ 35, 37-40). An "attacker" who tries to obtain an entire book by using a physical copy of the book to string together words appearing in successive passages would be able to obtain at best a patchwork of snippets that would be missing at least one snippet from every page and 10% of all pages. (Pl. Resp. ¶ 41). In addition, works with text organized in short "chunks," such as dictionaries, cookbooks, and books of haiku, are excluded from snippet view. (Pl. Resp. ¶ 42).

### 4. The Benefits of the Library Project and Google Books

The benefits of the Library Project are many. First, Google Books provides a new and efficient way for readers and researchers to find books. (See, e.g., Clancy Decl. Ex. G). It makes tens of millions of books searchable by words and phrases. It provides a searchable index linking each word in any book to all books in which that word appears. (Clancy Decl. ¶ 7). Google Books has become an essential research tool, as it helps librarians identify and find research sources, it makes the process of interlibrary lending more efficient, and it facilitates finding and checking citations. (Br. of Amici Curiae American Library [\*1678] Ass'n et al. at 4-7 [\*11] (Doc. No. 1048)). Indeed, Google Books has become such an important tool for researchers and librarians that it has been integrated into the educational system -- it is taught as part of the information literacy curriculum to students at all levels. (Id. at 7).

Second, in addition to being an important reference tool, Google Books greatly promotes a type of research referred to as "data mining" or "text mining." (Br. of Digital Humanities and Law Scholars as Amici Curiae at 1 (Doc. No. 1052)). Google Books permits humanities scholars to analyze massive amounts of data -- the literary record created by a collection of tens of millions of books. Researchers can examine word frequencies, syntactic patterns, and thematic markers to consider how literary style has changed over time. (Id. at 8-9; Clancy Decl. ¶ 15). Using Google Books, for example, researchers can track the frequency of references to the United States as a single entity ("the United States is") versus references to the United States in the plural ("the United States are") and how that usage has changed over time. (Id. at 7). The ability to determine how often different



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words or phrases appear in books at different times "can **[\*\*12]** provide insights about fields as diverse as lexicography, the evolution of grammar, collective memory, the adoption of technology, the pursuit of fame, censorship, and historical epidemiology." Jean-Baptiste Michel et al., *Quantitative Analysis **[\*288]** of Culture Using Millions of Digitized Books*, 331 *Science* 176, 176 (2011) (Clancy Decl. Ex. H).

Third, Google Books expands access to books. In particular, traditionally underserved populations will benefit as they gain knowledge of and access to far more books. Google Books provides print-disabled individuals with the potential to search for books and read them in a format that is compatible with text enlargement software, text-to-speech screen access software, and Braille devices. Digitization facilitates the conversion of books to audio and tactile formats, increasing access for individuals with disabilities. (Letter from Marc Maurer, President of the National Federation for the Blind, to J. Michael McMahon, Office of the Clerk (Jan. 19, 2010) (Doc. No. 858)). Google Books facilitates the identification and access of materials for remote and underfunded libraries that need to make efficient decisions as to which resources to procure for their **[\*\*13]** own collections or through interlibrary loans. (Br. of Amici Curiae American Library Ass'n at 5-6).

Fourth, Google Books helps to preserve books and give them new life. Older books, many of which are out-of-print books that are falling apart buried in library stacks, are being scanned and saved. See *Authors Guild v. Google Inc.*, 770 F. Supp. 2d 666, 670 (S.D.N.Y. 2011). These books will now be available, at least for search, and potential readers will be alerted to their existence.

Finally, by helping readers and researchers identify books, Google Books benefits authors and publishers. When a user clicks on a search result and is directed to an "About the Book" page, the page will offer links to sellers of the book and/or libraries listing the book as part of their collections. (Clancy Decl. ¶ 9). The About the Book page for *Ball Four*, for example, provides links to Amazon.com, Barnes&Noble.com, Books-A-Million, and IndieBound. (See Def. Mem. at 9). A user could simply click on any of these links to be directed to a website where she could purchase the book. Hence, Google Books will generate new audiences and create new sources of income.

As amici observe: "Thanks to . . . [Google Books], **[\*\*14]** librarians can identify and efficiently sift through possible research sources, amateur historians have access to a wealth of previously obscure material, and everyday readers and researchers can find books that were once

buried in research library archives." (Br. of Amici Curiae American Library Ass'n at 3).

## B. Procedural History

Plaintiffs commenced this action on September 20, 2005, alleging, inter alia, that Google committed copyright infringement by scanning copyrighted books and making them available for search without permission of the copyright holders. From the outset, Google's principal defense was fair use under § 107 of the Copyright Act, 17 U.S.C. § 107.

After extensive negotiations, the parties entered into a proposed settlement resolving plaintiffs' claims on a class-wide basis. On March 22, 2011, I issued an opinion rejecting the proposed settlement on the grounds that it was not fair, adequate, and reasonable. *Authors Guild v. Google Inc.*, 770 F. Supp. 2d 666 (S.D.N.Y. 2011).

**[\*\*\*1679]** Thereafter, the parties engaged in further settlement discussions, but they were unable to reach agreement. The parties proposed and I accepted a schedule that called for the filing of plaintiffs' **[\*\*15]** class certification motion, the completion of discovery, and then the filing of summary judgment motions. (See 9/16/11 Order (Doc. **[\*289]** No. 982)). Plaintiffs filed a fourth amended class action complaint (the "Complaint") on October 14, 2011. (Doc. No. 985). While the dates in the schedule were subsequently extended, the sequence of events was retained, with the class certification motion to precede the summary judgment motions, and adding dates for Google's filing of a motion to dismiss the Authors Guild's claims. (See, e.g., 1/17/12 Order (Doc. No. 996); 3/28/12 Order (Doc. No. 1007)).

Plaintiffs filed their class certification motion and Google filed its motion to dismiss the Authors Guild's claims. On May 31, 2012, I issued an opinion denying Google's motion to dismiss and granting the individual plaintiffs' motion for class certification. *Authors Guild v. Google Inc.*, 282 F.R.D. 384 (S.D.N.Y. 2012).

On June 9, 2012, I issued an order re-setting the briefing schedule for the summary judgment motions. (6/19/12 Order (Doc. No. 1028)). The parties thereafter filed the instant cross-motions for summary judgment. Before the motions were fully submitted, however, the Second Circuit issued an **[\*\*16]** order on September 17, 2012, staying these proceedings pending an interlocutory appeal by Google from my decision granting class certification. (9/17/12 Order (Doc. No. 1063)).

On July 1, 2013, without deciding the merits of the appeal, the Second Circuit vacated my class certification decision, concluding that "resolution of Google's fair use defense in the first instance will necessarily inform and perhaps moot our analysis of many class certification

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issues." Authors Guild, Inc. v. Google Inc., 721 F.3d 132, 134 (2d Cir. 2013). The Second Circuit remanded the case "for consideration of the fair use issues." Id. at 135.

On remand, the parties completed the briefing of the summary judgment motions. I heard oral argument on September 23, 2013. I now rule on the motions.

## **DISCUSSION**

For purposes of these motions, I assume that plaintiffs have established a prima facie case of copyright infringement against Google under 17 U.S.C. § 106. See Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991). Google has digitally reproduced millions of copyrighted books, including the individual plaintiffs' books, maintaining copies for itself on its servers and backup tapes. See 17 U.S.C. § 106(1) [\*\*17] (prohibiting unauthorized reproduction). Google has made digital copies available for its Library Project partners to download. See 17 U.S.C. § 106(3) (prohibiting unauthorized distribution). Google has displayed snippets from the books to the public. See 17 U.S.C. § 106(5) (prohibiting unauthorized display). Google has done all of this, with respect to in-copyright books in the Library Project, without license or permission from the copyright owners. The sole issue now before the Court is whether Google's use of the copyrighted works is "fair use" under the copyright laws. For the reasons set forth below, I conclude that it is.

### **A. Applicable Law**

Fair use is a defense to a claim of copyright infringement. The doctrine permits the fair use of copyrighted works "to fulfill copyright's very purpose, '[t]o promote the Progress of Science and useful Arts.'" *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) (quoting U.S. Const., Art. I, § 8, cl. 8)); accord *Cariou v. Prince*, 714 F.3d 694, 705 (2d Cir. 2013). Copyright law seeks to achieve that purpose by providing sufficient protection to authors and inventors to stimulate creative activity, [\*290] while at the same time permitting others [\*\*18] to utilize protected works to advance the progress of the arts and sciences. See *Eldred v. Ashcroft*, 537 U.S. 186, 212, 123 S. Ct. 769, 154 L. Ed. 2d 683 (2003); *Blanch v. Koons*, 467 F.3d 244, 250 (2d Cir. 2006); Hon. Pierre N. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1107-08 (1990). As the Supreme Court has held, "[f]rom the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright's very purpose." *Campbell*, 510 U.S. at 575; see also *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) (recog-

nizing "the latitude for scholarship and comment traditionally afforded by fair use").

[\*\*1680] The fair use doctrine is codified in § 107 of the Copyright Act, which provides in relevant part as follows:

[T]he fair use of a copyrighted work, . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies use 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 [\*\*19] 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.

17 U.S.C. § 107. The determination of fair use is "an open-ended and context-sensitive inquiry," *Blanch v. Koons*, 467 F.3d at 251, and thus the fair use doctrine calls for "case-by-case analysis," *Campbell*, 510 U.S. at 577; see also *Harper & Row*, 471 U.S. at 553. The four factors enumerated in the statute are non-exclusive and provide only "general guidance"; they are to be explored and weighed together, "in light of the purposes of copyright." *Campbell*, 510 U.S. at 578-79; *Harper & Row*, 471 U.S. at 560-61. As fair use is an affirmative defense to a claim of copyright infringement, the proponent carries the burden of proof as to all issues in dispute. *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 918 (2d Cir. 1994); see also *Campbell*, 510 U.S. at 590.

A key consideration is whether, as part of the inquiry into the first factor, the use of the copyrighted work

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is "transformative," that is, whether the new [\*\*20] work merely "supersedes" or "supplants" the original creation, or whether it:

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."

Campbell, 510 U.S. at 579 (quoting Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. at 1111); accord *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608 (2d Cir. 2006) ("Most important to the court's analysis of the first factor is 'transformative' nature of the work."); *Am. Geophysical Union*, 60 F.3d at 923. Although transformative use is not "absolutely necessary" to a finding of fair use, "the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative [\*291] works." Campbell, 510 U.S. at 579.

## B. Application

I discuss each of the four factors separately, and I then weigh them together.

### 1. Purpose and Character of Use

The first factor is "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes." 17 U.S.C. § 107(1).

Google's use of the copyrighted works is highly [\*\*21] transformative. Google Books digitizes books and transforms expressive text into a comprehensive word index that helps readers, scholars, researchers, and others find books. Google Books has become an important tool for libraries and librarians and cite-checkers as it helps to identify and find books. The use of book text to facilitate search through the display of snippets is transformative. See *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1168 (9th Cir. 2007) (holding that use of works -- "thumbnail images," including copyrighted photographs -- to facilitate search was "transformative"); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th Cir. 2003) (same); see also *Bill Graham Archives*, 448 F.3d at 609-11 (holding that display of images of posters in 480-page cultural history of the Grateful Dead was transformative, explaining that "[w]hile the small size [of the images of the posters] is sufficient to permit readers to recognize the historical significance of the posters, it is inadequate to offer more than a glimpse of their expressive value"). The display of snippets of text for search is similar to the

display of thumbnail images of photographs for search or small images of [\*\*22] concert posters for reference to past events, as the snippets help users locate books and determine whether they may be of interest. Google [\*\*\*1681] Books thus uses words for a different purpose -- it uses snippets of text to act as pointers directing users to a broad selection of books.

Similarly, Google Books is also transformative in the sense that it has transformed book text into data for purposes of substantive research, including data mining and text mining in new areas, thereby opening up new fields of research. Words in books are being used in a way they have not been used before. Google Books has created something new in the use of book text -- the frequency of words and trends in their usage provide substantive information.

Google Books does not supersede or supplant books because it is not a tool to be used to read books. Instead, it "adds value to the original" and allows for "the creation of new information, new aesthetics, new insights and understandings." Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. at 1111. Hence, the use is transformative.

It is true, of course, as plaintiffs argue, that Google is a for-profit entity and Google Books is largely a commercial enterprise. [\*\*23] The fact that a use is commercial "tends to weigh against a finding of fair use." *Harper & Row*, 471 U.S. at 562; accord *Campbell*, 510 U.S. at 585. On the other hand, fair use has been found even where a defendant benefitted commercially from the unlicensed use of copyrighted works. See, e.g., *Blanch*, 467 F.3d at 253; *Bill Graham Archives*, 448 F.3d at 612. See also *Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.*, 150 F.3d 132, 142 (2d Cir. 1998) (observing that Second Circuit does "not give much weight to the fact that the secondary use was for commercial gain"). Here, Google does not sell the scans it has made of books for Google [\*\*292] Books; it does not sell the snippets that it displays; and it does not run ads on the About the Book pages that contain snippets. It does not engage in the direct commercialization of copyrighted works. See 17 U.S.C. § 107(1). Google does, of course, benefit commercially in the sense that users are drawn to the Google websites by the ability to search Google Books. While this is a consideration to be acknowledged in weighing all the factors, even assuming Google's principal motivation is profit, the fact is that Google Books serves several important educational [\*\*24] purposes.

Accordingly, I conclude that the first factor strongly favors a finding of fair use.

### 2. Nature of Copyrighted Works

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The second factor is "the nature of the copyrighted work." 17 U.S.C. § 107(2).<sup>4</sup> Here, the works are books -- all types of published books, fiction and non-fiction, in-print and out-of-print. While works of fiction are entitled to greater copyright protection, *Stewart v. Abend*, 495 U.S. 207, 237, 110 S. Ct. 1750, 109 L. Ed. 2d 184 (1990), here the vast majority of the books in Google Books are non-fiction. Further, the books at issue are published and available to the public. These considerations favor a finding of fair use. See *Arica Inst., Inc. v. Palmer*, 970 F.2d 1067, 1078 (2d Cir. 1992) ("Whether or not a work is published is critical to its nature under factor two because the scope of fair use is narrower with respect to unpublished works.") (quoting *New Era Publ'ns Intern., ApS v. Carol Publ'g Grp.*, 904 F.2d 152, 157 (2d Cir. 1990) (internal quotation marks omitted)).

4 The parties agree that the second factor plays little role in the ultimate fair use determination. (Pl. Mem. at 36 n.18 (Doc. No. 1050); Def. Mem. at 25). See *On Davis v. Gap, Inc.*, 246 F.3d 152, 175 (2d Cir. 2001) ("The second [\*\*25] statutory factor, the nature of the copyrighted work, is rarely found to be determinative.") (internal citation omitted).

### 3. Amount and 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." 17 U.S.C. § 107(3). Google scans the full text of books -- the entire books -- and it copies verbatim expression. On the other hand, courts have held that copying the entirety of a work may still be fair use. See, e.g., *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449-50, 104 S. Ct. 774, 78 L. Ed. 2d 574 (1984); *Bill Graham Archives*, 448 F.3d at 613 ("copying the entirety of a work is sometimes necessary to make a fair use of the image"). Here, as one of the keys to Google Books is its offering of full-text search of books, full-work reproduction is critical to the functioning of Google Books. Significantly, Google limits the amount of text it displays in response to a search.

On balance, I conclude that the third factor weighs slightly against a finding of fair use.

### [\*\*1682] 4. Effect of Use Upon Potential Market or Value

The fourth factor is "the effect of the use upon the potential market for or value of the copyrighted work." [\*\*26] 17 U.S.C. § 107(4). Here, plaintiffs argue that Google Books will negatively impact the market for books and that Google's scans will serve as a "market replacement" for books. (Pl. Mem. at 41). It also argues that users could put in multiple searches, varying slightly

the search terms, to access an entire book. (9/23/13 Tr. at 6).

Neither suggestion makes sense. Google does not sell its scans, and the scans do [\*\*293] not replace the books. While partner libraries have the ability to download a scan of a book from their collections, they owned the books already -- they provided the original book to Google to scan. Nor is it likely that someone would take the time and energy to input countless searches to try and get enough snippets to comprise an entire book. Not only is that not possible as certain pages and snippets are blacklisted, the individual would have to have a copy of the book in his possession already to be able to piece the different snippets together in coherent fashion.

To the contrary, a reasonable factfinder could only find that Google Books enhances the sales of books to the benefit of copyright holders. An important factor in the success of an individual title is whether it [\*\*27] is discovered -- whether potential readers learn of its existence. (*Harris Decl.* ¶ 7 (Doc. No. 1039)). Google Books provides a way for authors' works to become noticed, much like traditional in-store book displays. (Id. at ¶¶ 14-15). Indeed, both librarians and their patrons use Google Books to identify books to purchase. (*Br. of Amici Curiae American Library Ass'n* at 8). Many authors have noted that online browsing in general and Google Books in particular helps readers find their work, thus increasing their audiences. Further, Google provides convenient links to booksellers to make it easy for a reader to order a book. In this day and age of on-line shopping, there can be no doubt but that Google Books improves books sales.

Hence, I conclude that the fourth factor weighs strongly in favor of a finding of fair use.

### 5. Overall Assessment

Finally, the various non-exclusive statutory factors are to be weighed together, along with any other relevant considerations, in light of the purposes of the copyright laws.

In my view, Google Books provides significant public benefits. It advances the progress of the arts and sciences, while maintaining respectful consideration for the rights of authors [\*\*28] and other creative individuals, and without adversely impacting the rights of copyright holders. It has become an invaluable research tool that permits students, teachers, librarians, and others to more efficiently identify and locate books. It has given scholars the ability, for the first time, to conduct full-text searches of tens of millions of books. It preserves books, in particular out-of-print and old books that have been forgotten in the bowels of libraries, and it gives them new life. It facilitates access to books for print-disabled

954 F. Supp. 2d 282, \*, 2013 U.S. Dist. LEXIS 162198, \*\*;  
108 U.S.P.Q.2D (BNA) 1674, \*\*\*; Copy. L. Rep. (CCH) P30,517

and remote or underserved populations. It generates new audiences and creates new sources of income for authors and publishers. Indeed, all society benefits.

Similarly, Google is entitled to summary judgment with respect to plaintiffs' claims based on the copies of scanned books made available to libraries. Even assuming plaintiffs have demonstrated a prima facie case of copyright infringement, Google's actions constitute fair use here as well. Google provides the libraries with the technological means to make digital copies of books that they already own. The purpose of the library copies is to advance the libraries' lawful uses of the digitized [\*\*29] books consistent with the copyright law. The libraries then use these digital copies in transformative ways. They create their own full-text searchable indices of books, maintain copies for purposes of preservation, and make copies available to print-disabled individuals, expanding access for them in unprecedented ways. Google's actions [\*294] in providing the libraries with the ability to engage in activities that advance the arts and sciences constitute fair use.

To the extent plaintiffs are asserting a theory of secondary liability against Google, the theory fails because the libraries' actions are protected by the fair use doctrine. Indeed, in the HathiTrust case, Judge Baer held that the libraries' conduct was fair use. See Authors Guild, Inc. v. HathiTrust, 902 F. Supp. 2d 445, 460-61, 464 (S.D.N.Y. 2012) ("I cannot [\*\*\*1683] imagine a definition of fair use that would not encompass the

transformative uses made by Defendants' [Mass Digitization Project] and would require that I terminate this invaluable contribution to the progress of science and cultivation of the arts that at the same time effectuates the ideals espoused by the [Americans with Disabilities Act]."). The fair use analysis set [\*\*30] forth above with respect to Google Books applies here as well to the libraries' use of their scans, and if there is no liability for copyright infringement on the libraries' part, there can be no liability on Google's part.

### CONCLUSION

For the reasons set forth above, plaintiffs' motion for partial summary judgment is denied and Google's motion for summary judgment is granted. Judgment will be entered in favor of Google dismissing the Complaint. Google shall submit a proposed judgment, on notice, within five business days hereof.

SO ORDERED.

Dated: November 14, 2013

New York, New York

/s/ Denny Chin

DENNY CHIN

United States Circuit Judge

Sitting By Designation

**EDWARD L. WHITE, EDWARD L. WHITE, P.C., and KENNETH ELAN, on behalf of themselves and all others similarly situated, Plaintiffs, -v- WEST PUBLISHING CORPORATION d/b/a "West," and REED ELSEVIER INC., d/b/a "LexisNexis," Defendants.**

**12 Civ. 1340 (JSR)**

**UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK**

**2014 U.S. Dist. LEXIS 92482**

**July 3, 2014, Decided**

**July 3, 2014, Filed**

**PRIOR HISTORY:** White v. West Publ'g Corp., 2012 U.S. Dist. LEXIS 69463 (S.D.N.Y., Mar. 28, 2012)

**COUNSEL:** [\*1] For Edward L. White, on behalf of themselves and all others similarly situated, Edward L. White, P.C., on behalf of themselves and all others similarly situated, Plaintiffs: Gregory A. Blue, Dilworth Paxson LLP (NY), New York, NY; Raymond A. Bragar, Brager, Wexler Eagel & Squires, P.C., New York, NY.

For West Publishing Corporation, doing business as West, Defendant: Benjamin Ely Marks, Robert Bruce Rich, LEAD ATTORNEYS, John Ryan Gerba, Weil, Gotshal & Manges LLP (NYC), New York, NY; Jonathan Bloom, Weil, Gotshal & Manges, LLP, New York, NY.

For Reed Elsevier Inc., doing business as LexisNexis, Defendant: James Edward Hough, LEAD ATTORNEY, Cindy Paige Abramson, Craig Brian Whitney, Morrison & Foerster LLP (NYC), New York, NY; James Francis McCabe, PRO HAC VICE, Morrison & Foerster LLP (San Francisco), San Francisco, CA; Paul Goldstein, PRO HAC VICE, Morrison & Foerster LLP, San Francisco, CA.

**JUDGES:** JED S. RAKOFF, U.S.D.J.

**OPINION BY:** JED S. RAKOFF

**OPINION**

**MEMORANDUM AND ORDER**

JED S. RAKOFF, U.S.D.J.

On February 22, 2012, plaintiffs Edward L. White, Edward L. White, P.C., and Kenneth Elan filed a putative class action alleging copyright infringement against defendants West Publishing Corp. ("West") and Reed

Elsevier, [\*2] Inc. ("Lexis"). On June 26, 2012, after the Court had dismissed Elan's claims and those of the proposed subclass of plaintiffs who had not registered any copyrights, White filed an amended, non-class action complaint, asserting claims of copyright infringement based on the inclusion of White's copyrighted briefs in West's "Litigator" and Lexis's "Briefs, Pleading and Motions" databases. On September 28, 2012 and October 5, 2012, defendants and White, respectively, filed cross-motions for summary judgment on White's copyright infringement claims. The Court heard oral argument on these motions on November 20, 2012 and in a "bottom-line" Order dated February 11, 2013, granted defendants' motion for summary judgment and denied plaintiff's motion. This Memorandum and Order explains the reasons for that decision and directs the entry of final judgment.

Plaintiffs sue West and Lexis for copyright infringement based on the inclusion of two of White's copyrighted briefs in the Westlaw "Litigator" and Lexis "Briefs, Pleading and Motions" (BPM) databases. The briefs at issue are "Plaintiffs' Combined Motion for Summary Judgment, Beer and Ramsey, and Brief in Support" ("Summary Judgment Motion"), [\*3] filed May 20, 2009, and "Plaintiffs' Motion in Limine" ("Motion in Limine"), filed March 15, 2010, both of which White filed while serving as class counsel in *Beer v. XTO Energy, Inc.*, No. Civ-07-798-L, in the Western District of Oklahoma. Defendant West Publ'g Copr.'s Statement of Uncontested Material Facts Pursuant to Local Rule 56.1 ("West 56.1") ¶¶ 16-19.

On April 13, 2010, mid-way through the litigation, the *Beer* Court removed White as class counsel in *Beer* and decertified the class. *Id.* ¶ 22. Two individuals filed a motion to intervene as new named plaintiffs in *Beer* with new class counsel. *Id.* ¶¶ 23-24. Because White was concerned that the newly proposed class counsel or other lawyers would use his work product, White registered

copyrights on the *Beer* Summary Judgment Motion and Motion in Limine briefs on May 20, 2010, and May 21, 2010, respectively. *Id.* ¶ 25.

Prior to registering copyrights on the Summary Judgment Motion and Motion in Limine briefs, White filed the motions with the court using the electronic CM/ECF (PACER) service, from which West and Lexis retrieved the documents. West 56.1 ¶¶ 26, 27; Def. Reed Elsevier Inc.'s Rule 56.1 Statement of Undisputed Facts in Support [\*4] of Its Motion for Summary Judgment ("Lexis 56.1") ¶¶ 10, 23-24. Filing a document on PACER makes that document publicly available online as well as in the court's clerk's office and allows members of the public to retrieve and download a copy of the document from PACER for \$0.10 per page, up to \$3.00 per document. Lexis 56.1 ¶¶ 17, 20, 24-25.

West's Litigator and Lexis's BPM products offer users access to select legal documents that were filed, without seal, in state and federal courts. West 56.1 ¶¶ 3-5, 7; Lexis 56.1 ¶¶ 2-4. Once West or Lexis selects a particular legal document for inclusion into Litigator or BPM, the document is converted into a text-searchable electronic file and saved in each database's proprietary format. West 56.1 ¶ 9; Lexis 56.1 ¶ 33. The document is further modified as follows: an editor reviews the document to redact sensitive and private information, West 56.1 ¶ 11; Lexis 56.1 ¶ 30; the editor codes and/or extracts from the document key characteristics like jurisdiction and practice area in order to allow users to find and retrieve documents more easily, West 56.1 ¶ 10; Lexis 56.1 ¶¶ 32, 36; the editor links the document to decisions and other filings in the [\*5] same or related cases and creates links to authorities cited in the document, West 56.1 ¶ 10; Lexis 56.1 ¶¶ 32, 26; a unique identifier is created for each document for ease of locating and citing the document, West 56.1 ¶; Lexis 56.1 ¶ 41; and a link to a PDF of the as-filed version of the document is included in the database version of the document to maintain an archival copy, West 56.1 ¶ 14; Lexis 56.1 ¶ 39. BPM contains over one million legal documents, and Litigator approximately eleven million legal documents, obtained either from PACER or from courts directly. Lexis 56.1 ¶¶ 5, 7, 1; West 56.1 ¶¶ 5-6.

The *Beer* Summary Judgment Motion was loaded into Litigator on July 11, 2009, and accessed a total of five times between then and March 6, 2012; the Motion in Limine was loaded into Litigator on May 2, 2010, and accessed a total of seven times between then and March 5, 2012. West 56.1 ¶¶ 27-28. Both motions were available as part of BPM as of August 4, 2010; the Summary Judgment motion was never accessed, and the Motion in Limine was accessed by three users. Lexis 56.1 ¶¶ 43, 73-74.

Section 107 of the Copyright Act provides a defense to copyright infringement that allows for "fair [\*6] use" of a copyrighted work without permission based on consideration of four non-exclusive statutory factors: "(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 . . . ." 17 U.S.C. § 107. The Court finds that three of the above factors weigh in favor of a finding of fair use, while one of the factors is neutral.

Regarding the first factor, a key issue is: "whether and to what extent the new work is 'transformative,'" *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994), that is, whether how the defendants have altered and used plaintiff's work has effectively transformed it into a different kind of work. The Court finds that West and Lexis's use of the briefs was transformative for two reasons. First, while White created the briefs solely for the purpose of providing legal services to his clients and securing specific legal outcomes in the *Beer* litigation, the [\*7] defendants used the brief toward the end of creating an interactive legal research tool. *See Blanch v. Koons*, 467 F.3d 244, 251 (2d Cir. 2006) ("The sharply different objectives that Koons had in using, and Bland had in creating [the work] confirms the transformative nature of the use."). Second, West and Lexis's processes of reviewing, selecting, converting, coding, linking, and identifying the documents "add[] something new, with a further purpose or different character" than the original briefs. *Campbell*, 510 U.S. at 579. While, to be sure, the transformation was done for a commercial purpose, "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." *Campbell*, 510 U.S. at 579. Thus, on net, the first factor weighs in favor of a finding of fair use.

Regarding the second factor (the nature of the copyrighted work), "[i]n general, fair use is more likely to be found in factual works than in fictional works." *Stewart v. Abend*, 495 U.S. 207, 237, 110 S. Ct. 1750, 109 L. Ed. 2d 184 (1990). Here, the briefs at issue are functional presentations of fact and law, and this cuts towards finding in favor of fair use. It is true [\*8] that "the scope of fair use is narrower with respect to unpublished works [because] . . . the author's right to control the first public appearance of his expression weighs against use of the work before its release." *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 564, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985). However, while White's



briefs were in some sense unpublished, this factor is made less significant by the fact that White intentionally made the briefs publicly available by filing them with the court; thus the circumstances of this case do not implicate the rationales for protecting unpublished works. On net, the second factor also weighs in favor of a finding of fair use.

Regarding the third factor, which looks at "the quantity and value of the materials used . . . in relation to the purpose of the copying," *Blanch*, 467 F.3d at 257 (quoting *Campbell*, 510 U.S. at 586), although "copying of an entire work [does not] favor[] fair use [, ] . . . courts have concluded that such copying does not necessarily weigh against fair use because copying the entirety of a work is sometimes necessary to make a fair use of the image." *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 613 (2d Cir. 2006). [\*9] Although defendants here copied the entirety of White's briefs, such copying was necessary to make the briefs comprehensively text searchable. Thus the Court finds that defendants only copied what was reasonably necessary for their transformative use, and that the third factor is therefore neutral.

Regarding the fourth factor, a finding of fair use is disfavored "only when the market is impaired because the . . . material serves the consumer as a substitute, or . . . supersedes the use of the original." *Bill Graham Archives*, 448 F.3d at 614 (quoting Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1125 (1990)). In determining whether such a market exists, the Second Circuit "looks at the impact on potential licensing revenues for 'traditional, reasonable, or likely to be developed markets.'" *Bill Graham Archives*, 448 F.3d at 614 (quoting *American Geophysical Union v. Texaco*

*Inc.*, 60 F.3d 913, 930 (2d Cir. 1994)). In this instance, West's and Lexis's usage of the briefs is in no way economically a substitute for the use of the briefs in their original market: the provision of legal advice for an attorney's clients. White himself admits that he lost no clients as a [\*10] result of West's and Lexis's usage. Lexis 56.1 ¶ 94. Furthermore, no secondary market exists in which White could license or sell the briefs to other attorneys, as no one has offered to license any of White's motions, nor has White sought to license or sell them. *See Blanch*, 467 F.3d at 258 (finding that this factor "greatly favor[ed]" the alleged infringer where the copyright holder had "never licensed any of her photographs for use in works of graphic or other visual art"). Although White argues that Lexis and West impede a market for licensing briefs, the Court finds that no potential market exists because the transactions costs in licensing attorney works would be prohibitively high. Thus on net, the fourth factor weighs in favor of defendants and a finding of fair use.

Accordingly, for the foregoing reasons, the Court finds that the defendants' use of plaintiff's brief was a fair use. The Court therefore reaffirms its Order of February 11, 2013, granting defendants' motion for summary judgment. The Clerk of the Court is directed to enter judgment dismissing the complaint with prejudice, and to close the case.

SO ORDERED.

Dated: New York, NY  
July 3, 2014

/s/ Jed S. Rakoff

JED S. RAKOFF, [\*11] U.S.D.J.

2013 U.S. Dist. LEXIS 124578, \*

**American Institute of Physics, John Wiley & Sons, Inc., and Wiley Periodicals, Inc.,  
Plaintiffs, v. Schwegman Lundberg & Woessner, P.A., and John Doe Nos. 1-10, De-  
fendants, v. The United States Patent and Trademark Office, Intervenor Defendant.**

**Civ. No. 12-528 (RHK/JJK)**

**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MINNESOTA**

**2013 U.S. Dist. LEXIS 124578**

**July 30, 2013, Decided**

**July 30, 2013, Filed**

**SUBSEQUENT HISTORY:** Adopted by, Objection overruled by, Summary judgment denied by, As moot, Motion denied by, As moot, Partial summary judgment denied by, As moot, Summary judgment granted by, Motion denied by, Dismissed by, Judgment entered by Am. Inst. of Physics v. Schwegman, 2013 U.S. Dist. LEXIS 124254 (D. Minn., Aug. 30, 2013)

**PRIOR HISTORY:** Am. Inst. of Physics v. Schwegman Lundberg & Woessner, P.A., 2012 U.S. Dist. LEXIS 123330 (D. Minn., July 2, 2012)

**COUNSEL:** [\*1] William I. Dunnegan, Esq., and Laura Scillepi, Esq., Dunnegan & Scileppi LLC; Michelle Kreidler Dove, Esq., Bassford Remele; and Timothy J. Pramas, Esq., Manty & Associates, PA, counsel for Plaintiffs.

Devan V. Padmanabhan, Esq., Paul J. Robbennolt, Esq., and Sri K. Sankaran, Esq., Winthrop & Weinstine, PA; and Robert W. Clarida, Esq., Reitler Kailas & Rosenblatt LLC, Esq., counsel for Defendants.

Benjamin T. Hickman, Esq., Erika R. Mozangue, Esq., and Friedrich A.P. Siekert, Esq., Assistant United States Attorneys, counsel for Intervenor Defendant.

**JUDGES:** JEFFREY J. KEYES, United States Magistrate Judge.

**OPINION BY:** JEFFREY J. KEYES

**OPINION**

**REPORT AND RECOMMENDATION**

JEFFREY J. KEYES, United States Magistrate Judge

This matter is before the Court on the following motions:

1. Plaintiffs American Institute of Physics, John Wiley & Sons, Inc., and Wiley Periodicals, Inc.'s (collectively "the Publishers"), Motion to Dismiss and for Summary Judgment on the Counterclaim of Intervening Defendant the United States Patent and Trademark Office (Doc. No. 93);

2. The Publishers' Amended Motion for Partial Summary Judgment Establishing the Liability of Defendant Schwegman, Lundberg & Woessner, P.A. ("Schwegman"), for Copyright Infringement [\*2] (Doc. No. 116);

3. Intervenor Defendant United States Patent and Trademark Office's ("USPTO") Motion for Summary Judgment on its Fair Use Defense and Counterclaim (Doc. No. 153);

4. Schwegman's Motion for Summary Judgment (Doc. No. 156);

5. The Publishers' Motion to Exclude the Expert Witness Testimony of Jean-Pierre Dubé (Doc. No. 160); and

6. Schwegman's Motion to Exclude Expert Testimony, Report and Declaration of Randall H. Victoria (Doc. No. 190).

The District Court has referred these motions for a Report and Recommendation under 28 U.S.C. § 636 and D. Minn. LR 72.1.

For the reasons that follow, this Court concludes that Schwegman is entitled to the fair use defense as a matter of law and recommends that the District Court grant Schwegman's motion for summary judgment. In reaching its conclusion regarding fair use, this Court relies in part on evidence presented by Schwegman's expert witness

Dr. Jean-Pierre Dubé. Therefore, this Court addresses the Publishers' motion to exclude Dr. Dubé's testimony and ultimately concludes that the motion should be denied. This Court further recommends that the District Court deny the remaining motions as moot.

Finally, the Publishers have scheduled [\*3] a hearing on a motion to exclude the testimony of Schwegman's expert witness Douglas Lichtman, whose expert report addresses public policy implications of the "fair use" analysis in this case. The District Court has also referred that motion to this Court for a Report and Recommendation. However, because Schwegman is entitled to judgment as a matter of law on its "fair use" defense without considering Lichtman's expert report, the motion to exclude Lichtman's testimony is also moot. This Court will, therefore, cancel the hearing on the motion to exclude Lichtman's testimony pending the District Court's action concerning this Report and Recommendation.

## FACTS

### I. Overview and Procedural History

The Publishers produce and distribute scientific journals that contain scholarly articles in several scientific disciplines. Schwegman is a Minneapolis law firm that specializes in prosecuting its clients' patent applications with the USPTO and foreign patent offices. Schwegman obtained and later copied eighteen of Plaintiffs' copyrighted scientific journal articles (the "Articles") from a USPTO database and other sources.<sup>1</sup> The Publishers allege that by getting those copies without paying for a license, [\*4] and by making internal copies within the law firm, Schwegman infringed the Publishers' copyrights. Both Schwegman and the USPTO assert that Schwegman's copying of the Articles constitutes a non-infringing "fair use."<sup>2</sup>

<sup>1</sup> The list of these Articles can be found in Schedule A, attached to the Amended Complaint at Doc. No. 41. Throughout this Report and Recommendation, this Court refers to any individual article by the lead author's last name (i.e., the "McDonald Article"). (Doc. No. 41, Am. Compl., Schedule A.)

<sup>2</sup> Fair use is an affirmative defense to a claim of copyright infringement and is governed by 17 U.S.C. § 107. The Publishers have filed similar cases against other patent prosecution law firms. *See Am. Inst. of Physics v. Winstead PC, et al.*, No. 3:12-cv-1230-M, Doc. No. 44 (N.D. Tex. Nov. 27, 2012) (asserting identical claims against a different patent prosecution firm to those brought in the Publishers' Amended Complaint in

this case); *John Wiley & Sons, Ltd. v. McDonnell Boehnen Hulbert & Berghoff, LLP*, No. 1:12-cv-1446, Doc. No. 34 (N.D. Ill. July 13, 2012) (same). At a hearing on May 22, 2013, United States District Judge Barbara M.G. Lynn in the Northern District of Texas informed [\*5] the parties in *Am. Inst. of Physics v. Winstead* that she was ruling in favor of the patent law firm defendants because she concluded that the law firm was entitled to the fair use defense as a matter of law. No. 3:12-cv-1230-M, Doc. No. 83 (N.D. Tex. May 22, 2013) (explaining that the court was converting a motion to dismiss to a motion for summary judgment and stating that "Defendants are entitled to the fair use defense under 17 U.S.C. § 107 as a matter of law").

The Publishers have changed the focus of their claims since the inception of this litigation. When the Publishers initially filed this case, they asserted that Schwegman had engaged in unauthorized copying of the Articles constituting copyright infringement by submitting copies of the Articles to the USPTO in conjunction with applications for patents and making various unlicensed internal copies of the Articles within the firm and for the firm's clients. (*See* Doc. No. 1, Compl. ¶¶ 1, 14--22.) The Publishers narrowed the scope of the case by later amending their Complaint. In the Amended Complaint, the Publishers state that they are no longer alleging copyright infringement in this case for the following three types of conduct:

- (i) [\*6] making such copies of a copyrighted work for submission to the PTO as may be required by the rules and regulations of the PTO, (ii) transmitting such copies to the PTO, or (iii) making one archival copy of that work transmitted to the PTO for Defendants' internal file to document what has been transmitted.

(Doc. No. 41, Am. Compl. ¶ 1.) Thus, the Publishers have limited their claims of copyright infringement to Schwegman's downloading, storing, making internal copies of, and distributing the Articles by email. (*Id.* (asserting that this action "arises from the unauthorized copying and/or distribution of Plaintiffs' copyrighted works by a law firm, and its professionals, in connection with their scientific, technical and medical research on behalf of themselves and their clients"); *id.* ¶¶ 13, 20--21 (connecting allegations of Schwegman's unauthorized copying to the law firm's for-profit patent prosecution work).) Schwegman and the USPTO maintain that even in this more limited conduct, Schwegman's use of the Articles constitutes "fair use."

## II. Submitting Prior Art with a Patent Application

Although the Publishers have narrowed the scope of their claims in this case and no longer assert infringement [\*7] for the submission of a copy of any Article to the USPTO, the manner in which Schwegman used the Articles remains intertwined with Schwegman's practice as a patent prosecution firm.<sup>3</sup> Therefore, the patent application process, and requirements imposed by the USPTO and other patent offices in certain foreign jurisdictions are still relevant to this case.

3 The parties appear to disagree whether the Publishers have conceded that the submission of a copy of an article to the USPTO is a fair use by expressly stating that they are not asserting an infringement claim based on that conduct in their Amended Complaint. (*See, e.g.*, Doc. No. 188, Pls.' Mem. in Opp'n to Schwegman's Mot. for Summ. J. 16 (arguing that Schwegman's "intermediate and incidental" copying of the Articles cannot support a finding of fair use because the Publishers have not conceded that the submission of the Articles to the USPTO was itself a fair use).) This Court concludes that the Publishers have not conceded this issue. However, simply narrowing the scope of the claims before the Court cannot dissociate Schwegman's use of the Articles from the firm's patent prosecution practice, and the Publishers cannot point to any [\*8] evidence that Schwegman's copying was unrelated to its work as a law firm helping clients apply for United States and foreign patents.

In the United States, the Patent Act allows the USPTO to grant patents for new, useful, and nonobvious inventions. 35 U.S.C. §§ 101--03. To determine whether an invention is new, useful, and nonobvious, and whether issuing a patent serves the public interest, the USPTO must become "aware of and evaluate[] the teachings of all information material to patentability." 37 C.F.R. § 1.56(a). To do this, the USPTO imposes a "duty of candor and good faith in dealing with the Office[.]" *Id.* This obligation "includes a duty to disclose to the Office all information known to [an individual associated with the prosecution of a patent application] to be material to patentability[.]" *Id.* Patent applicants must submit information regardless of whether it helps or harms their claims of patentability. *Id.* § 1.56(b)(1)--(2). This information is often referred to as "prior art."

So that patent applicants comply with the duty to disclose relevant prior art, the USPTO "encourage[s]" patent applicants to submit an Information Disclosure Statement to the USPTO. 37 C.F.R. § 1.51(d); [\*9] *Id.* §§ 1.97--1.98. If the applicant files a disclosure state-

ment, that statement must include, among other things, "a legible copy of . . . [e]ach publication or that portion which caused it to be listed [and] [a]ll other information or that portion which caused it to be listed[.]" *Id.* § 1.98(a)(2)(ii) & (iv). Thus, when a patent applicant files a disclosure statement, the USPTO's regulations require the applicant to submit copies of publications, in whole or in part, that are material to the applicant's claims of patentability for her inventions. *See* 37 C.F.R. § 1.97(i) (providing that if an information disclosure statement does not comply with the requirements of § 1.98, which includes the requirement of providing a legible copy of non-patent literature, it "will not be considered by the Office"); (*see also* Doc. No. 159, Decl. of Paul Robbenolt ("Robbenolt Decl."), Ex. 1, Expert Report of Bradley A. Forrest ("Forrest Report") ¶ 10 ("Generally, if an article is merely cited [as opposed to submitted in full], the Patent Office will not consider it.").<sup>4</sup> Other than filing a disclosure statement, the record reflects no means by which patent applicants, or any individual associated with [\*10] the prosecution of a patent application, can or do comply with the USPTO's requirement that that they "disclose to the Office all information known to [] to be material to patentability[.]" 37 C.F.R. § 1.56(a). Here, Schwegman provided the Articles to the USPTO "to comply with the duty of disclosure and to help the Patent Office determine whether the invention disclosed in the application is novel and non-obvious and deserving of a patent." (Forrest Report ¶ 7.)

4 The Publishers have not challenged the admissibility of Mr. Forrest's Report as expert-witness evidence, nor have they submitted any evidence to create a genuine dispute about its conclusions concerning the obligation of disclosure to the patent office.

Swegman prosecutes foreign patents as well, and Schwegman used one of the Articles, the Rabeau Article, in helping a client apply for patents from the Japan Patent Office ("JPO") and the European Patent Office ("EPO"). The rules governing patent applications in these patent offices are not identical to the USPTO rules. For example, the European Patent Convention applies to patent practice before the EPO. For a long period, the EPO rules did not require applicants to submit [\*11] any prior art, and the patent examiners themselves found prior art relevant to an EPO patent application. *See* Jeffrey M. Kuhn, *Information Overload at the U.S. Patent and Trademark Office: Reframing the Duty of Disclosure in Patent Law as a Search and Filter Problem*, 13 Yale J. L. & Tech. 90, 135 & n.224 (Fall 2010--2011). But since January 1, 2011, when the EPO's Administrative Council's amendment of Rule 141 went into effect, the EPO imposes a limited duty of disclosure of prior art. *See* The European Patent Convention, Implementing Regulations

of the Convention on the Grant of European Patents, Part VII, Ch. VII, Rule 141(1) (effective Jan. 1, 2011) [hereinafter "Convention Rule 141"], <http://www.epo.org/law-practice/legal-texts/html/epc/2010/e/r141.html>. Convention Rule 141(1) provides that an applicant who has sought priority for a European patent with respect to an invention for which the applicant has already filed an application for a patent in a member of the World Trade Organization must file a copy of the results of any search for prior art that was "carried out by the authority with which the previous applications was filed." Convention Rule 141. Thus, when an applicant for [\*12] patent protection under the European Patent Convention already holds a patent for the same invention in a non-European nation that is a member of the World Trade Organization, the EPO patent applicant must disclose prior art references to the EPO.

The Japan Patent Office also imposes an obligation on its patent applicants to provide references to prior art. Japan Patent Office, Examination Guidelines on Requirement for Disclosure of Information on Prior Art Documents (Provisional Translation) [http://www.jpo.go.jp/tetuzuki\\_e/t\\_tokkyo\\_e/pdf/prior\\_art\\_doc.pdf](http://www.jpo.go.jp/tetuzuki_e/t_tokkyo_e/pdf/prior_art_doc.pdf) (discussing the obligation facing an applicant for a Japanese patent under Section 36(4)(ii) of Japan's Patent Law to disclose information on documents containing prior art that are known to the applicant at the time of filing a patent application).

The EPO cited the Rabeau Article in an "international search report on October 24, 2006, and in a European patent application on September 8, 2009." (Doc. No. 122, 2/25/13 Decl. of William Dunnegan ("2/25/13 Dunnegan Decl."), Ex. BG, Schwegman's Supplemental Response to Interrogatory No. 13 at 37.) And the JPO cited the Rabeau Article in an "office action" by an examiner in connection with [\*13] a Japanese patent application. (*Id.* at 38.) A Schwegman attorney later accessed an electronic copy of the Rabeau Article in Schwegman's electronic document management system in October 2012 in response to the JPO office action and printed out a copy for his review. (*Id.*)

### III. The Audience for the Articles

Because this case involves Schwegman's assertion of a "fair use" defense, the Court must consider, among other things, the audience for the Articles. The Publishers publish their journals "for the purpose of informing interested readers of the state of the art of [various scientific disciplines.]" (Doc. No. 118, Decl. of Susann Brailey ("Brailey Decl.") ¶ 60; Doc. No. 119, Decl. of Christopher McKenzie ("McKenzie Decl.") ¶ 16.) The Publishers assert that their "interested readers include not only academics, but also researchers in private industry and the government, as well as certain members of the

general public." (Brailey Decl. ¶ 60; McKenzie Decl. ¶ 16.) The Publishers "therefore expect inventors and their patent attorneys to be within the target audience of [their] journals. (Brailey Decl. ¶ 61; McKenzie Decl. ¶ 17.) Through an organization known as the Copyright Clearance Center, [\*14] the Publishers identify licenses they have issued to nine law firms allowing those firms "the right to internally reproduce [the Publishers' articles]." (Doc. No. 163, Decl. of William Dunnegan in Supp. of Pls.' Mot. to Exclude the Expert Witness Testimony of Jean-Pierre Dubé ("4/12/13 Dunnegan Decl.") ¶ 7; 4/11/13 Dunnegan Decl., Ex. E (license agreements between the Copyright Clearance Center and various law firms).)

Schwegman presents evidence that academic journals like those distributed by the Publishers "serve[] as a platform through which original research findings are submitted by authors, peer-reviewed by experts and then transmitted to the intended reader audience of scholars and practitioners." (4/12/13 Dunnegan Decl., Ex. A, Expert Report of Jean-Pierre Dubé ("Dubé Report") ¶ 12.) Authors of such articles want to have their work published in reputable journals to increase their academic prestige. (*See* Dubé Report +++++ 12--13.) "Readers searching for high-quality research to read and potentially cite are also essential to the reputation of the journal" in which such articles are published. (*Id.* ¶ 15.) This creates a "two-sided market" in which "authors benefit from greater [\*15] impact and citations and thus prefer a journal that has more readers, [and] readers benefit from content and thus prefer journals with more articles." (*Id.* (quoting McCabe, M. and C. Snyder, *The Best Business Model for Scholarly Journals: An Economist's Perspective*, Nature Web Focus (July 16, 2004)).) The Publishers attempt to capitalize on this two-sided market by highlighting the journals' positions and rankings within their various specialties. (*Id.* ¶ 18.) And they focus on "disseminat[ing] new data and scholarly ideas oriented towards a very specialized, research-oriented audience of readers." <sup>5</sup> (*Id.* ¶ 19.)

5 All of the Articles are highly technical in nature. For example, the Rabeau Article, which was published in the journal Applied Physics Letters, is entitled "Diamond chemical-vapor deposition on optical fibers for fluorescence waveguiding." (Brailey Decl. 43, Ex. AO.) According to its abstract, the Rabeau Article discusses "the diamond growth on optical fibers and transmission of fluorescence through the fiber from the nitrogen-vacancy color center in diamond," and its discoveries involve "critical steps in developing a fiber coupled single-photon source based on optically [\*16] active defect centers in diamond." (*Id.*, Ex. AO at 1.)

According to Schwegman's expert witness, economist Dr. Jean-Pierre Dubé, attorneys reviewing scholarly articles to decide whether those articles must be submitted as prior art to a patent office read the articles for a different purpose and fall outside the target audience for such material. Dr. Dubé states that "[a]ttorneys reviewing articles to determine whether they should be disclosed to the PTO are not reading the articles for the same purpose at [sic] the target audience." (Dubé Report ¶ 11.) Instead, these attorneys read such articles "to determine if [they] contain subject matter that is relevant to the invention for which the attorney is trying to obtain patent protection, which would then require him to provide a copy to the PTO." (*Id.* ¶ 12.) As a result, Dr. Dubé concludes that "patent attorneys are not the target audience or target market for plaintiffs' technical articles." (*Id.* ¶ 29; *see also id.* ¶ 27.) Dr. Dubé acknowledges that when an attorney who would be willing to pay gets a copy of an article to review for submission in support of a patent application and does not pay for that copy, this does affect the potential [\*17] market for and market value of a copyrighted article. (*Id.* ¶ 26.)

#### IV. How Schwegman Obtained and Used the Articles

As noted above, this case concerns eighteen scientific articles that the Publishers selected for publications in their scientific journals.<sup>6</sup> (Brailey Decl., Exs. A, E, H, L, P, S, W, Z, AD, AH, AL, AO, AS, AV; McKenzie Decl., Exs. AY, BB; Robbenolt Decl., Exs. 2--3 (attaching Solensten and Ye articles); Am. Compl. ¶ 14, Schedule A (listing all 18 Articles).) Schwegman obtained a copy of eleven of the Articles by downloading them from a website maintained by the USPTO known as "PAIR." (2/25/13 Dunnegan Decl., Ex. BG, Schwegman's Suppl. Resps. to Interrogs. 1--18, *passim*.) "PAIR" is the USPTO's Patent Application Information Retrieval system, and it consists of both a public and a private application. United States Patent and Trademark Office, *Check the Filing Status of Your Patent Application*, <http://www.uspto.gov/patents/process/status/index.jsp>. Public PAIR provides interested people access to issued patents and published patent applications. *Id.* Private PAIR, on the other hand, "provides secure real-time access to pending application status and history" for registered [\*18] patent attorneys, independent inventors, and individuals with "customer number[s]" or a certificate. *Id.*

<sup>6</sup> The Publishers have attached all but two of the Articles to their supporting declarations as part of the summary-judgment record because they are only seeking partial summary judgment on the issues of liability for sixteen of the eighteen Articles attached to the Amended Complaint. But because Schwegman has moved for summary

judgment regarding all eighteen Articles, this Report and Recommendation addresses them all.

For several of the Articles<sup>7</sup> Schwegman obtained from Private PAIR, Schwegman had inherited patent application files from another law firm that cited the relevant corresponding Articles, but the inherited files did not contain copies of the Articles. (2/25/13 Dunnegan Decl., Schwegman's Suppl. Answers to Interrogs. 1--4, 6--7, 9--12, 16.) Schwegman downloaded these Articles from Private PAIR after the USPTO listed the Schwegman firm as counsel of record associated with the inherited patent applications, and the attorneys involved stored the copies in Schwegman's electronic file management system.<sup>8</sup> (*See id.*; *see also* Robbenolt Decl., Ex. 10, Jan. 15, 2013 Dep. of Peter Rebuffoni [\*19] ("Rebuffoni Dep.") 24:11--21 (discussing Schwegman's shift to a "paperless office").) The Publishers assert that by downloading these articles from Private PAIR, copying these Articles to the firm's electronic file management system, and opening an electronic copy on a computer screen, Schwegman infringed the Publishers' copyrights. (Doc. No. 117, Pl.'s Mem. in Supp. of Mot. for Summ. J. Against Schwegman ("Pl.'s Summ. J. Mem.") 15--16.) Schwegman does not dispute that it paid no licensing fees to the Publishers when it obtained these eleven copies from Private PAIR.

<sup>7</sup> Specifically these include the Greenwald, McDonald, Dabbousi, Drndic, Gadisa, Ginger, Greczynski, Mattoussi, Nguyen, Peumans, and Solomeshch Articles.

<sup>8</sup> The summary judgment evidence concerning Schwegman's electronic document management system is discussed, *infra* at p. 16--18.

Swegman also keeps a copy of the remaining Articles it obtained from sources other than Private PAIR in its electronic file management system. (2/13/2013 Forrest Dep. 18:1--21 (discussing the records in the electronic system for all eighteen Articles).) Schwegman downloaded the remaining seven Articles from a variety of sources. It downloaded the Fischbein Article [\*20] from the University of Pennsylvania website. (2/25/13 Dunnegan Decl., Ex. BG, Schwegman's Suppl. Ans. to Interrog. 5.) It downloaded the Goncalves Article from an attachment to an email a Schwegman attorney received from an inventor in whose patent application the Goncalves Article was cited as prior art. (*Id.*, Ex. BG, Schwegman's Suppl. Ans. to Interrog. 8.) It is not entirely clear how Schwegman first obtained copies of the Rabeau, Lee, and Reneker Articles, but each appears to have been placed on the electronic file management system so that Schwegman's lawyers could use it in the firm's patent-prosecution practice. Schwegman eventually cited each of these Articles in patent applications

submitted to the USPTO. <sup>9</sup> (*See id.*, Schwegman's Suppl. Ans. to Interrogs. 13--14, 18.) And it is unclear how Schwegman first obtained a copy of the Solensten Article. But Schwegman states that the date the Solensten Article was added to Schwegman's electronic file management system coincides with the filing of an Information Disclosure Statement with the USPTO. (*Id.*, Schwegman's Suppl. Ans. to Interrog. 15.) Finally, Schwegman obtained the Ye Article by downloading it subject to a license from one [\*21] of the Publishers, American Institute of Physics. (*Id.*, Schwegman's Suppl. Ans. to Interrog. 17.)

9 The record shows that Schwegman will occasionally file a patent application with the USPTO and afterward pursue foreign patent applications for its clients. (Dunnegan Decl., Ex. BI, Feb. 13, 2013 Dep. of Bradley A. Forrest ("2/13/13 Forrest Dep.") 115:21--116:4.) After the firm used the Rabeau Article in connection with a patent application filed with the USPTO, on October 20, 2009, Schwegman emailed a copy of the Rabeau Article to an attorney in Europe with whom the firm associated to pursue a patent application before the EPO for the same invention. (*See* Dunnegan Decl., Ex. BK.) Schwegman also made a physical copy of the Rabeau Article when it printed a copy of the Article in response to an "office action" from the JPO under similar circumstances. (2/13/13 Forrest Dep. 15:1--8.)

The Publishers allege that Schwegman engaged in a similar course of infringing activity with these non-Private PAIR Articles. Specifically, the Publishers assert that Schwegman infringed their copyrights by: (1) obtaining copies of these Articles through emails, from the internet, and otherwise; (2) storing copies [\*22] of these Articles on the firm's electronic file management system; (3) viewing these Articles on computer screens shortly after placing them in that electronic file management system; (4) emailing copies of certain Articles to the firm's clients; and (5) in two instances, emailing one Article to another attorney in connection with a foreign patent application in Europe, and making physical copy of that Article in connection with a foreign patent application in Japan. (*See* Pls.' Summ. J. Mem. 16--19.)

## V. Schwegman's Electronic Document Management System

Because the Publishers assert that Schwegman is unfairly operating an electronic library by creating an electronic database of scientific articles in the manner described above, this Court discusses the record evidence regarding Schwegman's electronic document management system below. The record demonstrates that after it

first obtained a copy of each of the Articles, Schwegman stored a copy in its electronic document management system. (*See* Robbenolt Decl., Ex. 12, Feb. 13, 2013 Dep. of Bradley Forrest ("2/13/2013 Forrest Dep.") 18:1--21 (discussing the records in the electronic system for all eighteen Articles); 2/25/13 Dunnegan Decl., [\*23] Ex. BG, Schwegman's Suppl. Resps. to Interrogs. 1--18, *passim.*) Schwegman's system allows attorneys in the firm to access documents stored on the firm's server. (*See* Robbenolt Decl., Ex. 11, Jan. 15, 2013 Dep. of Patrick McNally ("McNally Dep.") 72:22--73:5.) When Schwegman obtains Articles and places them on the firm's server, Schwegman does not place any restrictions on its attorneys' ability to access those files. (McNally Dep. 73:7--13.)

Once Schwegman has loaded a scientific article to its electronic system, as it did with the Articles in this case, "[a]nyone that has access to [the system] could do whatever it is that they need to do with that [article]." (2/25/13 Dunnegan Decl., Ex. BL, Jan. 15, 2013 Dep. of Peter Rebuffoni ("1/15/2013 Rebuffoni Dep.") 127:22--128:6.) Nevertheless, Schwegman maintains this "database of documents . . . so that they can properly be communicated to the Patent Office." (McNally Dep. at 74:9--21; *id.* at 75:3--9 (stating that Schwegman's purpose in having this electronic file storage is "to properly maintain a database of references so that [it] can cite them to the Patent Office").) And Schwegman's document management system does not provide attorneys or [\*24] other firm personnel the opportunity to search the text of articles stored in the system. (Robbenolt Decl., Ex. 1, Forrest Report ¶ 23.) Instead, Schwegman's personnel can search certain data fields relating to an article, like the author and title. (*Id.*) But searching for prior art that is material to a patent application merely by considering the title and author of the work is not a common practice at Schwegman and would not be "useful" because "relevant content in an article may not be found in the title or author fields." (*See id.*)

## DISCUSSION

### I. Summary-Judgment Motions

#### A. Summary-Judgment Standard

Summary judgment is proper if there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(a). The Court must view the evidence, and the inferences that may be reasonably drawn from the evidence, in the light most favorable to the nonmoving party. *Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S. Ct. 1348, 89 L. Ed. 2d 538 (1986); *Weitz Co., LLC v. Lloyd's of London*, 574 F.3d 885, 892 (8th



Cir. 2009); *Carraher v. Target Corp.*, 503 F.3d 714, 716 (8th Cir. 2007). "Summary judgment procedure is properly regarded not as a disfavored [\*25] procedural shortcut, but rather as an integral part of the Federal Rules as a whole, which are designed 'to secure the just, speedy, and inexpensive determination of every action.'" *Celotex Corp. v. Catrett*, 477 U.S. 317, 327, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986) (quoting Fed. R. Civ. P. 1).

The moving party bears the burden of showing that there is no genuine issue of material fact and that it is entitled to judgment as a matter of law. *Celotex*, 477 U.S. at 322; *Whisenhunt v. Sw. Bell Tel.*, 573 F.3d 565, 568 (8th Cir. 2009). The nonmoving party must demonstrate the existence of specific facts in the record that create a genuine issue for trial. *Krenik v. County of Le Sueur*, 47 F.3d 953, 957 (8th Cir. 1995). In other words, a party opposing a properly supported motion for summary judgment "may not rest upon mere allegations or denials of his pleading, but . . . must set forth specific facts showing that there is a genuine issue for trial." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986); see *Davenport v. Univ. of Ark. Bd. of Trs.*, 553 F.3d 1110, 1113 (8th Cir. 2009) (citing *Anderson*, 477 U.S. at 247--49).

## B. Analysis

### 1. Schwegman's Motion

#### a. Fair Use

Swegman primarily argues that its motion for summary judgment [\*26] on the Publishers' claims for copyright infringement should be granted in its favor because Schwegman's use of the Articles qualifies as a "fair use" under 17 U.S.C. § 107. Copyright infringement occurs when a person violates one or more of the exclusive rights of the copyright owner, which includes the rights to "to reproduce the copyrighted work in copies or phonorecords" and authorize others to do the same. 17 U.S.C. § 106(1). To succeed on a copyright infringement claim, the copyright holder must demonstrate that he owns a valid copyright and that the defendant has copied, displayed, or distributed protected elements of the copyrighted work without authorization. *William A. Graham Co. v. Haughey*, 430 F. Supp. 2d 458, 465 (E.D. Pa. 2006). However, even if the copyright holder makes this prima facie showing, the accused infringer may avoid liability under the doctrine of fair use.

The fair use defense exists to satisfy the need in the area of copyright protections for "some opportunity for fair use of copyrighted materials . . . to fulfill copyright's very purpose, '[t]o promote the Progress of Science and useful Arts.'" *Campbell v. Acuff-Rose Music, Inc.*, 510

U.S. 569, 575, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) [\*27] (quoting U.S. Const., Art. I, § 8, cl. 8). The doctrine of fair use is judicially created, but Congress codified the doctrine in the Copyright Act of 1976 at 17 U.S.C. § 107. Section 107 provides that "the fair use of a copyrighted work, including such use in copies or phonorecords or by any other means . . . , for purposes such as criticism, comment, news reporting, teaching[,] or research, is not an infringement of copyright." *Id.*

To determine whether a particular use of a work is a fair use, courts must consider the following four non-exclusive factors:

- (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.

*Id.*; see also *Campbell*, 510 U.S. at 577--78 (noting that the four factors are non-exclusive). Courts must weigh all these factors together "in light of the purposes of copyright." *Campbell*, 510 U.S. at 578. Determining whether a particular use is a fair use "is not to be [\*28] simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for a case-by-case analysis." *Id.* at 577. The affirmative defense of fair use "may be resolved on summary judgment if a reasonable trier of fact could reach only one conclusion." *Narell v. Freeman*, 872 F.2d 907, 910 (9th Cir. 1989); see also *Belmore v. City Pages, Inc.*, 880 F. Supp. 673, 677 (D. Minn. 1995) ("If, after applying the four factors, there are no material factual disputes, fair use may be resolved on summary judgment.").

#### i. The purpose and character of the use

Concerning the first factor of the fair use analysis, the Supreme Court has explained that district courts must be "guided by the examples given in the preamble to Section 107, and should look to whether the use of the copyrighted material was for 'criticism, comment, news reporting, teaching, . . . scholarship, or research.'" *Antioch v. Scrapbook Borders, Inc.*, 291 F. Supp. 2d 980, 987--88 (D. Minn. 2003) (discussing *Campbell*, 510 U.S. at 579). When an alleged infringer's use of the copy-

righted work is "for the same intrinsic purpose as [the copyright holder's] . . . such use seriously weakens a claimed fair use." *Id.* at 988 (quotations [\*29] omitted). In many cases, the critical fair use inquiry on the first factor is whether an alleged infringer's secondary work is "transformative" or, in other 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.'" *See id.* (quoting *Campbell*, 510 U.S. at 579). For an alleged infringer's secondary work to be transformative, she must do something new with the copyrighted work such as creating "new information, new aesthetics, new insights and understandings." *Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.*, 150 F.3d 132, 142 (2d Cir. 1998). If a defendant's use of the copyrighted work is highly transformative, this will decrease the significance of other factors that may weigh against a finding of fair use. *Antioch Co.*, 291 F. Supp. 2d at 988.

There is no genuine dispute here about the purpose for which Schwegman downloaded and made internal copies of all eighteen Articles. Even viewing the evidence in the light most favorable to the Publishers, a reasonable jury could only conclude that Schwegman's purpose in downloading [\*30] and making internal copies of the Articles was to ultimately comply with the legal requirement to provide prior art to the USPTO and to represent its clients' interests in obtaining patents in Europe and Japan. Schwegman's business is representing its clients in their efforts to obtain patents from the USPTO and other international patent offices. And it is undisputed that Schwegman cited and provided a copy of every one of the Articles in separate patent applications. There is no evidence in the record that would allow a reasonable juror to conclude that Schwegman's downloading and internal copying of the Articles served some other purpose or was divorced from Schwegman's compliance with the obligations imposed by various patent offices.

As a result, this Court concludes that there is no reasonable dispute that Schwegman did not use the Articles "for the same intrinsic purpose as [the Publishers.]" *See Antioch*, 291 F. Supp. 2d at 988. In fact, the Publishers produced their journals in which the Articles were published for a purpose that has little, if any, relationship to Schwegman's purpose in using them. Schwegman's lawyers needed to make internal copies of the Articles and review [\*31] those copies to provide the USPTO, the EPO, and the JPO with information relevant to the patentability of the firm's clients' inventions. By contrast, the Publishers distribute the scientific articles in their journals to inform the scientific community of advancements in scientific research and new scientific discover-

ies that have been made, and to allow the scientific community to test the quality of the authors' methods and conclusions. (*See Dubé Report* ¶¶ 17--19 (discussing objectives of the Publishers' journals to obtain high profile academic literature to disseminate to specialized research-oriented readers).) Or, in the words of the Publishers' own declaration: to "inform[] interested readers of the state of the art of physics [which] include not only academics, but also physical scientists and researchers, engineers, educators, and students across all disciplines of the global physical science community, as well as the general public." (*See Brailey Decl.* ¶ 60; *McKenzie Decl.* ¶ 16 (noting a similar purpose for non-physics related journals to "inform interested readers of the state of the various arts and sciences [which] include not only academics, but also researchers in private [\*32] industry and the government, as well as certain members of the general public").) There is no evidence in the record that the authors wrote the Articles or the Publishers distributed the Articles for the purpose of ensuring that a government agency is provided with the information it needs to determine whether an invention is novel or non-obvious. Nor is there any evidence that would support a reasonable inference that the actual copyrighted content in the Articles -- i.e., their method of expression, as opposed to the facts they convey about a particular scientific development -- has any relationship to Schwegman's use of the Articles. For these reasons, the first factor weighs heavily in favor of finding fair use as a matter of law.

This conclusion does not change merely because the "copying" Schwegman engaged in did not alter the content of the Articles. That lack of alteration may make the label "transformative use" a messy fit for Schwegman's use since the "transformative use" label is most apt when a secondary work created by an alleged infringer actually alters the content of a copyrighted work or incorporates that content into a new work, such as a parody. *See, e.g., Campbell*, 510 U.S. at 572--73 [\*33] & 579--83 (describing how the rap group 2 Live Crew had used aspects of Roy Orbison's rock ballad "Oh, Pretty Woman" in creating a parody of the original and analyzing the critical aspects of 2 Live Crew's new work). But reproduction of an original without any change can still qualify as a fair use when the use's purpose and character differs from the object of the original, such as photocopying for use in a classroom. *See* 17 U.S.C. § 107 (noting that making copies for classroom use can be an example of fair use); H.R. Rep. No. 94-1476, at 66 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5679 (noting that the fair use doctrine "has as much application to photocopying and taping as to older forms of use"); William F. Patry, *Patry on Fair Use* § 3.9, *Transformative or productive uses in practice* (2013) (discussing availability of fair use defense for certain types of photocopying and noting that

some uses that involve no change in the form of the original can be considered fair use).

Cases in which alleged infringers used copyrighted works in connection with judicial proceedings further support this conclusion. In both *Healthcare Advocates Inc. v. Harding, Earley, Follmer & Frailey*, 497 F. Supp. 2d 627 (E.D. Pa. 2007), [\*34] and *Bond v. Blum*, 317 F.3d 385 (4th Cir. 2003), the alleged infringers made complete copies of the plaintiffs' copyrighted material to ultimately submit as evidence in earlier judicial proceedings. These courts concluded that such use does not supersede the intrinsic purpose of the original because the alleged infringers' evidentiary use was "indifferent to" the copyrightable means of expression. See *Bond*, 317 F.3d at 395 (upholding the district court's conclusion in analyzing the first factor of the fair use defense because the defendants' use of the manuscript had a "narrow purpose . . . for the evidentiary value of its content" that was "indifferent to Bond's mode of expression"); *Healthcare Advocates, Inc.*, 497 F. Supp. 2d at 637 (reasoning that a law firm's copying of copyrighted material for the purpose of defending its client in an earlier lawsuit "militates in favor of a finding of fair use"). These decisions also suggest that the new and different character of such an evidentiary use extends to the internal copies a law firm makes while it is analyzing copyrighted material and determining whether it would serve its client's interests to present it to a decision-maker. See *Healthcare Advocates, Inc.*, 497 F. Supp. 2d at 637 [\*35] (reasoning that creating and displaying internal copies within a law firm of copyrighted material in connection with the firm's defense of a client in a separate action was a fair use and was for a new and different purpose than the original object of the copyrighted works).

Like the law firm's internal copying and display of the copyrighted material in *Healthcare Advocates* and the defendants' use of the copyrighted memoir in *Bond*, Schwegman's allegedly infringing internal copying of the Articles took on an evidentiary character. Schwegman's allegedly infringing internal copying was connected to determining how best to represent its clients' interests in quasi-judicial proceedings before the USPTO, the EPO, and the JPO. And as in *Healthcare Advocates* and *Bond*, it would be an absurd result if an attorney seeking to advance her client's interests before a patent office were not permitted to copy and review the very type of information that the attorney is required to evaluate in connection with a patent application. Stated differently, Schwegman's use of the Articles is narrower than, and indifferent to, their manner of expression. Cf. *Bond*, 317 F.3d at 395 (noting that the evidentiary [\*36] use of the manuscript did not "draw on [the plaintiff's] mode of expression.") The Articles are useful to Schwegman and

to the various patent offices as comparative references for the specific inventions that are the subject of pending patent applications, and the *facts* and *ideas* reflected in the Articles are of use to Schwegman, not the Articles' copyrightable manner of expression. Accordingly, the only reasonable inference to draw from the summary judgment record is that the purpose and character of Schwegman's use was different than the intrinsic purpose for which the Articles were originally produced.

In addition to considering whether the purpose and character of a defendant's use differs from the intrinsic purpose of the original, courts must also consider whether an alleged fair use "[i]s commercial in nature, or was a non-profit, educational use." *Antioch*, 291 F. Supp. 2d at 988. This distinction too "is only one element of the first factor enquiry[.]" *Campbell*, 510 U.S. at 584. "The crux of the profit/non-profit 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 [\*37] paying the customary price." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985).

Relying on *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985), the Publishers argue that the first fair use factor should weigh against Schwegman because Schwegman is a for-profit law firm and derives a commercial benefit from its use of the Articles. The evidence shows that Schwegman charged clients a flat rate for downloading documents from Private PAIR and billed for attorney and paralegal time spent locating and reviewing relevant prior art. (See 4/12/13 Dunnegan Decl., Ex. D., Feb. 13, 2013 Dep. of Bradley Forrest 41:4--24 (explaining that Schwegman charges its clients \$10 for non-patent literature and any other document downloaded from Private PAIR); 2/25/13 Dunnegan Decl., Ex. BN, Dep. of Patrick McNally 17:10--18:10 (describing billing for the time spent obtaining articles); *Id.*, Ex. BO, Dep. of Louis Leichter 25:14--26:13 (discussing reading the Rabeau Article in connection with billing records).) However, this is not the kind of use where an alleged infringer simply "stands to profit from exploitation of the copyrighted material without paying the customary [\*38] price." *Harper & Row Publishers, Inc.*, 471 U.S. at 562. Because Schwegman's use of the Articles does not supersede the Publishers' intended use and has a new and different evidentiary character, Schwegman's "commercial" use of the Articles does not unfairly exploit copyrighted material in the same way that the defendant did in *Harper & Row*. *Id.* at 543--44, 562 (explaining how *The Nation* ran a story publishing quotes, paraphrases, and facts drawn exclusively from former President Gerald Ford's memoirs, and thereby had the purpose "of

supplanting the copyright holder's commercially valuable right of first publication").

Finally, the Publishers argue that Schwegman is not entitled to have the first factor of the fair use defense weighed in its favor as a matter of law by comparing Schwegman's use of the Articles to the unfair use involved in *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913 (2d Cir. 1994). In the *Texaco* case, the defendant employed hundreds of scientists to conduct research to develop new products and technology for its business in the petroleum industry. *Id.* at 915. One of those scientists, Dr. Donald H. Chickering, made copies of scientific journal articles from [\*39] publications he believed were relevant to his area of research and engineering work for the company. *Id.* Rather than immediately using the photocopied articles in his work, Dr. Chickering placed the copies in his files "to have them available for later reference as needed." *Id.* In the lawsuit against Dr. Chickering's employer, Texaco, Inc., the publisher of the journal from which the copies were made claimed that Dr. Chickering and other Texaco scientists infringed the publisher's copyrights, and Texaco claimed that Chickering and its other scientists were engaged in a fair use. *Id.* at 916 (discussing the nature of the dispute). Discussing the first factor, the Second Circuit explained that "Chickering had [the articles at issue] photocopied, at least initially, for the same basic purpose that one would normally seek to obtain the original--to have it available on his shelf for ready reference if and when he needed to look at it." *Id.* at 918. In other words, Chickering's practice, and the practice of the other Texaco scientists, allowed each scientist to maintain his own personal reference library "without . . . having to purchase another original journal" for each researcher. *See id.* at 919.

This [\*40] case is not *Texaco*. In *Texaco*, the evidence showed that "the making of copies to be placed on the shelf in Chickering's office [wa]s part of a systematic process of encouraging employee researchers to copy articles so as to multiply available copies while avoiding payment." *Id.* at 920. Here, there is no evidence that would allow a reasonable jury to conclude that Schwegman is similarly maintaining mini-research libraries so that it can avoid paying for separate licenses for each of its lawyers, thereby superseding the original purpose of the Articles.<sup>10</sup> As explained above, the evidentiary character of Schwegman's copying differentiates the firm's use of the Articles from the Articles' original purpose, and a reasonable jury can only weigh factor one in favor of fair use.

<sup>10</sup> In a different case, the first factor could tip against a law firm like Schwegman if, for example, the law firm was claiming that it was fair use for it to make a copy for every attorney at the

firm of a copyrighted legal treatise on patent prosecution or a practitioner's manual on effective methods for filing patent applications with the USPTO or other patent offices. The firm's use of such materials would likely [\*41] be identical to the original object of the work--i.e., to teach lawyers how to prosecute patents. And such a hypothetical law firm, like the defendant in *Texaco*, would be systematically avoiding paying licensing fees by multiplying copies for its employees to use copyrighted materials exactly how they were intended to be used.

## ii. The effect on the market for the Articles

Although typically the fair use factors are evaluated in the order they are listed in 17 U.S.C. § 107, this Court turns now to the "fourth factor" concerning the effect on the market for the Articles because it is closely related to the "first factor" involving the purpose and character of the use. Evaluating this next factor "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." *Campbell*, 510 U.S. at 590 (quotations omitted). When a defendant uses a copyrighted work that does not usurp the market for the copyrighted work, the fourth factor leans toward fair use. *Id.* at 593. [\*42] "Only an impact on potential licensing revenues for traditional, reasonable, or likely to be developed markets should be legally cognizable[.]" *Texaco*, 60 F.3d at 930.

The Publishers present no evidence that the patent lawyers' use of the scientific Articles to meet their obligations to disclose prior art to the PTO adversely affects the traditional target market for these Articles, i.e., academics, physical scientists and researchers, engineers, educators, students, and members of the general public who want to read peer-reviewed scholarly, highly specialized articles about the physical sciences and other scientific disciplines. The publishers come forward with no evidence to counter Schwegman's evidence, in the form of the expert opinion of Dr. Dubé, that patent lawyers are not within this traditional target market for these publications. They have no evidence, for example, that a patent lawyer's ability to use a scientific article like one of the highly technical Articles in this case without paying a license fee would somehow disincentivize the authors of those Articles from creating the work in the first place and distributing it to the traditional audience for the work or that [\*43] this use would reduce demand for the original work by the target audience.

The only evidence that the Publishers submit about adverse market effect is the fact that they lose revenues

when patent lawyers do not pay the licensing fees the Publishers expect to receive when the patent firms obtain copies of the articles and then copy and store them for use with the patent applications. The Publishers point out that licenses for articles were readily available and they provide examples of patent law firms around the country that paid for licenses to scientific publications, although the record is silent about whether these firms were using the scientific articles to comply with USPTO application requirements or in connection with obligations imposed by foreign patent offices. And they also cite the fact that Schwegman itself took a license from one of the Publishers to download one of the Articles.

As acknowledged by Dr. Dubé, there is of course some impact on the market for scientific articles, such as the Articles in this case, when a patent law firm does not pay licensing fees that a publisher makes available: the Publishers obviously lose those revenues that might otherwise be obtained. [\*44] But this is not the sort of negative effect on the market that weighs heavily against a finding of fair use. If it were, then the market factor would always weigh in favor of the copyright holder and render the analysis of this factor meaningless. *See Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 614 (2d Cir. 2006) ("[W]ere a court automatically to conclude in every case that potential licensing revenues were impermissibly impaired simply because the secondary user did not pay a fee for the right to engage in the use, the fourth fair use factor would always favor the copyright holder.") (quotations omitted and emphasis in *Bill Graham Archives*); see 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.05[A][4] (Matthew Bender, Rev. Ed. 2012) (noting "[a] danger of circularity" posed by the fourth factor because "a potential market, no matter how unlikely, has always been supplanted in every fair use case, to the extent that the defendant, by definition has made some actual use of plaintiff's work, which use could in turn be defined in terms of the relevant potential market"). Therefore, the fact that the Publishers may have lost licensing revenue from Schwegman's [\*45] copying is not determinative and does not create a fact issue for trial.

The Second Circuit's analysis of the market factor in *Bill Graham Archives* is instructive in this case. There, the court considered whether it was fair use of the defendant to copy images from the plaintiff's copyrighted concert posters and include them in a book about the history of the Grateful Dead rock band. *Bill Graham Archives*, 448 F.3d at 606. The court considered the defendant's use of the posters in the book to be "transformative" -- the images of the posters were smaller than the originals, and used primarily for a purpose that was different than the posters' original expressive purpose. *Id.* at 614. As a result of the fact that under the first factor the

defendant's use was for a different purpose than the original purpose of the work, the court concluded that the fourth factor weighed in favor of a finding of fair use because the copyright owner was not entitled to preempt the defendant from exploiting markets for the posters that were neither "traditional, reasonable, or likely to be developed[.]" *Id.* (quoting *Texaco*, 60 F.3d at 930); see also *id.* at 615 ("Since [the defendant's] use of [the plaintiff's] [\*46] images falls within a transformative market, [the plaintiff] does not suffer market harm due to the loss of license fees.").

Thus, *Bill Graham Archives* illustrates how the analysis of the fourth fair use factor of effect on the market can depend heavily on the circumstances impacting the first factor. Here, the two factors are very closely interrelated. As discussed in the preceding section, Schwegman used the Articles for a purpose that was different than, and not superseding of, the original purpose for which the Articles were created. And as a result, Schwegman's copying falls outside any traditional, reasonable, or likely to be developed market. The fact that the Publishers made licenses to copy works from their journals available to law firms, and that some patent law firms paid for licenses, does not transform patent law firms into a traditional, reasonable, or likely to be developed market. *Cf. Texaco*, 60 F.3d at 930 (noting that the focus in the fourth factor is on whether an alleged infringing use has an effect on a normal or traditional market for the copyrighted works); *Bill Graham Archives*, 448 F.3d at 614 (concluding that although the plaintiff asserted it had established [\*47] a market for licensing images like the concert posters at issue and expressed a willingness to license images to the defendant, it had not shown "impairment to a traditional, as opposed to a transformative market"); *Bond*, 317 F.3d at 396--97 (noting that the evidentiary use of the plaintiff's manuscript in a judicial proceeding did not adversely affect the marketability of the memoir).

The Publishers again rely on *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913 (2d Cir. 1994), to support their argument that factor four should weigh against a finding of fair use. Specifically, they cite *Texaco* for the proposition that because they made licenses available for their journals and lost licensing revenue whenever Schwegman made a copy of the Articles, they have sufficiently established a negative effect on the market resulting from Schwegman's conduct. (*See Doc. No. 117, Pls.' Mem. in Supp. of Mot. for Partial Summ. J. Establishing the Liability of Def. Schwegman 22.*) But because the purpose of Schwegman's use of the Articles is different from the original purpose for which the Articles were created, *Texaco* is distinguishable. The scientist Dr. Chickering's use of the journal articles [\*48] at issue in *Texaco* was identical to the original purpose for

which those articles had been created. *Texaco*, 60 F.3d at 918--19. And the widespread copying of journal articles in *Texaco* simply allowed the defendant's scientists to maintain their own convenient research libraries without paying for additional licenses. *Id.* at 919--20. Because the nature and character of the defendant's use in *Texaco* purely superseded the originally intended use under factor one, the defendant's copying of the articles impacted a traditional and likely market for its journal articles and the fourth factor weighed against a finding of fair use. *See id.* at 930 (noting that "[o]nly an impact on potential licensing revenues for traditional, reasonable, or likely to be developed markets should be legally cognizable when evaluating a secondary use's effect upon the potential market for or value of the copyrighted work") (quotations omitted). Here, by contrast, Schwegman's evidentiary use of the Articles is for a new and different purpose, and Schwegman has not attempted to exploit that originally intended audience for the works. The Publishers can point to no evidence to suggest that Schwegman used the Articles [\*49] in the manner they were originally intended to be used. Thus, the Publishers have failed to show that there is a genuine issue of fact concerning an effect on a traditional, reasonable, or likely to be developed market.

For these reasons, this Court concludes that the fourth factor weighs in favor of finding fair use as a matter of law.

### iii. The nature of the copyrighted work

The second factor in the fair use analysis requires courts to consider "the nature of the copyrighted work." 17 U.S.C. § 107(2). This factor "recognizes that some types of works are closer to the core of intended copyright protection than others, *Belmore v. City Pages, Inc.*, 880 F. Supp. 673, 678 (D. Minn. 1995), and as a result, "[t]he scope of fair use is greater when 'informational' as opposed to more 'creative' works are involved." *Hustler Magazine, Inc. v. Moral Majority, Inc.*, 796 F.2d 1148, 1153--54 (9th Cir. 1986); *Belmore*, 880 F. Supp. at 678. Nevertheless, even when a work qualifies as "creative" and generally receives greater protection, when the purpose of the use is different than that for which the work was originally created, the second factor may be of less importance. *See Castle Rock Entm't*, 150 F.3d at 144; [\*50] *see also Antioch*, 291 F. Supp. 2d at 994 (citing *Castle Rock* for the proposition that the second factor may be of less importance when assessed in context of some transformative uses, but the nature of the copyrighted work remains significant where the alleged infringing use is only minimally transformative).

Based on the undisputed facts, this Court concludes that the nature of the Articles weighs slightly in favor of a finding of fair use. The Articles are factual or informa-

tional. They primarily communicate very technical information about the results of scientific research. Where a case involves highly technical scientific journal articles, such as this, the Second Circuit has noted that, "[t]hrough scientists surely employ creativity and originality to develop ideas and obtain facts and thereafter to convey the ideas and facts in scholarly articles, it is primarily the ideas and facts themselves that are of value to other scientists in their research." *See Texaco*, 60 F.3d at 925 n.11. Like the journal articles in *Texaco*, the Articles here are not primarily "creative" works in which the mode of expression predominates over the conveyance of information. Thus, the Articles fall a [\*51] bit farther from the core of intended copyright protection than do other, more "creative" works.

For these reasons, this Court concludes that the second fair use factor weighs in favor of a finding of fair use.

### iv. The amount and substantiality of the portion used in relation to the work as a whole

The third fair use factor considers "whether the amount and substantiality of the portion used in relation to the copyrighted work as a whole are reasonable in relation to the purpose of the copying." *Campbell*, 510 U.S. at 586 (quotation omitted). Copying a work in its entirety does not preclude a finding of fair use, but can militate against such a finding. *See Texaco*, 60 F.3d at 913. The inquiry focuses on "whether the extent of . . . copying is consistent with or more than necessary to further the purpose and character of the use." *Castle Rock Entm't*, 150 F.3d at 144 (quotations omitted).

There is no dispute that Schwegman copied the Articles in their entirety. Schwegman's "copying" consisted of obtaining complete electronic copies from Private PAIR and other sources, making complete "copies" by viewing the Articles on computer screens and downloading the Articles to Schwegman's electronic [\*52] document management system, and emailing electronic copies to the firm's clients and foreign patent prosecution associates. The fact that a complete electronic copy was made each time Schwegman took one of these actions does not, by itself, mean that this factor necessarily preclude a finding of fair use. *Cf. Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449--50, 104 S. Ct. 774, 78 L. Ed. 2d 574 (1984) (concluding that the reproduction of entire audiovisual televised works did not have the ordinary effect of militating against a finding of fair use).

There is also no genuine dispute that Schwegman's copying was necessary to the new and different purpose for which Schwegman made the copies. The evidence permits no reasonable inference other than that

Schwegman's copying was essential to allow the law firm to evaluate whether the information in the Articles was prior art that needed to be disclosed in connection with patent applications. Thus, because Schwegman's copying is consistent with the purpose and character of Schwegman's new and different use of the Articles, this Court concludes that this factor favors a finding of fair use.

#### v. Other factors

The Publishers also argue that a finding of fair use [\*53] is inappropriate because Schwegman never had an "authorized" or licensed copy of the Articles. But the Publishers point to no case or other authority that suggests obtaining a license for copyrighted works is necessary when the use an alleged infringer puts that work to is a fair one.

The Publishers appear to be arguing that because Schwegman never had an "authorized" copy of the Articles in the first instance, the firm's possession of the Articles was unlawful or that the firm acted in bad faith. There is no indication in the record that Schwegman simply stole the Articles the way a person might when he "pirates" a song on the internet. Under these circumstances, it would be unreasonable for a jury to conclude that Schwegman acted in bad faith in obtaining a copy of the Articles. *Cf. Harper & Row*, 471 U.S. at 562--63 (discussing the defendant's alleged bad faith in knowingly exploiting a stolen manuscript of President Ford's memoirs that a rival publication had an exclusive license to print). The record indicates that, in fact, Schwegman paid a fee to one of the Publishers, American Institute of Physics, to get a copy of the Ye Article. Schwegman obtained eleven of the other Articles [\*54] from the USPTO's patent-application database in Private PAIR when they inherited their clients' files from other law firms. And Schwegman obtained other Articles from various sources, some undetermined, one from a university's website, and one from a client. These are not the acts of a "chiseler" going outside the bounds of good faith and fair dealing that are presupposed in a fair use of copyrighted material. *See id.* at 562 ("Fair use presupposes good faith and fair dealing.") (quotations omitted). And no reasonable juror could conclude on this record that Schwegman acted in bad faith.

#### vi. Conclusion

Having weighed all these factors, this Court concludes that Schwegman is entitled to the fair use defense as a matter of law. The record demonstrates no genuine dispute that Schwegman's use of the Articles was new and different than and did not merely supersede the original purpose of the Articles. Also, the undisputed facts demonstrate that the nature of the Articles is pre-

dominantly informational. Further, although Schwegman did make complete copies of the Articles in its patent prosecution practice, the only reasonable inference to draw from the record is that Schwegman's copying of [\*55] the Articles was consistent with the new and different purpose and character of Schwegman's use. And there is no evidence to suggest that Schwegman's copying impacted a traditional, reasonable, or likely to be developed market for the Articles. Thus, all four fair use factors weigh in favor of finding that Schwegman's use in this matter is fair as a matter of law.

The fair use defense 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." *Campbell*, 510 U.S. at 577 (quoting *Stewart v. Abend*, 495 U.S. 207, 236, 110 S. Ct. 1750, 109 L. Ed. 2d 184 (1990)). We conclude that Schwegman's use would not stifle the creativity that the Copyright Act is designed to foster because there is no evidence in the record that authors of scientific journal articles will be less likely to publish what they have discovered due to Schwegman's use or that Schwegman's use would create any reasonable disincentive for the Publishers to stop publishing their journals.

Finally, Schwegman's copying of the Articles and its use of those copies for the purpose of supporting its clients' patent applications also "promote[d] the Progress of Science [\*56] and useful Arts," U.S. Const., art. I, § 8, cl. 8, which is the very purpose of the Copyright Act. Uses of copyrighted work that fulfill that purpose include "criticism, comment, news reporting, teaching . . . , scholarship, or research." 17 U.S.C. § 107. Though they borrow from a copyrighted work, criticism, comment, news reporting, teaching, scholarship, and research all have the potential, under certain circumstances, to benefit the public by furthering the understanding of ideas or discoveries highlighted in a copyrighted work. And like each of these listed uses, Schwegman's use of the Articles in connection with its clients' patent applications confers a public benefit as well. *See Campbell*, 510 U.S. at 577 (explaining that the examples of fair uses in § 107's preamble are not exclusive and citing 17 U.S.C. § 101). Schwegman's use of the Articles facilitates the complete disclosure required in the patent-application process, assisting patent examiners in determining whether applications for patent protection should be granted, and, consequently, fulfilling the very same purpose of promoting science and the arts that the Copyright Act was intended to accomplish.

For all these reasons, [\*57] Schwegman is entitled to judgment as a matter of law on its defense of fair use. Because this Court concludes that Schwegman is entitled to judgment as a matter of law on its fair use defense, it also concludes that it is unnecessary to address



Schwegman's remaining arguments in its motion for summary judgment.

## 2. The Publishers' Motion

Because this Court concludes that Schwegman's motion for summary judgment should be granted on the grounds that there are no genuine issues of material fact and Schwegman is entitled to judgment as a matter of law on its affirmative defense of fair use, this Court concludes that the Publishers' motion for summary judgment is moot.

## 3. USPTO's Motion

Likewise, because this Court recommends that Schwegman's motion for summary judgment be granted on the grounds that there are no genuine issues of material fact and Schwegman is entitled to judgment as a matter of law on its affirmative defense of fair use, the USPTO's motion for summary judgment on its counterclaim for a declaratory judgment based on the fair use defense<sup>11</sup> should be denied as moot.

11 In essence, the USPTO's assertion of a fair use defense is no different than saying that the USPTO agrees with [\*58] Schwegman's position that Schwegman engaged in fair use in this case. Viewed in that light, the USPTO's interest in this case is comparable to that of an amicus, not a party with a cognizable Article III case or controversy.

## II. Motions to Exclude Expert Testimony

The three motions to exclude expert testimony referred by the district court address the proposed testimony to be provided by Schwegman's expert Dr. Jean-Pierre Dubé, the Publishers' expert Dr. Randall H. Victoria, and Schwegman's expert Douglas Gary Lichtman. For the reasons that follow, this Court concludes that Dr. Dubé's testimony need not be excluded under the relevant Rules of Evidence and the guidelines established in *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 113 S. Ct. 2786, 125 L. Ed. 2d 469 (1993), and the other two motions should be denied as moot.

### A. Legal Standard

The Federal Rules of Evidence allow an expert to provide testimony when "(1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case." Fed. R. Evid. 702. The expert witness must be "qualified as an expert by knowledge, skill, [\*59] experience, training, or education." *Id.* The proponent of ex-

pert testimony must prove that it is admissible by a preponderance of the evidence. *Lauzon v. Senco Prods., Inc.*, 270 F.3d 681, 686 (8th Cir. 2001).

The district court has a "gatekeeping" obligation to ensure that all testimony admitted under Rule 702 is reliable. *See Daubert*, 509 U.S. at 589. To determine whether expert witness testimony is admissible, a court must consider, among other factors, whether the methodology is generally accepted within the discipline. *Id.* at 593--94. The analysis is intended to be flexible, *id.* at 594, and a court can adapt or reject the factors identified in *Daubert* as a particular case demands. *Unrein v. Timesavers, Inc.*, 394 F.3d 1008, 1011 (8th Cir. 2005). Expert testimony is not admissible if it is "speculative, unsupported by sufficient facts, or contrary to the facts of the case." *Marmo v. Tyson Fresh Meats, Inc.*, 457 F.3d 748, 757 (8th Cir. 2006).

## B. Analysis

### 1. Plaintiffs' Motion to Exclude Dr. Dubé's Testimony

#### a. The Content of the Testimony

This Court briefly discussed Dr. Jean-Pierre Dubé's testimony above. *See* discussion, *supra* at p. 11--12, but expands on it here. In his expert report, [\*60] Dr. Dubé avers that he has achieved a Ph.D. in economics at Northwestern University. (Dubé Report ¶ 3.) He is a member of the faculty at the University of Chicago Booth School of Business, and has an impressive record of research fellowships, awards, and publications in his academic career. (*Id.* ¶¶ 4--6.)

In his expert report, Dr. Dubé states that he bases his opinions on his own experience and training as well as the materials he reviewed in preparing the report, including various motion papers, pleadings, and discovery materials produced in this litigation. (Dubé Report ¶ 2, Ex. B.) Dr. Dubé provides his opinions on the purpose of academic journals, how the Publishers' journals fit a particular economic model, how the allegations of unauthorized copying in this case relate to that economic model, how those allegations relate to the Articles' purpose and character and any effect on the market for the Articles, and the current state of the publishing industry. (*Id.* ¶ 10.) Relying on sources that describe the market for academic journals reflecting original research, Dr. Dubé concludes that academic journals attempt to increase their prestige by getting more prominent academics to publish [\*61] their articles in high-profile journals. (*Id.* ¶ 15.) Meanwhile, academics attempt to increase their own prestige by being published in more reputable journals. (*Id.* ¶ 13.) Dr. Dubé refers to this as a "two-sided market," which has resulted in the development of a model in economics literature that has been

used to study both for-profit and not-for-profit scholarly journals. (*Id.* ¶ 15.) In this model, "authors benefit from greater impact and citations and thus prefer a journal that has more readers[, and] readers benefit from content and thus prefer journals with more articles." (*Id.* (quoting McCabe, M. and C. Snyder, *The Best Business Model for Scholarly Journals: An Economist's Perspective*, Nature Web Focus (July 16, 2004)).)

Dr. Dubé further explains that academic journals "serve[] as a platform through which original research findings are submitted by authors, peer-reviewed by experts and then transmitted to the intended reader audience of scholars and practitioners." (Dubé Report ¶ 12.) He states that, the Publishers' journals attempt to capitalize on the two-sided market for academic journals by highlighting the journals' positions and rankings within their various specialties. [\*62] (*Id.* ¶ 18.) They focus on "disseminat[ing] new data and scholarly ideas oriented towards a very specialized, research-oriented audience of readers." (*Id.* ¶ 19.) According to Dr. Dubé, the "intended purpose of the published content in these journals is for consumption of the intellectual findings and knowledge by 'experts' in the scientific subfields represented." (*Id.* ¶ 27.)

Dr. Dubé opines that "[a]ttorneys reviewing articles to determine whether they should be disclosed to the PTO are not reading the articles for the same purpose at [sic] the target audience." (Dubé Report ¶ 11.) He says these attorneys read such articles "to determine if [they] contain[] subject matter that is relevant to the invention for which the attorney is trying to obtain patent protection, which would then require him to provide a copy to the PTO." (*Id.* ¶ 11; *see also id.* ¶ 25.) Further, Dr. Dubé states that when an attorney gets a copy of a scientific article to review in determining whether it is relevant prior art that must be submitted in support of the patent application, there is an effect on the market for the article, but the "incidental" copies Schwegman creates through the use of its technology and [\*63] otherwise as it is prosecuting patents for its clients "do not constitute a source of willingness-to-pay by the defendants and do not harm the market value of the [Publishers'] journals." (*Id.* ¶ 26--28.)

#### **b. Whether the Testimony is Admissible**

The Publishers argue that Dr. Dubé's testimony is not admissible on the following grounds: (1) Dr. Dubé lacks expertise in copyright law; (2) Dr. Dubé's testimony will not assist a jury in resolving fact issues concerning the first or fourth fair use factors; (3) Dr. Dubé's opinions concerning the first factor are not based on an accepted methodology; (4) Dr. Dubé's opinions concerning the fourth factor are based on flawed reasoning; and (5) Dr. Dubé's opinions concerning the fourth factor are

not based on sufficient facts and data. (Doc. No. 162, Pls.' Mem. in Supp. of Mot. to Exclude Testimony of Dr. Jean-Pierre Dubé, *passim*.)

This Court concludes that Dr. Dubé should not be excluded as a witness on grounds that he is not an expert in copyright law or on grounds that his testimony will not be helpful to a jury in understanding the facts relevant to the first and fourth fair use factors. The fact that Dr. Dubé has no specific training or expertise [\*64] in copyright law is not relevant to the admissibility of his testimony. Dr. Dubé is a qualified witness who can testify about the intended audience for the Publishers' academic journals and the articles that are published in those journals. He has extensive experience in the market for academic publications, including working as an editor and advisor for various journals, and serving in a leadership capacity for leading journals in his field. He has published on two-sided economic markets that he concludes accurately describes the market for academic journals. He used that experience and knowledge in his expert report to draw conclusions about the impact Schwegman's use would have on the target market for the Articles. As a result of his experiences and knowledge of the very subject matter that is most relevant to Schwegman's fair use defense, Dr. Dubé is sufficiently qualified to provide testimony about the original intended purpose and character of the Articles and the effect on the traditional market for those Articles caused by Schwegman's use. Dr. Dubé's testimony will be helpful to a trier of fact because these topics are plainly outside the knowledge and expertise of the ordinary [\*65] juror.

The Publishers' argument that Dr. Dubé's testimony is based on an improper methodology relies entirely on a quotation from his deposition that is presented out of context and ignores the fact that Dr. Dubé reached his conclusions by applying his expertise in and knowledge of the market for academic journals. The Publishers assert that rather than using an established methodology, Dr. Dubé only used "common sense" to form his conclusion that Schwegman's internal copying to comply with patent office rules on providing prior art would favor a finding of fair use. (Doc. No. 163, 4/12/13 Dunnegan Decl., Ex. B, Mar. 16, 2013 Dep. of Jean-Pierre Dubé 191:3--11.) But, when read in context of Dr. Dubé's other testimony about this very subject, his opinion is plainly based on the conclusions he was able to draw from his training and experience. (Doc. No. 196, Decl. of Devan Padmanaban, Ex. A, Mar. 16, 2013 Dep. of Jean-Pierre Dubé 165:17--167:16 (explaining that Dr. Dubé based his opinion that factor one of the fair use analysis would favor Schwegman if it was making copies to adhere to a legal duty to provide copies of prior art to the USPTO on his training and experience).) The Publishers' [\*66]

citation to a single portion of Dr. Dubé's testimony that it may believe contradicts this evidence does not convince this Court that Schwegman has failed to carry its burden to prove that Dr. Dubé's testimony is admissible by a preponderance of the evidence. *See Lauzon*, 270 F.3d at 686.

Dr. Dubé also should not be excluded as a witness on the ground that his opinions are not based on sufficient facts or data. The Publishers challenge the admissibility of Dr. Dubé's opinions because he was unaware that the Publishers made annual licenses available for their journals, he did not know that Schwegman was not legally obligated to download Articles from Private PAIR, and he assumed that placing copies of the Articles on Schwegman's document management system was done to adhere to legal duties of disclosure. This Court concludes that Dr. Dubé's opinions are not based on conjecture or speculation, but on the evidence that was available to him at the time Schwegman produced his report. The Publishers' objections to Dr. Dubé's testimony are, therefore, objections to the weight of his un rebutted evidence, not a basis to exclude his testimony. *See Loudermill v. Dow Chemical Co.*, 863 F.2d 566, 570 (8th Cir. 1988) [\*67] ("As a general rule, the factual basis of an expert opinion goes to the credibility of the testimony, not the admissibility, and it is up to the opposing party to examine the factual basis for the opinion in cross-examination.").

For these reasons, and because Schwegman has proven by a preponderance of the evidence that Dr. Dubé's testimony is admissible, the Publishers' motion to exclude Dr. Dubé's testimony should be denied.

## 2. Schwegman's Motion to Exclude Dr. Victoria's Testimony

Because this Court has concluded that summary judgment is appropriate on Schwegman's fair use defense, and none of Dr. Randall Victoria's testimony or other evidence is relevant to that defense, this Court need not consider Schwegman's motion to exclude Dr. Victoria's testimony. Therefore, this motion should be denied as moot.

## 3. The Publishers' Motion to Exclude Douglas Lichtman's Testimony

Swegman's expert Douglas Lichtman provided an expert report that Schwegman submitted in support of its motion for summary judgment, and Lichtman's report primarily discusses his view of the public policy implications of the fair use analysis in this case. Even without considering Lichtman's report, however, this Court [\*68] has concluded, as a matter of law, that Schwegman's use of the Articles in this case was a fair

use. Therefore, the Publishers' motion to exclude Lichtman's opinions is moot, and this Court has not and does not need to consider whether that report is admissible. Accordingly, this Court recommends that the District Court deny the Publishers' pending motion to exclude Lichtman's expert testimony (Doc. No. 222) as moot. The hearing currently scheduled on that motion, which the District Court has referred to this Court for a report and recommendation, will be cancelled pending the District Court's action concerning this Report and Recommendation.

## RECOMMENDATION

Based on the foregoing, and on all the records and proceedings herein,

### IT IS HEREBY RECOMMENDED that:

1. The Publishers' Motion to Dismiss and for Summary Judgment on the Counterclaim of Intervening Defendant the United States Patent and Trademark Office (Doc. No. 93), be **DENIED AS MOOT**;

2. The Publishers' Plaintiffs' Amended Motion for Partial summary Judgment Establishing the Liability of Defendant Shwegman, Lundberg & Woessner, P.A. for Copyright Infringement (Doc. No. 116), be **DENIED AS MOOT**;

3. Intervenor Defendant United States [\*69] Patent and Trademark Office's Motion for Summary Judgment on its Fair Use Defense and Counterclaim (Doc. No. 153), be **DENIED AS MOOT**;

4. Schwegman's Motion for Summary Judgment (Doc. No. 156), be **GRANTED**;

5. The Publishers' Motion to Exclude the Expert Witness Testimony of Jean-Pierre Dubé (Doc. No. 160), be **DENIED**;

6. Schwegman's Motion to Exclude Expert Testimony, Report and Declaration of Randall H. Victoria (Doc. No. 190), be **DENIED AS MOOT**;

7. The Publishers' Motion to Exclude Expert Testimony of Douglas Lichtman (Doc. No. 222), be **DENIED AS MOOT**; and

8. This case be **DISMISSED WITH PREJUDICE**.

Dated: July 30, 2013

/s/ Jeffrey J. Keyes

JEFFREY J. KEYES

United States Magistrate Judge

Under D. Minn. LR 72.2(b) any party may object to this Report and Recommendation by filing with the

Clerk of Court, and serving all parties by **August 13, 2013**, a writing which specifically identifies those portions of this Report to which objections are made and the basis of those objections. Failure to comply with this procedure may operate as a forfeiture of the objecting party's right to seek review in the Court of Appeals. A party may respond to the objecting party's brief within **fourteen days** after service [\*70] thereof. All briefs filed under this rule shall be limited to 3500 words. A judge shall make a de novo determination of those portions of the Report to which objection is made. This Re-

port and Recommendation does not constitute an order or judgment of the District Court, and it is therefore not appealable directly to the Circuit Court of Appeals.

Unless the parties stipulate that the District Court is not required by 28 U.S.C. § 636 to review a transcript of the hearing in order to resolve all objections made to this Report and Recommendation, the party making the objections shall timely order and file a complete transcript of the hearing within **ten days** of receipt of the Report.

**FAULKNER LITERARY RIGHTS, LLC, PLAINTIFF v. SONY PICTURES CLASSICS INC. and JOHN DOE PERSONS OR ENTITIES, DEFENDANTS**

**CASE NO. 3:12cv100**

**UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF MISSISSIPPI**

**2013 U.S. Dist. LEXIS 100625**

**July 18, 2013, Decided**

**July 18, 2013, Filed**

**COUNSEL:** [\*1] For Faulkner Literary Rights, LLC, Plaintiff: J. Cal Mayo, Jr., Paul Bowie Watkins, Jr., Pope S. Mallette, LEAD ATTORNEYS, MAYO MALLETTE, PLLC, Oxford, MS.

For Sony Pictures Classics, Inc., Defendant: Christian Dominic Carbone, PRO HAC VICE, Thomas Dennis Nolan, PRO HAC VICE, LEAD ATTORNEYS, LOEB & LOEB, LLP, New York, NY; Anita K. Modak-Truran, BUTLER, SNOW, O'MARA, STEVENS & CANNADA, Jackson, MS; Paul S. Rosenblatt, BUTLER, SNOW, O'MARA, STEVENS & CANNADA - Jackson, Ridgeland, MS.

**JUDGES:** MICHAEL P. MILLS, CHIEF UNITED STATES DISTRICT JUDGE.

**OPINION BY:** MICHAEL P. MILLS

**OPINION**

**MEMORANDUM OPINION**

Presently before the court is the motion of the defendant, Sony Pictures Classics, Inc. ("Sony"), seeking dismissal pursuant to Federal Rule of Civil Procedure 12(b)(6). The plaintiff, Faulkner Literary Rights, LLC ("Faulkner") has responded in opposition. The court has viewed Woody Allen's movie, *Midnight in Paris*, read the book, *Requiem for a Nun*, and is thankful that the parties did not ask the court to compare *The Sound and the Fury* with *Sharknado*. Further, the court has thoroughly considered the filings and relevant law. The motion is due to be granted.

At issue in this case is whether a single line from a full-length [\*2] novel singly paraphrased and attributed to the original author in a full-length Hollywood film can be considered a copyright infringement. In this case, it cannot.

Faulkner has alleged claims under the Lanham Act, 15 U.S.C. § 1125 and the Copyright Act, 17 U.S.C. §§

101, *et seq.*, arising out of Sony's use of a quote from revered literary giant William Faulkner's *Requiem for a Nun* ("*Requiem*") in the film, *Midnight in Paris* ("*Midnight*"), directed by Woody Allen. The present motion requires this court's consideration of several issues: (1) whether the affirmative defense raised to the copyright infringement claim can properly be considered on a motion to dismiss; (2) whether the use in *Midnight* is justified under a *de minimis* copyright analysis; (3) if the alleged infringement is not *de minimis*, whether or not it constitutes fair use; (4) whether Faulkner's Lanham Act claim has merit.

### **1. Facts**

The dispute centers on the *Requiem* quote of county attorney Gavin Stevens, "The past is never dead. It's not even past." *Midnight* contains the quote, "The past is not dead. Actually, it's not even past. You know who said that? Faulkner, and he was right. I met him too. I ran into him at a dinner party." [\*3] Notably, Faulkner has not provided any more facts in his complaint than descriptions of the two works, a jurisdiction and venue statement, and threadbare recitals of elements.

#### **a. Midnight in Paris**

*Midnight* is a film set in modern-day Paris that follows the adventures of Gil Pender, a Hollywood screenwriter with literary aspirations. Pender is on vacation with his fiancée, Inez, and her parents. Gil decides to walk home to their hotel from a roof-top wine tasting as Inez opts for an evening of dance with a friend, Paul Bates. Gil loses his way, and an antique car pulls up at the stroke of midnight, and the passengers, laughing and drinking champagne, invite Gil to join them. They drive to a party where Cole Porter is performing and Zelda and F.Scott Fitzgerald are in attendance.

The following afternoon, Gil and Inez join Paul and Carol Bates on an excursion to the palace of Versailles. Gil discusses his novel with the pedantic, pontificating Paul Bates, who coins the term, "Golden Age Thinking,

the erroneous notion that a different time period is better than the one one's living in. Ya know, it's a flaw in the romantic imagination of those people who find it difficult to cope with the [\*4] present". "Golden Age Thinking" pervades the film, both in plot and theme.

Gil returns to the streets each night of the vacation at midnight to return to 1920's Paris, pursuing counsel for a novel he has drafted. He obtains such counsel from none other than Gertrude Stein and Ernest Hemingway. He meets Gertrude Stein at her apartment, where Pablo Picasso is painting an abstract portrait of his mistress, Adriana. Gertrude Stein recites the first lines of Gil's novel: "'Out of the Past' was the name of the store, and its products consisted of memories. What was prosaic and even vulgar to one generation had been transmuted by the mere passing of years to a status at once magical and also camp." The opening lines are gripping to Adriana, who remarks, "The past has always had a great charisma for me."

Gil and Adriana ultimately develop a platonic relationship and visit 1890's Paris. Just as Gil is disenchanted by present day and longs for the 1920s, Adriana is discontent with the 1920s and pines for La Belle Époque, and the artists of La Belle Époque yearn for the Renaissance. During their visit, Adriana and Gil have a disagreement as to whether they should stay in the 1890s or return to [\*5] the 1920s. Adriana wants to remain in La Belle Époque, "the most beautiful era Paris has ever known." Gil responds, "Yeah but what about the 20s and the Charleston, and the Fitzgeralds, and the Hemingways? I mean I love those guys." Adriana rejoins, "But it's the present. It's dull." Gil acknowledges that his desire to live a happier life in the past is an illusion. Gil and Adriana separate.

The following afternoon, Gil accuses Inez of carrying on an affair with Paul Bates. Inez, incredulous, asks where Gil might have gotten such an idea. Gil responds that he got the idea from Hemingway, Fitzgerald, Gertrude Stein and Salvador Dali, a notion Inez ridicules because they are all dead. In response, Gil states, "The past is not dead. Actually, it's not even past. You know who said that? Faulkner, and he was right. And I met him too. I ran into him at a dinner party."

#### **b. Requiem for a Nun<sup>1</sup>**

<sup>1</sup> The court disagrees with Sony's characterization of *Requiem* as being "relatively obscure". Nothing in the Yoknapatawpha canon is obscure. Having viewed the two works at issue in this case, the court is convinced that one is timeless, the other temporal.

William Faulkner wrote *Requiem for a Nun*, a cross-genre [\*6] between a novel and a three-act play, as a sequel to his novel, *Sanctuary*. The story provides a history of the fictional Yoknapatawpha County, Mississippi. Temple Drake's nanny, Nancy, has been sentenced to death for the murder of Temple's child. Nancy's defense attorney, Gavin Stevens, visits Temple to ask that she plead clemency for Nancy since Temple herself is not without fault in her child's death. In response, Temple resists and distances herself from her past, stating that she is now Mrs. Gowan Stevens, not Temple Drake. Gavin Stevens retorts, "The past is never dead. It's not even past."

*Requiem* contains other similar references to the past. Gavin Stevens states, speaking to Gowan, that "There's no such thing as past either." Later in the book, Gavin describes the past as a promissory note:

It was as though she realised for the first time that you - everyone - must, or anyway may have to, pay for your past; the past is something like a promissory note with a trick clause in it which, as long as nothing goes wrong, can be manumitted in an orderly manner, but which fate or luck or chance, can fore-close on you without warning.

## **2. Legal Standard**

Sony does not contest the facts alleged [\*7] in Faulkner's complaint. <sup>2</sup> Thus, while the court will proceed under Rule 12(b)(6), its decision is the same under Rule 56. *See* Fed. R. Civ. P. 56. "Motions to dismiss are viewed with disfavor and are rarely granted." *Test Masters Educ. Servs. v. Singh*, 428 F.3d 559, 570 (5th Cir. 2005). <sup>3</sup> A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) challenges the legal sufficiency of the complaint and raises an issue of law. When reviewing a motion to dismiss, the court "accepts all well pleaded facts as true, viewing them in the light most favorable to the plaintiff." *Guidry v. American Pub. Life Ins. Co.*, 512 F.3d 177, 180 (5th Cir. 2007). However, "the tenet that a court must accept a complaint's allegations as true is inapplicable to threadbare recitals of a cause of action's elements, supported by mere conclusory statements." *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S. Ct. 1937, 173 L. Ed. 2d 868 (2009)(citing *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007)).

2 Both the film and the novel are properly before the court as attached to the motion to dismiss. See *Causey v. Sewell Cadillac-Chevrolet, Inc.*, 394 F.3d 285, 288 (5th Cir. 2004)("Documents that a defendant attaches to a motion to dismiss are considered [\*8] part of the pleadings if they are referred to in the plaintiff's complaint and are central to her claim.").

3 Internal quotations, citations, and brackets omitted unless otherwise noted.

"Factual allegations must be enough to raise a right to relief above the speculative level, on assumption that all allegations in the complaint are true (even if doubtful in fact)." *Twombly*, 550 U.S. at 555. A complaint will be dismissed unless there are "enough facts to state a claim to relief that is plausible on its face." *Id.* at 570. A plaintiff's complaint must nudge his claims "across the line from conceivable to plausible." *Id.* Determining whether a complaint states a plausible claim for relief is a context-specific task that requires the court to draw on its judicial experience and common sense. *Iqbal*, 556 U.S. at 679 (2009).

### 3. Analysis

#### a. Copyright Act

##### 1. *De Minimis*

"A copyright infringement claim requires proof of (1) ownership of a valid copyright and (2) actionable copying, which is the copying of constituent elements of the work that are copyrightable." *Bridgmon v. Array Sys. Corp.*, 325 F.3d 572, 576 (5th Cir. 2003)(citations omitted). Actionable copying requires two separate inquiries: (1) [\*9] whether the alleged infringer actually used the copyrighted material in his own work; (2) whether "substantial similarity" exists between the copyrighted work and the allegedly infringing work, which requires a side by side comparison of the two works. *Id.*

The Fifth Circuit has adopted sister circuit precedent for the contention that "the substantiality of the similarity is measured by considering the qualitative and quantitative significance of the copied portion in relation to the plaintiff's work as a whole." *Positive Black Talk Inc. v. Cash Money Records, Inc.*, 394 F.3d 357, 373 (5th Cir. 2004), *abrogated on separate grounds by Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154, 130 S. Ct. 1237, 176 L. Ed. 2d 18 (2010)(citing *King v. Innovation Books*, 976 F.2d 824, 829-30 (2d Cir. 1992)). The Fifth Circuit's initial inquiry of copyright infringement, therefore, mirrors the third factor of the fair use defense, "the amount and substantiality of the portion used in relation to the copyrighted work as a whole". See 17 U.S.C. § 107, *infra*.

Both parties have posited non-circuit authority for the doctrine of *de minimis non curat lex* and its applicability to copyright infringement. The Supreme Court states that "the venerable [\*10] maxim *de minimis non curat lex* ("the law cares not for trifles") is part of the established background of legal principles against which all enactments are adopted, and which all enactments (absent contrary indication) are deemed to accept." *Wisconsin Dep't of Revenue v. William Wrigley, Jr., Co.*, 505 U.S. 214, 231, 112 S. Ct. 2447, 120 L. Ed. 2d 174 (1992).

The parties agree that the doctrine is part of the initial inquiry of whether or not the use is infringement in the first instance, as opposed to the fair use inquiry, which is an affirmative defense. The Fifth Circuit recognizes the *de minimis* doctrine in the context of infringement cases, but it has not specifically enunciated its proper place in the infringement analysis. See *Compaq Computer Corp. v. Ergonome Inc.*, 387 F.3d 403, 406 (5th Cir. 2004)(affirming jury verdict rendered based on *de minimis* and fair use grounds); *Triangle Publications, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171, 1177 (5th Cir. 1980)(reversing the District Court's rejection of the fair use defense because the harm suffered by plaintiff was *de minimis*, since it suffered no economic injury whatever from the infringement).

To conclude this preliminary discussion, the court considers [\*11] both the substantial similarity and *de minimis* analyses in this case to be fundamentally related, and wholly encompassed within the fair use affirmative defense. Therefore, the court will utilize the fair use factors in making a determination on the *de minimis* and substantial similarity issues. Moreover, this circuit's precedent addressing the use of a *de minimis* analysis in copyright cases is largely undeveloped, and the court is reluctant to address it, except within the context of Sony's affirmative defense, fair use.<sup>4</sup>

4 Faulkner asserts that a 12(b)(6) motion is not a proper forum to consider an affirmative defense. The court disagrees. "[A] claim may also be dismissed if a successful affirmative defense appears clearly on the face of the pleadings." *Clark v. Amoco Prod. Co.*, 794 F.2d 967, 970 (5th Cir. 1986). In this case, where no facts contained in the complaint are disputed, raising the affirmative defense in Sony's motion is equivalent to raising a defense suitable for a 12(b)(6) analysis. This issue is moot where, as here, the court addresses the affirmative defense but disposes of its ruling on separate grounds.

##### 2. Fair use

The Copyright Act provides:



[T]he fair use of a copyrighted [\*12] work... 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.

17 U.S.C. § 107. "Fair use is a mixed question of law and fact." *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 560, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985). "Section 107 requires a case-by-case determination whether a particular use is fair, and the statute notes four nonexclusive factors to be considered." *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985). Moreover, Section 107 does not change, narrow or enlarge the pre-existing judicial doctrine of fair use, which has been defined as "a privilege in [\*13] others than the owner of the copyright to use the copyrighted material in a reasonable manner without his consent." *Id.* These factors are to be "weighed together, in light of the purposes of copyright... to promote science and the arts." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994).

#### A. Purpose and Character

"The heart of the fair use inquiry is into the first specified statutory factor identified as the purpose and character of the use." *Blanch v. Koons*, 467 F.3d 244, 251 (2d Cir. 2006). "The central purpose of this investigation is to see... whether the new work merely supersedes 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." *Campbell*, 510

U.S. at 579. "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 [\*14] of other factors, like commercialism, that may weigh against a finding of fair use." *Id.*

The speaker, time, place, and purpose of the quote in these two works are diametrically dissimilar. Here, a weighty and somber admonition in a serious piece of literature set in the Deep South has been lifted to present day Paris, where a disgruntled fiancé, Gil, uses the phrase to bolster his cited precedent (that of Hemingway and Fitzgerald) in a comedic domestic argument with Inez. Moreover, the assertion that the past is not dead also bears literal meaning in Gil's life, in which he transports to the 1920's during the year 2011. It should go without saying that this use is highly distinguishable from an attorney imploring someone to accept responsibility for her past, a past which, to some extent, inculpates her for the death of her child.

Characters in both works use the quote for antithetical purposes of persuasion. On one hand is a serious attempt to save someone from the death penalty, and on the other is a fiancé trying to get a leg up in a fleeting domestic dispute. The use of these nine words in *Midnight* undoubtedly "adds something new, with a further purpose or different character, altering [\*15] the first with new expression, meaning, or message." *See Campbell, supra.*

The court also considers it relevant that the copyrighted work is a serious piece of literature lifted for use in a speaking part in a movie comedy, as opposed to a printed portion of a novel printed in a newspaper, or a song's melody sampled in another song. This transmogrification in medium tips this factor in favor of transformative, and thus, fair use.

These factors coupled with the miniscule amount borrowed tip the scales in such heavy favor of transformative use that it diminishes the significance of considerations such as commercial use that would tip to the detriment of fair use. It is difficult to fathom that Sony somehow sought some substantial commercial benefit by infringing on copyrighted material for no more than eight seconds in a ninety minute film. Likewise, it is evident that this eight second clip serves as a thematic catharsis or apex in plot to neither *Requiem* nor *Midnight*.

#### B. Nature of the Copyrighted Work

Sony acknowledges that *Requiem* is entitled to the core protections of copyright law. Sony points out that in *Campbell* the court stated that "this fact, however, is not

much help in this case, [\*16] 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." *Campbell*, 510 U.S. at 586. Faulkner suggests that this finding is limited in scope to parody cases, and, contending that *Midnight* did not parody *Requiem*, argues that this precedent is inapplicable to this case. The court declines to determine whether or not *Midnight's* use constitutes a parody because it has found the work to be highly transformative under the first factor, whether parody or not. The court, at minimum, considers this portion of *Campbell* analogous to the use in *Midnight*, but ultimately deems this factor to be neutral.

### C. Substantiality of the Portion Used in Relation to the Copyrighted Work as a Whole

Faulkner concedes that *Midnight's* use is not of quantitative importance, arguing instead that the alleged infringement is qualitative. Faulkner argues:

In this case, the Quote describes the essence of *Requiem*: there is no such thing as past, whether for Jefferson or Temple Drake. The events of the past (for better or worse) cannot be discarded and forgotten; the history of mankind just as the personal [\*17] history of Temple Drake shapes and forms human relations and conduct. As one critic has noted, the expression in the Quote is "central to the entire novel" - the "mainspring of both theme and narrative" - describing the "inescapability" of the past. Polk, Faulkner's *Requiem*, pp. 93-94 (Appendix "A" to this Brief). That Mr. Faulkner uniquely expressed this concept in the Quote is manifested by its fame, fame which led current President Barack Obama to use it in his most celebrated campaign speech addressing America's history of race relations ("A More Perfect Union").<sup>5</sup>

This argument addresses the qualitative importance of a theme in *Requiem*, not the qualitative importance of the quote itself, however eloquent in conveying this theme the quote may be.

<sup>5</sup> This argument presents matters outside the pleadings, which the court will not consider in this motion. As a practical matter, however, the court notes that acceptance of these extraneous matters as true do not change the court's conclu-

sion, regardless of whether standards governing 12(b)(6) or summary judgment motions are used.

The copyright act itself states that "in no case does copyright protection for an original work of authorship [\*18] extend to any idea... concept, [or] principle... regardless of the form in which it is described, explained, illustrated, or embodied in such work." 17 U.S.C. § 102(b). Copyright law protects only form of expression and not the ideas expressed. *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 556, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985)(citing *New York Times Co. v. United States*, 403 U.S. 713, 727, 91 S. Ct. 2140, 29 L. Ed. 2d 822 (1971)(Brennan, J., concurring)). "[A] copyright gives no exclusive right to the art disclosed; protection is given only to the expression of the idea--not the idea itself." *Mazer v. Stein*, 347 U.S. 201, 217, 74 S. Ct. 460, 98 L. Ed. 630, 1954 Dec. Comm'r Pat. 308 (1954).

The court's inquiry, therefore, is centered on the qualitative importance of the theme's *expression*, not of the theme itself. However, the quote constitutes only a small portion of the expression of this idea throughout the novel. The theme resurfaces at several points in the novel, such as:

"There's no such thing as past either."  
[*Requiem*, 56]

"The past is never dead. It's not even past." [*Requiem*, 73]

"Because suddenly it could be as if it never been, never happened. You know: somebody - Hemingway, wasn't it? - wrote a book about how it had never actually happened to a g- woman, if she just refused [\*19] to accept it, no matter who remembered, bragged.... Then Gowan came to Paris that winter and we were married... and if that couldn't fumigate an American past, what else this side of heaven could you hope for to remove stink?" [*Requiem*, pg. 121]

"It was as though she realised for the first time that you - everyone - must, or anyway may have to, pay for your past; the past is something like a promissory note with a trick clause in it which, as long as nothing goes wrong, can be manumitted in an orderly manner, but which fate or luck or chance, can foreclose on you without warning." [*Requiem*, pg. 128]

"Perhaps she was too busy between the three of them to be careful enough:... the doom, the fate, the past;..." [*Requiem*, pg. 130]

Clearly, the quote in dispute, the second of these, is a fragment of the idea's expression. In fact, had Sony copied half of these quotes, Faulkner might have a stronger argument under this element. This analysis is not influenced by the quote's subsequent fame as a succinct expression of the theme. Qualitative importance to society of a nine-word quote is not the same as qualitative importance to the originating work as a whole.

Moreover, it should go without saying [\*20] that the quote at issue is of miniscule quantitative importance to the work as a whole. Thus, the court considers both the qualitative and quantitative analyses to tip in favor of fair use. The court concludes that no substantial similarity exists between the copyrighted work and the allegedly infringing work.

#### D. Effect of the Use upon the Potential Market for or Value of the Copyrighted Work

This factor requires the court to "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... [and] also harm to the market for derivative works." *Campbell*, 510 U.S. at 590.

"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." *Campbell*, 510 U.S. at 594. "[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...." *Id.* at 594. The [\*21] record is silent on this factor. However, the court uses these factors to guide its determination under the *de minimis* and substantial similarity analyses. Moreover, the court considers this factor to be essentially a non-issue in light of the stark balance of the first factors weighing in favor of Sony as well as further considerations that follow.

The court is highly doubtful that any relevant markets have been harmed by the use in *Midnight*. How Hollywood's flattering and artful use of literary allusion is a point of litigation, not celebration, is beyond this court's comprehension. The court, in its appreciation for both William Faulkner as well as the homage paid him in Woody Allen's film, is more likely to suppose that the

film indeed helped the plaintiff and the market value of *Requiem* if it had any effect at all. *Contra Campbell*, 510 U.S. at 590 ("Judge Leval gives the example of the film producer's appropriation of a composer's previously unknown song that turns the song into a commercial success; the boon to the song does not make the film's simple copying fair"). In fact, Faulkner has not pled any injury except for a statutory entitlement to an award. Such an entitlement does [\*22] not hold up on a *de minimis* infraction, however. Had Faulkner pointed to compelling evidence that the markets for *Requiem* suffered a substantial harm as a result of the use in *Midnight*, this harm would be so anomalous that it would hardly undercut Sony's justification in presuming fair use.

Faulkner states that it "fully anticipates submitting evidence that it routinely enters into licensing agreements for its copyrighted materials, including *Requiem*, and that Sony's infringement, left unabated, will adversely impact Faulkner's ability to exploit for its financial benefit its property rights in *Requiem* and the Quote." The court is doubtful that any discovery to this effect will prove fruitful since the court does not consider a copyright holder to be entitled to licensing fees for fair use of his or her work.

Faulkner's response references other items on which it seeks discovery, such as whether or not Sony acted in good faith. The court considers this issue irrelevant notwithstanding Faulkner's cited precedent to the contrary.<sup>6</sup> Sony attributed Faulkner's work and used it through a character who was an enthusiastic admirer of Faulkner. Moreover, the complaint does not provide facts [\*23] from which bad faith could reasonably be inferred beyond conclusory allegations unlikely to withstand *Iqbal/Twombly* scrutiny. Even if Sony acted in bad faith, the only relevant fair use factor under which such conduct could be inferred would be under the fourth factor regarding relevant markets, which, again, would not undercut the stark balance in favor of Sony.

<sup>6</sup> *Fuentes v. Mega Media Holdings, Inc.*, No. 09-22979-CIV, 2011 U.S. Dist. LEXIS 70996, 2011 WL 2601356 (S.D. Fla. June 30, 2011).

Moreover, even a bad faith attempt to injure Faulkner would not give rise to recovery because, as discussed at length, Sony would have had a good faith basis for believing it need not obtain permission for its use of the quote. That is, a bad faith effort to use a copyright holder's work under the fair use factors would be a contrived dichotomy that would be harmless when the use is so apparently fair. Any potential recovery accruing from such a use would not be any greater due to bad faith than from the diminished markets themselves. Thus, Faulkner's argument on bad faith is irrelevant.

Faulkner appears poised to present evidence that Sony received permission from other artists for use in *Midnight*, such as Cole Porter's song "Let's [\*24] Do It (Let's Fall in Love)" and Pablo Picasso's artwork. This court's inquiry is whether the use of Faulkner's quote is fair use, not whether the rest of the work used in the film would have required a license agreement. Such considerations would require several detailed inquiries into the fair use of several other works. The court notes the obvious distinction between the use of Cole Porter and Pablo Picasso's work at the outset, however: they are used in their entirety while *Requiem* is used by fragment only. Thus, the court finds this consideration to be irrelevant.

Faulkner has not raised a reasonable expectation that discovery would lead to facts on which a judgment in its favor could be premised. The court determines, in light of the foregoing, that no substantial similarity exists between the copyrighted work and the allegedly infringing work, and Sony's use in this matter was *de minimis*. The use is not actionable, and this claim is dismissed.

#### **b. Lanham Act**

"The Lanham Act was intended to make actionable the deceptive and misleading use of marks, and to protect persons engaged in commerce against unfair competition." *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28, 123 S. Ct. 2041, 156 L. Ed. 2d 18 (2003). [\*25] Neither Faulkner's complaint nor its response in opposition guide this court as to the specific provisions of the Lanham Act allegedly violated by Sony, arguing instead for a violation of the Texas state law "tort of misappropriation", and drawing distinctions between the rights of publicity and of privacy. These arguments are irrelevant to whether or not a proper Lanham Act claim is before the court.

The court has no doubt that the interests of Sony in First Amendment protection outweigh Faulkner's interest in pursuing a Lanham Act claim in this case. However, the court declines to engage in a thorough analysis of this issue because a Lanham Act claim has not been established in the first place.

Faulkner alleges that the film will deceive or confuse "viewers as to a perceived affiliation, connection or association between William Faulkner and his works, on the one hand, and Sony, on the other hand". Faulkner also asserts that viewers might be deceived "as to the origin, sponsorship, or approval of Sony's goods, services, or commercial activity by William Faulkner and/or his written works."

These arguments are without merit. The only facts alleged are the two works themselves. The court [\*26] has viewed both works, and, largely in light of the court's

copyright analysis, it is satisfied that no such misappropriation can possibly be inferred. The movie contains literary allusion, the name Faulkner and a short paraphrase of his quote, neither of which can possibly be said to confuse an audience as to an affiliation between Faulkner and Sony. Allusion is not synonymous with affiliation, nor with appropriation. Faulkner has not provided any precedent suggesting that the mere use of a celebrity name in an artistic work somehow rises to the level of deception.

Finally, and perhaps most importantly, the allegations asserted under this claim are wholly conclusory, and do not endure the heightened pleading requirement established in *Iqbal/Twombly*. All of the factual allegations of the complaint are undisputed by Sony. Faulkner, in essence, has proven all of the facts alleged, and seems to seek discovery as a means by which to develop his theory of the case. In this case, it is not entitled to such. Even under a summary judgment standard, there are no genuine issues of material fact from which a reasonable juror could find that Sony might have deceived or confused an audience. This [\*27] claim is hereby dismissed.

#### **c. Commercial Misappropriation**

Faulkner also asserted a state law claim of commercial misappropriation. Having dismissed Faulkner's federal claims, the court declines to exercise jurisdiction over its state law claims. "Section 1367 authorizes a court to decline supplemental jurisdiction over a state law claim if: (1) the claim raises a novel or complex issue of state law; (2) the claim substantially predominates over the claim or claims over which the district court has original jurisdiction; (3) the district court has dismissed all claims over which it has original jurisdiction; or (4) in exceptional circumstances, there are other compelling reasons for declining jurisdiction." *Brookshire Bros. Holding, Inc. v. Dayco Products, Inc.*, 554 F.3d 595, 602 (5th Cir. 2009)(citing 28 U.S.C. § 1367(c)). The general rule is that a court should decline to exercise jurisdiction over remaining state-law claims when all federal-law claims are eliminated before trial..." *Id.*

In light of the foregoing, the motion to dismiss [11] is GRANTED. The case is dismissed. Pursuant to Fed. R. Civ. P. 58, a separate judgment shall issue in accord with this opinion.

IT IS SO ORDERED, [\*28] this the 18th day of July, 2013.

/s/ MICHAEL P. MILLS  
CHIEF JUDGE  
NORTHERN DISTRICT OF MISSISSIPPI



PATRICK CARIOU, Plaintiff-Appellee, v. RICHARD PRINCE, Defendant-Appellant, GAGOSIAN GALLERY, INC., LAWRENCE GAGOSIAN, Defendants-Cross-Defendants-Appellants.

Docket No. 11-1197-cv

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

714 F.3d 694; 2013 U.S. App. LEXIS 8380; 106 U.S.P.Q.2D (BNA) 1497; Copy. L. Rep. (CCH) P30,416

May 21, 2012, Argued

April 25, 2013, Decided

SUBSEQUENT HISTORY: As Corrected June 5, 2013.

US Supreme Court certiorari denied by, Motion granted by Cariou v. Prince, 134 S. Ct. 618, 187 L. Ed. 2d 411, 2013 U.S. LEXIS 8134 (U.S., Nov. 12, 2013)

PRIOR HISTORY: [\*\*1]

Appeal from a judgment of the United States District Court for the Southern District of New York (Batts, J.) on Plaintiff-Appellee Patrick Cariou's claim that Defendant-Appellant Richard Prince's artworks infringe on Cariou's registered copyrights in certain photographs. We conclude that the district court applied the incorrect standard to determine whether Prince's artworks make fair use of Cariou's copyrighted photographs. We further conclude that all but five of Prince's works do make fair use of Cariou's copyrighted photographs. With regard to the remaining five Prince artworks, we remand to the district court to consider, in the first instance, whether Prince is entitled to a fair use defense.

Cariou v. Prince, 784 F. Supp. 2d 337, 2011 U.S. Dist. LEXIS 29070 (S.D.N.Y., 2011)

DISPOSITION: REVERSED in part, VACATED in part, and REMANDED.

COUNSEL: JOSHUA I. SCHILLER (Jonathan D. Schiller, George F. Carpinello, on the brief), Boies, Schiller & Flexner LLP, New York, NY, for Defendant-Appellant Richard Prince.

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CLIFFORD M. SLOAN, BRADLEY A. KLEIN, Skadden, Arps, Slate, Meagher & Flom LLP, Washington, DC, for Amici The Association of Art Museum Directors, The Art Institute of Chicago, The Indianapolis Museum of Art, The Metropolitan Museum of Art, The Museum of Modern Art, Museum Associates d.b.a. Los Angeles County Museum of Art, The New Museum, The Solomon R. Guggenheim Foundation, The Walker Art Center, and The Whitney Museum of American Art.

MICHAEL WILLIAMS, DALE M. CENDALI, CLAUDIA RAY, Kirkland & Ellis LLP, Washington, DC, for Amici American Society of Media Photographers, Inc., and Picture Archive Council of America.

JUDGES: Before: B.D. PARKER, HALL, and WAL-LACE,\* Circuit Judges. B.D. PARKER, J., delivered the opinion of [\*\*3] the Court, in which HALL, J.,

joined. WALLACE, J., filed an opinion concurring in part and dissenting in part.

\* The Honorable J. Clifford Wallace, United States Circuit Judge of the United States Court of Appeals for the Ninth Circuit, sitting by designation.

OPINION BY: BARRINGTON D. PARKER

OPINION

[\*698] BARRINGTON D. PARKER, Circuit Judge:

In 2000, Patrick Cariou published *Yes Rasta*, a book of classical portraits and landscape photographs that he took over the course of six years spent living among Rastafarians in Jamaica. Richard Prince altered and incorporated several of Cariou's *Yes Rasta* photographs into a series of paintings and collages, called *Canal Zone*, that he exhibited in 2007 and 2008, first at the Eden Rock hotel in Saint Barthélemy ("St. Barth's") and later at New York's Gagosian Gallery.<sup>1</sup> In addition, Gagosian published and sold an exhibition catalog that contained reproductions of Prince's paintings and images from Prince's workshop.

<sup>1</sup> We refer to Gagosian Gallery and its owner Lawrence Gagosian collectively as "Gagosian" or the "Gallery."

Cariou sued Prince and Gagosian, alleging that Prince's *Canal Zone* works and exhibition catalog infringed on Cariou's copyrights in the incorporated *Yes Rasta* [\*699] photographs. The defendants raised a fair use defense. After the parties cross-moved for summary judgment, the United States District Court for the Southern District of New York (Batts, J.) granted Cariou's motion, denied the defendants', and entered a permanent injunction. It compelled the defendants to deliver to Cariou all infringing works that had not yet been sold, for him to destroy, sell, or otherwise dispose of.

Prince and Gagosian principally contend on appeal that Prince's work is transformative and constitutes fair use of Cariou's copyrighted photographs, and that the district court imposed an incorrect legal standard when it concluded that, in order to qualify for a fair use defense, Prince's work must "comment on Cariou, on Cariou's Photos, or on aspects of popular culture closely associated with Cariou or the Photos." *Cariou v. Prince*, 784 F. Supp. 2d 337, 349 (S.D.N.Y. 2011). We agree with Appellants that the law does not require that a secondary

use comment on the original artist or work, or popular culture, and we conclude that twenty-five of Prince's artworks do make fair use of Cariou's copyrighted [\*699] photographs. With regard to the remaining five artworks, we remand to [\*699] the district court, applying the proper standard, to consider in the first instance whether Prince is entitled to a fair use defense.<sup>2</sup>

<sup>2</sup> The district court's opinion indicated that there are twenty-nine artworks at issue in this case. See *Cariou*, 784 F. Supp. 2d at 344 nn.5, 6. There are actually thirty.

## BACKGROUND

The relevant facts, drawn primarily from the parties' submissions in connection with their cross-motions for summary judgment, are undisputed. Cariou is a professional photographer who, over the course of six years in the mid-1990s, lived and worked among Rastafarians in Jamaica. The relationships that Cariou developed with them allowed him to take a series of portraits and landscape photographs that Cariou published in 2000 in a book titled *Yes Rasta*. As Cariou testified, *Yes Rasta* is "extreme classical photography [and] portraiture," and he did not "want that book to look pop culture at all." *Cariou Dep.* 187:8-15, Jan. 12, 2010.

Cariou's publisher, PowerHouse Books, Inc., printed 7,000 copies of *Yes Rasta*, in a single printing. Like many, if not most, such works, the book enjoyed limited commercial success. The book is currently out of print. As of January 2010, PowerHouse [\*699] had sold 5,791 copies, over sixty percent of which sold below the suggested retail price of sixty dollars. PowerHouse has paid Cariou, who holds the copyrights to the *Yes Rasta* photographs, just over \$8,000 from sales of the book. Except for a handful of private sales to personal acquaintances, he has never sold or licensed the individual photographs.

Prince is a well-known appropriation artist. The Tate Gallery has defined appropriation art as "the more or less direct taking over into a work of art a real object or even an existing work of art." J.A. 446. Prince's work, going back to the mid-1970s, has involved taking photographs and other images that others have produced and incorporating them into paintings and collages that he then presents, in a different context, as his own. He is a leading exponent of this genre and his work has been displayed in museums around the world, including New York's Solomon R. Guggenheim Museum and Whitney Museum, San Francisco's Museum of Modern Art, Rotterdam's Museum Boijmans van Beuningen, and Basel's Museum für Gegenwartskunst. As Prince has described



his work, he "completely tr[ies] to change [another artist's work] into something that's completely [\*7] different." Prince Dep. 338:4-8, Oct. 6, 2009.

Prince first came across a copy of *Yes Rasta* in a bookstore in St. Barth's in 2005. Between December 2007 and February 2008, Prince had a show at the Eden Rock hotel in St. Barth's that included a collage, titled *Canal Zone* (2007), comprising 35 photographs torn out of *Yes Rasta* and pinned to a piece of plywood. Prince altered those photographs significantly, by among other things painting "lozenges" over their subjects' facial features and using only portions of some of the images. In June 2008, Prince purchased three additional copies of *Yes Rasta*. He went on to create thirty additional art-works in the *Canal Zone* series, twenty-nine of which incorporated partial or whole images from *Yes Rasta*.<sup>3</sup> The portions of *Yes Rasta* [\*700] photographs used, and the amount of each artwork that they constitute, vary significantly from piece to piece. In certain works, such as *James Brown Disco Ball*, Prince affixed headshots from *Yes Rasta* onto other appropriated images, all of which Prince placed on a canvas that he had painted. In these, Cariou's work is almost entirely obscured. The Prince artworks also incorporate photographs that have been enlarged or [\*8] tinted, and incorporate photographs appropriated from artists other than Cariou as well. *Yes Rasta* is a book of photographs measuring approximately 9.5" x 12". Prince's artworks, in contrast, comprise inkjet printing and acrylic paint, as well as pasted-on elements, and are several times that size. For instance, *Graduation* measures 72 3/4" x 52 1/2" and *James Brown Disco Ball* 100 1/2" x 104 1/2". The smallest of the Prince artworks measures 40" x 30", or approximately ten times as large as each page of *Yes Rasta*.

3 Images of the Prince artworks, along with the *Yes Rasta* photographs incorporated therein, appear in the Appendix to this opinion. The Appendix is available at <http://www.ca2.uscourts.gov/11-1197apx.htm>.

[\*701]

In other works, such as *Graduation*, Cariou's original work is readily apparent: Prince did little more than paint blue lozenges over the subject's eyes and mouth, and paste a picture of a guitar over the subject's body.

[\*702] [\*703]

Between November 8 and December 20, 2008, the Gallery put on a show featuring twenty-two of Prince's *Canal Zone* artworks, and also published and sold an exhibition catalog from the show. The catalog included all of the *Canal Zone* artworks (including those not

[\*9] in the *Gagosian* show) except for one, as well as, among other things, photographs showing *Yes Rasta* photographs in Prince's studio. Prince never sought or received permission from Cariou to use his photographs.

Prior to the *Gagosian* show, in late August, 2008, a gallery owner named *Cristiane Celle* contacted Cariou and asked if he would be interested in discussing the possibility of an exhibit in New York City. Celle did not mention *Yes Rasta*, but did express interest in photographs Cariou took of surfers, which he published in 1998 in the aptly titled *Surfers*. Cariou responded that *Surfers* would be republished in 2008, and inquired whether Celle might also be interested in a book Cariou had recently completed on gypsies. The two subsequently met and discussed Cariou's exhibiting work in Celle's gallery, including prints from *Yes Rasta*. They did not select a date or photographs to exhibit, nor [\*704] did they finalize any other details about the possible future show.

At some point during the *Canal Zone* show at *Gagosian*, Celle learned that Cariou's photographs were "in the show with Richard Prince." Celle then phoned Cariou and, when he did not respond, Celle mistakenly concluded that he was "doing [\*10] something with Richard Prince . . . [Maybe] he's not pursuing me because he's doing something better, bigger with this person. . . . [H]e didn't want to tell the French girl I'm not doing it with you, you know, because we had started a relation and that would have been bad." Celle Dep. 88:15-89:7, Jan. 26, 2010. At that point, Celle decided that she would not put on a "Rasta show" because it had been "done already," and that any future Cariou exhibition she put on would be of photographs from *Surfers*. Celle remained interested in exhibiting prints from *Surfers*, but Cariou never followed through.

According to Cariou, he learned about the *Gagosian Canal Zone* show from Celle in December 2008. On December 30, 2008, he sued Prince, the *Gagosian Gallery*, and *Lawrence Gagosian*, raising claims of copyright infringement. See 17 U.S.C. §§ 106, 501. The defendants asserted a fair use defense, arguing that Prince's artworks are transformative of Cariou's photographs and, accordingly, do not violate Cariou's copyrights. See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578-79, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994). Ruling on the parties' subsequently-filed cross-motions for summary judgment, the district court (Batts, [\*11] J.) "impose[d] a requirement that the new work in some way comment on, relate to the historical context of, or critically refer back to the original works" in order to be qualify as fair use, and stated that "Prince's Paintings are transformative only to the extent that they comment on the Photos." *Cariou v. Prince*, 784 F. Supp. 2d 337, 348-49 (S.D.N.Y. 2011). The court concluded that

"Prince did not intend to comment on Cariou, on Cariou's Photos, or on aspects of popular culture closely associated with Cariou or the Photos when he appropriated the Photos," *id.* at 349, and for that reason rejected the defendants' fair use defense and granted summary judgment to Cariou. The district court also granted sweeping injunctive relief, ordering the defendants to "deliver up for impounding, destruction, or other disposition, as [Cariou] determines, all infringing copies of the Photographs, including the Paintings and unsold copies of the Canal Zone exhibition book, in their possession." *Id.* at 355.4 This appeal followed.

4 At oral argument, counsel for Cariou indicated that he opposes the destruction of any of the works of art that are the subject of this litigation.

## DISCUSSION

### I.

We review a grant [\*\*12] of summary judgment *de novo*. See *Blanch v. Koons*, 467 F.3d 244, 249-50 (2d Cir. 2006). The well known standards for summary judgment set forth in Rule 56(c) apply. See *Fed. R. Civ. P.* 56. "Although fair use is a mixed question of law and fact, this court has on numerous occasions resolved fair use determinations at the summary judgment stage where . . . there are no genuine issues of material fact." *Blanch*, 467 F.3d at 250 (quotation marks and brackets omitted); see also *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985); *Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.*, 150 F.3d 132, 137 (2d Cir. 1998). This case lends itself to that approach.

### [\*705] II.

The purpose of the copyright law is "[t]o promote the Progress of Science and useful Arts . . . ." U.S. Const., Art. I, § 8, cl. 8. As Judge Pierre Leval of this court has explained, "[t]he copyright is not an inevitable, divine, or natural right that confers on authors the absolute ownership of their creations. It is designed rather to stimulate activity and progress in the arts for the intellectual enrichment of the public." Pierre N. Leval, *Toward a Fair Use Standard*, 103 *Harv. L. Rev.* 1105, 1107 (1990) (hereinafter [\*\*13] "Leval"). Fair use is "necessary to fulfill [that] very purpose." *Campbell*, 510 U.S. at 575. Because "excessively broad protection would stifle, rather than advance, the law's objective," fair use doctrine "mediates between" "the property rights [copyright

law] establishes in creative works, which must be protected up to a point, and the ability of authors, artists, and the rest of us to express them- or ourselves by reference to the works of others, which must be protected up to a point." *Blanch*, 467 F.3d at 250 (brackets omitted) (quoting *Leval* at 1109).

The doctrine was codified in the Copyright Act of 1976, which lists four non-exclusive factors that must be considered in determining fair use. Under the statute,

[T]he fair use of a copyrighted work . . . 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 [\*\*14] 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 the value of the copyrighted work.

17 U.S.C. § 107. As the statute indicates, and as the Supreme Court and our court have recognized, the fair use determination is an open-ended and context-sensitive inquiry. *Campbell*, 510 U.S. at 577-78; *Blanch*, 467 F.3d at 251. The statute "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." *Campbell*, 510 U.S. at 577-78 (quotation marks and citation omitted). The "ultimate test of fair use . . . is whether the copyright law's goal of 'promoting the Progress of Science and useful Arts' . . . would be better served by allowing the use than by preventing it." *Castle Rock*, 150 F.3d at 141 (brackets and [\*\*15] citation omitted).

The first statutory factor to consider, which addresses the manner in which the copied work is used, is "[t]he

heart of the fair use inquiry." *Blanch*, 467 F.3d at 251. We ask

whether the new work merely 'super-sedes 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[,] . . . in other words, whether and to what extent the new work is transformative. . . . [T]ransformative works . . . lie at the heart of [\*706] the fair use doctrine's guarantee of breathing space . . . .

*Campbell*, 510 U.S. at 579 (citations and some quotation marks omitted) (quoting *Folsom v. Marsh*, 9 F. Cas. 342, 348, F. Cas. No. 4,901 (C.C.D. Mass. 1841) (Story, J.)). "If 'the secondary use adds value to the original -- if [the original work] is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings -- this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society.'" *Castle Rock*, 150 F.3d at 142 (quoting *Leval* 1111). For a use to be fair, it "must be productive and must employ the quoted [\*16] matter in a different manner or for a different purpose from the original." *Leval* at 1111.

The district court imposed a requirement that, to qualify for a fair use defense, a secondary use must "comment on, relate to the historical context of, or critically refer back to the original works." *Cariou*, 784 F. Supp. 2d at 348. Certainly, many types of fair use, such as satire and parody, invariably comment on an original work and/or on popular culture. For example, the rap group 2 Live Crew's parody of Roy Orbison's "Oh, Pretty Woman" "was clearly intended to ridicule the white-bread original." *Campbell*, 510 U.S. at 582 (quotation marks omitted). Much of Andy Warhol's work, including work incorporating appropriated images of *Campbell's* soup cans or of Marilyn Monroe, comments on consumer culture and explores the relationship between celebrity culture and advertising. As even *Cariou* concedes, however, the district court's legal premise was not correct. The law imposes no requirement that a work comment on the original or its author in order to be considered transformative, and a secondary work may constitute a fair use even if it serves some purpose other than those (criticism, comment, [\*17] news reporting, teaching, scholarship, and research) identified in the preamble to the statute. *Id.* at 577; *Harper & Row*, 471 U.S. at 561. Instead, as the Supreme Court as well as decisions from our court have emphasized, to qualify as a fair use, a new work generally must alter the original

with "new expression, meaning, or message." *Campbell*, 510 U.S. at 579; see also *Blanch*, 467 F.3d at 253 (original must be employed "in the creation of new information, new aesthetics, new insights and understandings" (quotation marks omitted)); *Castle Rock*, 150 F.3d at 142.

Here, our observation of Prince's artworks themselves convinces us of the transformative nature of all but five, which we discuss separately below. These twenty-five of Prince's artworks manifest an entirely different aesthetic from *Cariou's* photographs. Where *Cariou's* serene and deliberately composed portraits and landscape photographs depict the natural beauty of *Ras-tafarians* and their surrounding environs, Prince's crude and jarring works, on the other hand, are hectic and pro-vocative. *Cariou's* black-and-white photographs were printed in a 9 1/2" x 12" book. Prince has created collages on canvas that incorporate color, feature [\*18] distorted human and other forms and settings, and measure between ten and nearly a hundred times the size of the photographs. Prince's composition, presentation, scale, color palette, and media are fundamentally different and new compared to the photographs, as is the expressive nature of Prince's work. See *Campbell*, 510 U.S. at 579.

Prince's deposition testimony further demonstrates his drastically different approach and aesthetic from *Cariou's*. Prince testified that he "[doesn't] have any real interest in what [another artist's] [\*707] original intent is because . . . what I do is I completely try to change it into something that's completely different. . . . I'm trying to make a kind of fantastic, absolutely hip, up to date, contemporary take on the music scene." Prince Dep. 338:4-339:3, Oct. 6, 2009. As the district court determined, Prince's *Canal Zone* artworks relate to a "post-apocalyptic screenplay" Prince had planned, and "emphasize themes [of Prince's planned screenplay] of equality of the sexes; highlight 'the three relationships in the world, which are men and women, men and men, and women and women'; and portray a contemporary take on the music scene." *Cariou*, 784 F. Supp. 2d at 349; [\*19] see Prince Dep. 339:3-7, Oct. 6, 2009.

The district court based its conclusion that Prince's work is not transformative in large part on Prince's deposition testimony that he "do[es]n't really have a message," that he was not "trying to create anything with a new meaning or a new message," and that he "do[es]n't have any . . . interest in [*Cariou's*] original intent." *Cariou*, 784 F. Supp. 2d at 349; see Prince Dep. 45:25-46:2, 338:5-6, 360:18-20, Oct. 6, 2009. On appeal, *Cariou* argues that we must hold Prince to his testimony and that we are not to consider how Prince's works may reasonably be perceived unless Prince claims that they were satire or parody. No such rule exists, and we do not analyze

satire or parody differently from any other transformative use.

It is not surprising that, when transformative use is at issue, the alleged infringer would go to great lengths to explain and defend his use as transformative. Prince did not do so here. However, the fact that Prince did not provide those sorts of explanations in his deposition -- which might have lent strong support to his defense -- is not dispositive. What is critical is how the work in question appears to the reasonable observer, [\*\*20] not simply what an artist might say about a particular piece or body of work. Prince's work could be transformative even without commenting on Cariou's work or on culture, and even without Prince's stated intention to do so. Rather than confining our inquiry to Prince's explanations of his artworks, we instead examine how the artworks may "reasonably be perceived" in order to assess their transformative nature. *Campbell*, 510 U.S. at 582; *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109, 113-14 (2d Cir. 1998) (evaluating parodic nature of advertisement in light of how it "may reasonably be perceived"). The focus of our infringement analysis is primarily on the Prince artworks themselves, and we see twenty-five of them as transformative as a matter of law.

In this respect, the Seventh Circuit's recent decision in *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687 (7th Cir. 2012), is instructive. There, the court rejected the appellant's argument that copyright infringement claims cannot be disposed of at the motion-to-dismiss stage, and affirmed the district court's dismissal of such a claim under Fed. R. Civ. P. 12(b)(6). *Brownmark Films*, 682 F.3d at 690. Considering whether an [\*\*21] episode of the animated television show *South Park* presented a parody (and therefore a protected fair use) of a viral internet video titled "What What (In The Butt)," the court concluded that "[w]hen the two works . . . are viewed side-by-side, the *South Park* episode is clearly a parody of the original . . . video." *Id.* at 692. For that reason, "the only two pieces of evidence needed to decide the question of fair use in [Brownmark were] the original version of [the video] and the episode at issue." *Id.* at 690.

Here, looking at the artworks and the photographs side-by-side, we conclude [\*708] that Prince's images, except for those we discuss separately below, have a different character, give Cariou's photographs a new expression, and employ new aesthetics with creative and communicative results distinct from Cariou's. Our conclusion should not be taken to suggest, however, that any cosmetic changes to the photographs would necessarily constitute fair use. A secondary work may modify the original without being transformative. For instance, a derivative work that merely presents the same material but in a new form, such as a book of synopses of televi-

sions shows, is not transformative. See *Castle Rock*, 150 F.3d at 143; [\*\*22] *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1378 (2d Cir. 1993). In twenty-five of his artworks, Prince has not presented the same material as Cariou in a different manner, but instead has "add[ed] something new" and presented images with a fundamentally different aesthetic. *Leibovitz*, 137 F.3d at 114.

The first fair use factor -- the purpose and character of the use -- also requires that we consider whether the allegedly infringing work has a commercial or nonprofit educational purpose. See, e.g., *Blanch*, 467 F.3d at 253. That being said, "nearly all of the illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research . . . are generally conducted for profit." *Campbell*, 510 U.S. at 584 (quotation marks omitted). "The commercial/nonprofit dichotomy concerns the unfairness that arises when a secondary user makes unauthorized use of copyrighted material to capture significant revenues as a direct consequence of copying the original work." *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 922 (2d Cir. 1994). This factor must be applied with caution because, as the Supreme Court has recognized, [\*\*23] Congress "could not have intended" a rule that commercial uses are presumptively unfair. *Campbell*, 510 U.S. at 584. Instead, "[t]he 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." *Id.* at 579. Although there is no question that Prince's artworks are commercial, we do not place much significance on that fact due to the transformative nature of the work.

We turn next to the fourth statutory factor, the effect of the secondary use upon the potential market for the value of the copyrighted work, because such discussion further demonstrates the significant differences between Prince's work, generally, and Cariou's. Much of the district court's conclusion that Prince and Gagosian infringed on Cariou's copyrights was apparently driven by the fact that Celle decided not to host a *Yes Rasta* show at her gallery once she learned of the *Gagosian Canal Zone* show. The district court determined that this factor weighs against Prince because he "has unfairly damaged both the actual and potential markets for Cariou's original work and the potential market for derivative use licenses for Cariou's original [\*\*24] work." *Cariou*, 784 F. Supp. 2d at 353.

Contrary to the district court's conclusion, the application of this factor does not focus principally on the question of damage to Cariou's derivative market. We have made clear that "our concern is not whether the secondary use suppresses or even destroys the market for the original work or its potential derivatives, but whether

the secondary use usurps the market of the original work." Blanch, 467 F.3d at 258 (quotation marks omitted) (emphasis added); *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 481-82 (2d Cir. 2004). "The market for potential derivative uses [\*709] includes only those that creators of original works would in general develop or license others to develop." Campbell, 510 U.S. at 592. Our court has concluded that an accused infringer has usurped the market for copyrighted works, including the derivative market, where the infringer's target audience and the nature of the infringing content is the same as the original. For instance, a book of trivia about the television show *Seinfeld* usurped the show's market because the trivia book "substitute[d] for a derivative market that a television program copyright owner . . . would in general develop [\*25] or license others to develop." *Castle Rock*, 150 F.3d at 145 (quotation marks omitted). Conducting this analysis, we are mindful that "[t]he more transformative the secondary use, the less likelihood that the secondary use substitutes for the original," even though "the fair use, being transformative, might well harm, or even destroy, the market for the original." *Id.*

As discussed above, Celle did not decide against putting on a Yes Rasta show because it had already been done at Gagosian, but rather because she mistakenly believed that Cariou had collaborated with Prince on the Gagosian show. Although certain of Prince's artworks contain significant portions of certain of Cariou's photographs, neither Prince nor the Canal Zone show usurped the market for those photographs. Prince's audience is very different from Cariou's, and there is no evidence that Prince's work ever touched -- much less usurped -- either the primary or derivative market for Cariou's work. There is nothing in the record to suggest that Cariou would ever develop or license secondary uses of his work in the vein of Prince's artworks. Nor does anything in the record suggest that Prince's artworks had any impact on the [\*26] marketing of the photographs. Indeed, Cariou has not aggressively marketed his work, and has earned just over \$8,000 in royalties from Yes Rasta since its publication. He has sold four prints from the book, and only to personal acquaintances.

Prince's work appeals to an entirely different sort of collector than Cariou's. Certain of the Canal Zone art-works have sold for two million or more dollars. The invitation list for a dinner that Gagosian hosted in conjunction with the opening of the Canal Zone show included a number of the wealthy and famous such as the musicians Jay-Z and Beyonce Knowles, artists Damien Hirst and Jeff Koons, professional football player Tom Brady, model Gisele Bundchen, Vanity Fair editor Graydon Carter, Vogue editor Anna Wintour, authors Jonathan Franzen and Candace Bushnell, and actors Robert DeNiro, Angelina Jolie, and Brad Pitt. Prince sold

eight artworks for a total of \$10,480,000, and exchanged seven others for works by painter Larry Rivers and by sculptor Richard Serra. Cariou on the other hand has not actively marketed his work or sold work for significant sums, and nothing in the record suggests that anyone will not now purchase Cariou's work, or derivative [\*27] non-transformative works (whether Cariou's own or licensed by him) as a result of the market space that Prince's work has taken up. This fair use factor therefore weighs in Prince's favor.

The next statutory factor that we consider, the nature of the copyrighted work, "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." Campbell, 510 U.S. at 586. We consider "(1) whether the work is expressive or creative, . . . with a greater leeway being allowed to a claim of fair use where the work is factual or informational, [\*710] and (2) whether the work is published or unpublished, with the scope for fair use involving unpublished works being considerably narrower." Blanch, 467 F.3d at 256 (quoting 2 Howard B. Abrams, *The Law of Copyright*, § 15:52 (2006)).

Here, there is no dispute that Cariou's work is creative and published. Accordingly, this factor weighs against a fair use determination. However, just as with the commercial character of Prince's work, this factor "may be of limited usefulness where," as here, "the creative work of art is being [\*28] used for a transformative purpose." *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 612 (2d Cir. 2006).

The final factor that we consider in our fair use inquiry is "the amount and substantiality of the portion used in relation to the copyrighted work as a whole." 17 U.S.C. § 107(3). We ask "whether the quantity and value of the materials used[] are reasonable in relation to the purpose of the copying." Blanch, 467 F.3d at 257 (quotation marks omitted). In other words, we consider the proportion of the original work used, and not how much of the secondary work comprises the original.

Many of Prince's works use Cariou's photographs, in particular the portrait of the dreadlocked Rastafarian at page 118 of *Yes Rasta*, the Rastafarian on a burro at pages 83 to 84, and the dreadlocked and bearded Rastafarian at page 108, in whole or substantial part. In some works, such as *Charlie Company*, Prince did not alter the source photograph very much at all. In others, such as *Djuana Barnes*, *Natalie Barney*, *Renee Vivien* and *Romaine Brooks* take over the *Guanahani*, the entire source photograph is used but is also heavily obscured and altered to the point that Cariou's original is barely [\*29] recognizable. Although "[n]either our court nor

any of our sister circuits has ever ruled that the copying of an entire work favors fair use[.] . . . courts have concluded that such copying does not necessarily weigh against fair use because copying the entirety of a work is sometimes necessary to make a fair use of the image." Bill Graham, 448 F.3d at 613. "[T]he third-factor inquiry must take into account that the extent of permissible copying varies with the purpose and character of the use." *Id.* (internal quotation marks omitted).

The district court determined that Prince's "taking was substantially greater than necessary." *Cariou*, 784 F. Supp. 2d at 352. We are not clear as to how the district court could arrive at such a conclusion. In any event, the law does not require that the secondary artist may take no more than is necessary. See *Campbell*, 510 U.S. at 588; *Leibovitz*, 137 F.3d at 114. We consider not only the quantity of the materials taken but also "their quality and importance" to the original work. *Campbell*, 510 U.S. at 587. The secondary use "must be [permitted] to 'conjure up' at least enough of the original" to fulfill its transformative purpose. *Id.* at 588 (emphasis [\*\*30] added); *Leibovitz*, 137 F.3d at 114. Prince used key portions of certain of *Cariou's* photographs. In doing that, however, we determine that in twenty-five of his artworks, Prince transformed those photographs into something new and different and, as a result, this factor weighs heavily in Prince's favor.

As indicated above, there are five artworks that, up-on our review, present closer questions. Specifically, *Graduation*, *Meditation*, *Canal Zone* (2008), *Canal Zone* (2007), and *Charlie Company* do not sufficiently differ from the photographs of *Cariou's* that they incorporate for us confidently to make a determination about their [\*711] transformative nature as a matter of law. Although the minimal alterations that Prince made in those instances moved the work in a different direction from *Cariou's* classical portraiture and landscape photos, we can not say with certainty at this point whether those artworks present a "new expression, meaning, or message." *Campbell*, 510 U.S. at 579.

Certainly, there are key differences in those artworks compared to the photographs they incorporate. *Graduation*, for instance, is tinted blue, and the jungle background is in softer focus than in *Cariou's* original. Lozenges [\*\*31] painted over the subject's eyes and mouth -- an alteration that appears frequently throughout the *Canal Zone* artworks -- make the subject appear anonymous, rather than as the strong individual who appears in the original. Along with the enlarged hands and electric guitar that Prince pasted onto his canvas, those alterations create the impression that the subject is not quite human. *Cariou's* photograph, on the other hand, presents a human being in his natural habitat, looking intently ahead. Where the photograph presents someone com-

fortably at home in nature, *Graduation* combines divergent elements to create a sense of discomfort. However, we cannot say for sure whether *Graduation* constitutes fair use or whether Prince has transformed *Cariou's* work enough to render it transformative.

We have the same concerns with *Meditation*, *Canal Zone* (2007), *Canal Zone* (2008), and *Charlie Company*. Each of those artworks differs from, but is still similar in key aesthetic ways, to *Cariou's* photographs. In *Meditation*, Prince again added lozenges and a guitar to the same photograph that he incorporated into *Graduation*, this time cutting the subject out of his background, switching the direction he is facing, [\*\*32] and taping that image onto a blank canvas. In *Canal Zone* (2007), Prince created a gridded collage using 31 different photographs of *Cariou's*, many of them in whole or significant part, with alterations of some of those photographs limited to lozenges or cartoonish appendages painted or drawn on. *Canal Zone* (2008) incorporates six photographs of *Cariou's* in whole or in part, including the same subject as *Meditation* and *Graduation*. Prince placed the subject, with lozenges and guitar, on a background comprising components of various landscape photographs, taped together. The cumulative effect is of the subject in a habitat replete with lush greenery, not dissimilar from many of *Cariou's* *Yes Rasta* photographs. And *Charlie Company* prominently displays four copies of *Cariou's* photograph of a Rastafarian riding a donkey, substantially unaltered, as well as two copies of a seated nude woman with lozenges covering all six faces. Like the other works just discussed, *Charlie Company* is aesthetically similar to *Cariou's* original work because it maintains the pastoral background and individual focal point of the original photograph -- in this case, the man on the burro. While the lozenges, repetition [\*\*33] of the images, and addition of the nude female unarguably change the tenor of the piece, it is unclear whether these alterations amount to a sufficient transformation of the original work of art such that the new work is transformative.

We believe the district court is best situated to determine, in the first instance, whether such relatively minimal alterations render *Graduation*, *Meditation*, *Canal Zone* (2007), *Canal Zone* (2008), and *Charlie Company* fair uses (including whether the artworks are transformative) or whether any impermissibly infringes on *Cariou's* copyrights in his original photographs. We remand for that determination.

### [\*712] III.

In addition to its conclusion that Prince is liable for infringing on *Cariou's* copyrights, the district court determined that the *Gagosian* defendants are liable as

vi-carious and contributory infringers. Cariou, 784 F. Supp. 2d at 354. With regard to the twenty-five of Prince's artworks, which, as we have held, do not infringe on Cariou's copyrights, neither Lawrence Gagosian nor the Gallery may be liable as a vicarious or contributory infringer. See *Faulkner v. Nat'l Geographic Enters., Inc.*, 409 F.3d 26, 40 (2d Cir. 2005). If the district court concludes [\*\*34] on remand that Prince is liable as a direct infringer with regard to any of the remaining five works, the district court should determine whether the Gagosian defendants should be held liable, directly or secondarily, as a consequence of their actions with regard to those works. See Copyright Act, 17 U.S.C. §§ 106(1), (2), (3), (5).

### CONCLUSION

For the reasons discussed, we hold that all except five (Graduation, Meditation, Canal Zone (2007), Canal Zone (2008), and Charlie Company) of Prince's artworks make fair use of Cariou's photographs. We express no view as to whether the five are also entitled to a fair use defense. We REMAND with respect to those five so that the district court, applying the proper standard, can determine in the first instance whether any of them infringes on Cariou's copyrights or whether Prince is entitled to a fair use defense with regard to those artworks as well. The judgment of the district court is REVERSED in part and VACATED in part.<sup>5</sup> The case is REMANDED for further proceedings consistent with this opinion.

<sup>5</sup> Because we reverse the district court with regard to the twenty-five of the artworks, and leave open the question of fair use with regard to the remaining [\*\*35] five, we vacate the district court's injunction. In the event that Prince and Gagosian are ultimately held liable for copyright infringement, and in light of all parties' agreement at oral argument that the destruction of Prince's artwork would be improper and against the public interest, a position with which we agree, the district court should revisit what injunctive relief, if any, is appropriate. See *eBay, Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391, 126 S. Ct. 1837, 164 L. Ed. 2d 641 (2006); *Salinger v. Colting*, 607 F.3d 68, 77 (2d Cir. 2010).

CONCUR BY: J. Clifford Wallace (In Part)

DISSENT BY: J. Clifford Wallace (In Part)

### DISSENT

WALLACE, J., Senior Circuit Judge, concurring in part and dissenting in part:

I agree with the bulk of the majority decision as to the law, including the majority's determination that the district court incorrectly imposed a requirement that the allegedly infringing works comment on the original works to be entitled to a fair use defense. See *Cariou v. Prince*, 784 F. Supp. 2d 337, 348-49 (S.D.N.Y. 2011). I nevertheless part company with the majority.

While we may, as an appellate court, determine that secondary works are fair use in certain instances, see *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 560, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985), [\*\*36] in the usual case, after correcting an erroneous legal standard employed by the district court, we would remand for reconsideration. This standard, I suggest, should apply here where factual determinations must be reevaluated--and perhaps new evidence or expert opinions will be deemed necessary by the fact finder--after which a new decision can be made under the corrected legal analysis. But the majority short-circuits this time-tested search for a just result under the law. I would not apply the shortcut but would set aside the summary judgment, remand the entire case to the district court, and allow the district court to analyze [\*\*713] material evidence under the proper standard.

Unlike the majority, I would allow the district court to consider Prince's statements in reviewing fair use. While not the sine qua non of fair use, see *Blanch v. Koons*, 467 F.3d 244, 255 n.5 (2d Cir. 2006), I see no reason to discount Prince's statements as the majority does. While it may seem intuitive to assume that a defendant claiming fair use would typically give self-serving ex post facto testimony to support a defense, this Court has nevertheless relied on such statements when making this inquiry--even if just [\*\*37] to confirm its own analysis. See *id.* at 252-53, 255; see also *Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.*, 150 F.3d 132, 142 (2d Cir. 1998) (looking to statements of the allegedly infringing work's creators when analyzing the purpose and character of the secondary work). Thus, I view Prince's statements--which, as Prince acknowledges, consist of "his view of the purpose and effect of each of the individual [p]aintings"--as relevant to the transformativeness analysis.

The majority relies on the Seventh Circuit's decision in *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687 (7th Cir. 2012), for the proposition that all the Court needs to do here to determine transformativeness is view the original work and the secondary work and, apparently, employ its own artistic judgment. In my view, *Brownmark* cannot be extended so far. *Brownmark* arose



under an unusual procedural posture: a motion to dismiss based on a non-pleaded fair use affirmative defense converted into a motion for summary judgment on appeal. See *id.* The court in *Brownmark* determined that it needed only to review the allegedly infringing video against the original to determine that the secondary work was permissible [\*\*38] parody. *Id.* at 692-93. It appears to me, however, that *Brownmark* left open the possibility that additional evidence could be relevant to the fair use inquiry in a different procedural context. See *id.* at 692 n.2 (identifying that the defendant could have put forth additional evidence to bolster its fair use defense if the case arose from a typical summary judgment motion); *id.* at 692 (stating that the district court was only required to consider the original and secondary videos, "especially in light of [the plaintiff's] failure to make any concrete contention" as to the secondary video's potential market impact).

Further, *Brownmark* apparently arose in the context of a clear case of parody--so obvious that the appeals court affirmed the district court's conclusion that fair use was evident from even a "fleeting glance" at the original and secondary works. *Id.* at 689-90. I do not believe that the transformativeness of Prince's works--which have not been presented as parody or satire--can be so readily determined. Because this case arises after extensive discovery and argument by the parties, I disagree that we must limit our inquiry to our own artistic perceptions of the original and secondary [\*\*39] works.

Indeed, while I admit freely that I am not an art critic or expert, I fail to see how the majority in its appellate role can "confidently" draw a distinction between the twenty-five works that it has identified as constituting fair use and the five works that do not readily lend themselves to a fair use determination. This, mind you, is done on a summary judgment review with no understanding of what additional evidence may be presented on remand. I also fail to see a principled reason for remanding to the district court only the five works the ma-

majority identifies as close calls, although I agree that they must be sent back to the trial court. If the district [\*\*714] court is in the best position to determine fair use as to some paintings, why is the same not true as to all paintings? Certainly we are not merely to use our personal art views to make the new legal application to the facts of this case. Cf. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 582, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) ("[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"), quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251, 23 S. Ct. 298, 47 L. Ed. 460, 1903 Dec. Comm'r Pat. 650 (1903). [\*\*40] It would be extremely uncomfortable for me to do so in my appellate capacity, let alone my limited art experience.

In my view, because the district court takes the primary role in determining the facts and applying the law to the facts in fair use cases, after which we exercise our appellate review if called upon to do so, I conclude that as to each painting, "the district court is best situated to determine, in the first instance," whether Prince is entitled to a fair use defense in light of the correct legal standard. See majority opinion at 22. I mean no disrespect to the majority, but I, for one, do not believe that I am in a position to make these fact- and opinion-intensive decisions on the twenty-five works that passed the majority's judicial observation. I do not know what additional facts will become relevant under the corrected rule of law, nor am I trained to make art opinions *ab initio*.

I would thus remand the entire case--all thirty of Prince's paintings--for further proceedings in the district court on an open record to take such additional testimony as needed and apply the correct legal standard. On this basis, therefore, I respectfully dissent.

**Dennis Morris v. Thierry Guetta, et al.**

**LA CV12-00684 JAK (RZx)**

**UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF  
CALIFORNIA**

**2013 U.S. Dist. LEXIS 15556**

**February 4, 2013, Decided  
February 4, 2013, Filed**

**COUNSEL:** [\*1] Attorneys Present for Plaintiff: Not Present.

Attorneys Present for Defendants: Not Present.

**JUDGES:** JOHN A. KRONSTADT, UNITED STATES DISTRICT JUDGE.

**OPINION BY:** JOHN A. KRONSTADT

**OPINION**

**CIVIL MINUTES -- GENERAL**

**Proceedings: (IN CHAMBERS) ORDER DENYING DEFENDANTS' MOTION FOR SUMMARY JUDGMENT (DKT. 47) AND GRANTING PLAINTIFF'S MOTION FOR SUMMARY ADJUDICATION RE COPYRIGHT INFRINGEMENT AS TO ALL DEFENDANTS (DKT. 49)**

**I. Introduction**

Plaintiff Dennis Morris is a photographer. His First Amended Complaint ("FAC") alleges that Defendant Thierry Guetta ("Guetta") and Defendant It's a Wonderful World, Inc. ("IAWW") (collectively, "Defendants") infringed Plaintiff's copyright in a photograph of the Sex Pistols bassist Sid Vicious (the "Photograph"), by copying the Photograph and using it to make other artworks. Plaintiff brings a single claim of copyright infringement under 17 U.S.C. § 101 *et seq.* FAC, Dkt. 41.

Plaintiff and Defendants have brought separate motions for summary adjudication. Plaintiff moves for summary adjudication on the issue of copyright infringement, contending that there is no genuine issue of material fact that Defendants' works infringed his copyright in the Photograph. Dkt. 49. Defendants move for summary [\*2] judgment, contending that there is no genuine issue of material fact that their works reflect a protected fair use of the Photograph. Dkt. 47. The Court heard oral argument on all of these matters on October

22, 2012, and took them under submission. Dkt. 61. For the reasons stated in this Order, the Court DENIES Defendants' motion and GRANTS Plaintiff's motion.

**II. Factual Background**

In 1977, Plaintiff photographed Sid Vicious. *See* Plaintiff's Response to Defendants' Statement of Uncontroverted Facts ("PRSUF") ¶¶ 1-4, Dkt. 56-1. The Photograph, which is in black and white, shows Sid Vicious tilting his head and winking. *See* Defendants' Response to Plaintiff's Statement of Uncontroverted Facts ("DRSUF") ¶ 1, Dkt. 54-2. It is undisputed that Sid Vicious struck a pose of his own design for the Photograph. PRSUF ¶ 4. Plaintiff states that he took the Photograph in Sweden, but did not register the copyright in the United States. PRSUF ¶ 3. The Photograph has been published on the Internet and was included in a book Plaintiff published about the Sex Pistols. PRSUF ¶¶ 6-7. Plaintiff has also presented evidence that the Photograph was shown at a gallery in London in 2004 and that, in connection [\*3] with that showing, prints of it were sold. Morris Decl. ¶ 3, Dkt. 58.

Defendant Guetta is an "appropriation artist" whose pop art pieces include modified pictures of celebrities. Guetta admits that he created the seven artworks at issue in this action. Guetta Decl. ¶ 2, Dkt. 60-1; DRSUF ¶¶ 4-10. He states that he "altered" the Photograph when he created his works. Defendants' Responses to Plaintiff's First Set of Interrogatories No. 1, Dkt. 57-1. Generally, these seven works feature Sid Vicious tilting his head and winking. The image of Sid Vicious in some of Guetta's works features a higher black and white contrast, with less of a greyscale than in the Photograph. PRSUF ¶¶ 23-24. These works look as if they were created with a stencil; they have less subtle detail than the Photograph. Certain of Defendants' other works that are at issue bear a greater similarity to the Photograph in that they have less of a black and white contrast and retain more facial detail. Some of the Defendants' works added elements such as splashes of brightly colored paint. One work features Sid Vicious wearing sunglasses and is

printed on a backdrop with the character Snoopy and palm trees. One is a mural. [\*4] One was made out of broken vinyl records. PRSUF ¶ 25. Two works add a mole on the image of the face of Sid Vicious and an overlay of blonde hair in a different style. Some, but not all, of Guetta's seven works were sold. Defendants' Responses to Plaintiff's First Set of Interrogatories No. 2, Dkt. 57-1

### III. Analysis

#### A. Summary Judgment Standard

A motion for summary judgment must be granted "if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). Facts are material if they affect the outcome of the suit under the substantive law. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). "[S]ummary judgment will not lie if the dispute about a material fact is 'genuine,' that is, if the evidence is such that a reasonable jury could return a verdict for the non-moving party." *Id.* A party seeking summary judgment bears the initial burden of informing the court of the basis for its motion and of identifying those portions of the record that demonstrate the absence of a genuine issue of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986).

Where the moving party will have the [\*5] burden of proof on an issue at trial, that party must affirmatively demonstrate that no reasonable trier of fact could find other than for the moving party. *See Celotex Corp.*, 477 U.S. at 331. On an issue as to which the nonmoving party will have the burden of proof, however, the movant can prevail if there is an absence of evidence to support the nonmoving party's case. *See id.* If the moving party meets its initial burden, the nonmoving party must set forth "specific facts showing that there is a genuine issue for trial." *Anderson*, 477 U.S. at 250.

Evidence presented by the parties at the summary judgment stage must be admissible. *See* Fed. R. Civ. P. 56(c)(2). In reviewing the record, the court does not make credibility determinations or weigh conflicting evidence. *Anderson*, 477 U.S. at 255. Rather, it draws all inferences in the light most favorable to the nonmoving party. *Id.*; *see also T.W. Elec. Serv., Inc. v. Pac. Elec. Contractors Ass'n*, 809 F.2d 626, 630-31 (9th Cir. 1987). Conclusory, speculative testimony in affidavits and moving papers is insufficient to raise genuine issues of fact and defeat summary judgment. *See Thornhill Pub. Co., Inc. v. GTE Corp.*, 594 F.2d 730, 738 (9th Cir. 1979).

"If [\*6] the court does not grant all the relief requested by the motion, it may enter an order stating any material fact--including an item of damages or other relief--that is not genuinely in dispute and treating the fact as established in the case." Fed. R. Civ. P. 56(g).

#### B. Copyright Infringement

The resolution of the cross-motions requires the determination of two issues: (i) whether Defendants infringed Plaintiff's copyright; and (ii) whether Defendants are protected by the fair use defense, even if their works otherwise infringed. To show copyright infringement, a claimant must show two things: (i) ownership of a valid copyright; and (ii) the copying of original elements. For the reasons stated below, there is no genuine issue of material fact that these two elements have been met. A party charged with copyright infringement may assert the affirmative defense of "fair use." Fair use is determined by the consideration of four statutory elements: (i) the purpose and character of the use; (ii) the nature of the copyrighted work; (iii) the amount and substantiality of the use; and (iv) the market effect. As with the infringement issue, here there are no disputed issues of fact relevant to the [\*7] determination of fair use. For the reasons set forth below, Defendants cannot successfully advance this defense.

##### 1. Legal Standard

"To establish infringement, two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *Feist Publications, Inc. v. Rural Tel. Serv. Co., Inc.*, 499 U.S. 340, 361, 111 S. Ct. 1282, 113 L. Ed. 2d 358 (1991).

##### a) Ownership of a Valid Copyright

"Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include . . . pictorial, graphic, and sculptural works. . . ." 17 U.S.C. § 102(a). "Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. . . . To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess [\*8] some creative spark, 'no matter how crude, humble or obvious' it might be." *Feist Publications, Inc.*, 499 U.S. at 345. "When this articulation of the minimal threshold for copyright protection is combined with the

minimal standard of originality required for photographic works, the result is that even the slightest artistic touch will meet the originality test for a photograph." *Ets-Hokin v. Skyy Spirits, Inc.*, 225 F.3d 1068, 1076 (9th Cir. 2000).

In assessing the "creative spark" of a photograph, we are reminded of Judge Learned Hand's comment that "no photograph, however simple, can be unaffected by the personal influence of the author." *Jewelers' Circular Pub. Co. v. Keystone Pub. Co.*, 274 F. 932, 934 (S.D.N.Y.1921). This approach, according to a leading treatise in the copyright area, "has become the prevailing view," and as a result, "almost any[ ] photograph may claim the necessary originality to support a copyright merely by virtue of the photographers' [sic] personal choice of subject matter, angle of photograph, lighting, and determination of the precise time when the photograph is to be taken." 1 MELVIN B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2.08[E][1], at [\*9] 2-130 (1999).

*Id.* "[T]he fact that two original photographs of the same object may appear similar does not eviscerate their originality or negate their copyrightability." *Id.* at 1077 (a photograph of a non-copyrightable object is copyrightable, even taken without much artistry such that they "resemble many other . . . shots").

#### b) Copying of Original Elements of the Work

Section § 106 of the Copyright Act "provides that 'the owner of copyright . . . has the exclusive rights to do and to authorize' others to display, perform, reproduce or distribute copies of the work and to prepare derivative works." *Jules Jordan Video, Inc. v. 144942 Canada Inc.*, 617 F.3d 1146, 1152 (9th Cir. 2010). "The word 'copying' is shorthand for the infringing of any of the copyright owner's five exclusive rights, described at 17 U.S.C. § 106." *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1085 n.3 (9th Cir. 1989). Copying can be shown without a substantial similarity analysis when defendants "admit that they in fact copied," *Norse v. Henry Holt & Co.*, 991 F.2d 563, 566 (9th Cir. 1993), or when a "defendant has engaged in virtual duplication of a plaintiff's entire work," *Narell v. Freeman*, 872 F.2d 907, 910 (9th Cir. 1989). [\*10] See also *Range Rd. Music, Inc. v. E. Coast Foods, Inc.*, 668 F.3d 1148, 1154 (9th Cir. 2012) (evidence of direct copying makes a substantial similarity analysis irrelevant). A derivative work in violation of

§ 106 is created when a defendant takes a plaintiff's "original images" and "alter[s] them in various ways and fuse[s] them with other images and artistic elements into new works that were based on-i.e., derivative of-[plaintiff's] original images." *Jarvis v. K2 Inc.*, 486 F.3d 526, 532 (9th Cir. 2007).

#### 2. Application

Defendants advance a single argument in contending that there is a genuine issue of material fact concerning copyright infringement: There is insufficient evidence to establish Plaintiff's ownership of the copyright in the Photograph. This argument is unpersuasive. "Copyright in a work protected under this title vests initially in the author or authors of the work." 17 U.S.C. § 201. "As a general rule, the author is the party who actually creates the work, that is, the person who translates an idea into a fixed, tangible expression entitled to copyright protection." *Cnty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 737, 109 S. Ct. 2166, 104 L. Ed. 2d 811 (1989).

Plaintiff has declared that he took the [\*11] Photograph. Morris Decl. ¶ 1-3, Dkt. 50. There is no contrary evidence in the record. Therefore, this fact is undisputed and established with respect to the present motions.<sup>1</sup> Because Plaintiff took the Photograph, the copyright in that image originally vests in him.<sup>2</sup> There is no evidence in the record, or even any contention, that Plaintiff transferred his copyright. Therefore, there is no genuine issue of material fact regarding Plaintiff's ongoing ownership of the copyright in the Photograph. Defendants argue that the fact that Plaintiff has not produced the negative of the Photograph, notwithstanding that he claims to have it in his possession, creates doubt as to whether he possesses the negative. As a result, they contend that this creates doubt regarding Plaintiff's ownership of the copyright. This argument is without force. Possession of the negative is not a necessary component of establishing ownership in the copyright of a photograph.<sup>3</sup>

1 Defendants contend that Plaintiff did not answer discovery on the question of proof for his claim. But, Defendants did not bring a motion to compel in connection with such discovery, and did not respond to Plaintiff's present motion by seeking [\*12] relief under Civil Rule 56(d). See Opp'n at 13-14, Dkt. 54. Thus, Defendant has not shown why the claimed absence of discovery responses by Plaintiff should affect the consideration of the present motions.

2 Plaintiff declares that in taking the photograph, he "select[ed] the subject matter, angle of photograph, exposure, composition, framing, location, and determination of the precise moment of taking the photograph." Morris Decl. ¶ 2, Dkt.

50. Under the Ninth Circuit standard in *Ets-Hokin*, this is sufficient originality as a matter of law. See 225 F.3d at 1077 (quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 250, 23 S. Ct. 298, 47 L. Ed. 460, 1903 Dec. Comm'r Pat. 650 (1903) ("The least pretentious picture has more originality in it than directories and the like, which may be copyrighted.")).

3 "Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright [\*13] or of any exclusive rights under a copyright convey property rights in any material object." 7-2 Nimmer on Copyright § 202.

Plaintiff must also establish that there is no genuine issue of material fact that original elements of his work were copied. Defendants have admitted direct copying of the Photograph. Thus, they admit that the works were created by altering the Photograph. <sup>4</sup> Such an admission meets the definition of an infringing derivative work under *Jarvis*. 486 F.3d at 532. <sup>5</sup> Therefore there is no genuine issue of material fact that Defendants copied original elements of Plaintiff's copyrighted work. <sup>6</sup>

4 Defendants have made this direct admission of creating works "which altered the Subject Photograph [Photograph]" regarding five of the seven identified works because only those five works were identified in the interrogatory response. See Defendants Responses of Plaintiff's First Set of Interrogatories No. 1, Dkt. 51-4. Accordingly, this admission does not directly address the two other challenged works: the mural work or the work made of broken records. However, it is undisputed that Guetta also created those works. DRSUF ¶¶ 9-10. These works look nearly identical to others. [\*14] Although they are of a different scale and made of different materials, these changes do not alter the evidence of the use of the Photograph. Moreover, any insufficiency in the completeness of Defendants' admission does not preclude summary judgment for the reasons discussed in note 6, *infra*.

5 Because Defendants admit to direct copying of the Photograph itself and because the Photograph is original enough to be copyrightable, Defendants *per se* copied original elements of the Photograph. This case is unlike cases where a copyrighted work was imitated and a court must

distinguish whether the portions taken from the copyrighted work were original or not. It does not matter that other photographs of Sid Vicious in the same pose might have been taken and that such photographs would have been very similar to the Photograph. "Others are free to copy the original. They are not free to copy the copy." *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 249, 23 S. Ct. 298, 47 L. Ed. 460, 1903 Dec. Comm'r Pat. 650 (1903) ("The opposite proposition would mean that a portrait by Velasquez or Whistler was common property because others might try their hand at the same face."). Even in such cases where a plaintiff has only a "thin" copyright that extends [\*15] to only his or her original contribution, with the unoriginal elements subtracted, a plaintiff is protected against "virtually identical copying." See *Satava v. Lowry*, 323 F.3d 805, 812 (9th Cir. 2003). Even under such an analysis, the Court would find that the copying is identical because Defendants' work involves use of the Photograph itself.

6 Even without Defendants' admissions, there is an independent reason to find that there is no genuine issue of material fact as to direct copying. Defendants have admitted access to the Photograph, Defendant's Responses to Plaintiff's Request for Admissions, Set One, Dkt. 51-3, and there can be no genuine issue of material fact that the works are substantially similar for purposes of inferring copying. A "plaintiff may establish copying by showing that defendant had access to plaintiff's work and that the two works are 'substantially similar' in idea and in expression of the idea." *Smith v. Jackson*, 84 F.3d 1213, 1218 (9th Cir. 1996). "We apply a two-part test, the extrinsic test and the intrinsic test, to compare the similarities of ideas and expression in two works. The extrinsic test is an objective test based on specific expressive elements: [\*16] the test focuses on "articulable similarities . . . in two works. The intrinsic test is a subjective test that focuses on 'whether the ordinary, reasonable audience would recognize the defendant's work as [based on] the plaintiff's work.'" *Kouf v. Walt Disney Pictures & Television*, 16 F.3d 1042, 1045 (9th Cir. 1994) (citation omitted). "In applying the extrinsic test, we require a lower standard of proof on substantial similarity when a high degree of access is shown." *Smith*, 84 F.3d at 1218. "[If] the resemblance is so overwhelming as to mandate a finding of substantial similarity, the court should grant summary judgment to plaintiff." 3-12 Nimmer on Copyright § 12.10;

*Segrets, Inc. v. Gillman Knitwear Co.*, 207 F.3d 56, 62 (1st Cir. Mass. 2000) ("While summary judgment for a plaintiff on these issues is unusual, . . . it is warranted on these facts,"); *Rogers v. Koons*, 960 F.2d 301, 307 (2d Cir. 1992) ("Further, even were such direct evidence of copying unavailable, the district court's decision could be upheld in this case on the basis that defendant Koons' access to the copyrighted work is conceded, and the accused work is so substantially similar to the copyrighted work that reasonable [\*17] jurors could not differ on this issue."). The present case is governed by these principles.

### C. The Fair Use Defense

#### 1. The Legal Standard

[F]air 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.

17 U.S.C. § 107.

The factors "all are to be explored and, and the results weighed together, in light of [\*18] the purposes of copyright" in a "case-by-case analysis." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577-78, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994). "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.'" *Id.* at 577.

"Because fair use is an affirmative defense, Defendants bear the burden of proof on all of its factors." *Columbia Pictures Indus., Inc. v. Miramax Films Corp.*, 11 F. Supp. 2d 1179, 1187 (C.D. Cal. 1998) (citing *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1403 (9th Cir. 1997)). A grant of summary judgment can be predicated on the fair use doctrine and is reviewed de novo as a mixed question of law and fact. *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1170 (9th Cir. 2012). "Where material facts are not in dispute, fair use is appropriately decided on summary judgment." *Mattel, Inc. v. Walking Mountain Productions*, 353 F.3d 792, 800 (9th Cir. 2003).

#### 2. Application

##### a) First Factor: Purpose and Character of the Use

###### (1) Legal Standard

###### (a) Transformativeness

The central purpose of this investigation is to see, in Justice Story's words, [\*19] 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."

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

"A use is considered transformative only where a defendant changes a plaintiff's copyrighted work or uses the plaintiff's copyrighted work in a different context such that the plaintiff's work is transformed into a new creation." *Wall Data Inc. v. Los Angeles County Sheriff's*

*Dept.*, 447 F.3d 769, 778 (9th Cir. 2006). "Although 'transformative use is not absolutely necessary for a finding of fair use,' *Campbell*, 510 U.S. at 579, 114 S.Ct. 1164, where the 'use is for the same intrinsic purpose as [the copyright holder's] . . . such use seriously weakens a claimed fair use.'" *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110, 1117 (9th Cir. 2000). "As Justice Story put it: 'There must be real, substantial condensation of the materials, and intellectual labor and judgment bestowed thereon; and not merely the facile use of the scissors; [\*20] or extracts of the essential parts, constituting the chief value of the original work.'" *Id.* However, "[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." *Campbell*, 510 U.S. at 582 (alterations in original).

#### (b) Other Factors

##### (i) Commercial Use

Although such transformative use is not absolutely necessary for a finding of fair use, . . . 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. . . [T]he 'fact that a publication was commercial as opposed to nonprofit is a separate factor that tends to weigh against a finding of fair use.' . . . But that is all. . .

*Campbell*, 510 U.S. at 579, 585 (internal citations omitted).

##### (ii) Good Faith

"Also relevant to the character' of the use is the propriety of the defendant's conduct. . . Fair use presupposes 'good faith' and 'fair dealing.' . . . Fair use distinguishes between a true scholar and a chiseler who infringes a work for personal profit." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562-63, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) [\*21] (internal citations and quotation marks omitted). The Supreme Court subsequently cast doubt on the relevance of good faith in a fair use analysis. See *Campbell*, 510 U.S. at 585 n.18. Furthermore, "[e]ven if good faith were central to fair use," "[i]f the use is otherwise fair, then no permission need be sought or granted. Thus, being denied permission to use a work does not weigh against a finding of fair use." *Id.*

##### (iii) Justification

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. 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.

*Campbell*, 510 U.S. at 580-81. "[T]he broad principles of *Campbell* are not limited to cases involving parody" and "the satire/parody [\*22] distinction may nevertheless be relevant to the application of these principles" outside the narrow framework of parody. *Blanch v. Koons*, 467 F.3d 244, 255 (2d Cir. 2006).

#### (2) Application in Prior Appropriation Art Cases

The Second Circuit has addressed the issue of the applicability of a fair use defense in appropriation art cases, including the proper application of the first fair use factor -- the purpose and character of the use. *Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006), concerned a work created by an artist by using a portion of a photograph that had been published in a magazine advertisement for cosmetics. *Id.* at 248. Thus, Koons, the artist, used the portion of the photograph that showed a woman's legs. *Id.* He rotated and re-scaled this portion of the image, made some changes to its color and added a missing part of a heel. *Id.* He then used this modified image in a billboard-sized painting that featured multiple sets of women's legs along with photographs of baked goods set against a lush landscape. *Id.* at 247. The Second Circuit found this use transformative. *Id.* at 251-53. Koons took raw material and used it for a new purpose, having distinct creative or communicative objectives. [\*23] *Id.* at 253.

In addition to its finding on transformativeness, the Second Circuit also analyzed the other subfactors of the purpose and character element: commercial use, bad faith, and justification for the use. The court found it less relevant that Koons attained a significant profit from his work, particularly because "the public exhibition of art is widely and we think properly considered to 'have value that benefits the broader public interest.'" *Id.* at 254. The court also found that there was no bad faith in failing to



seek permission where the use was otherwise fair. *Id.* at 256. Finally, the court was satisfied with the explanation that Koons provided as to why he used an existing image -- the portion of the magazine photograph -- instead of creating his own. Koons declared that he wanted to use an actual magazine advertisement because it was an authentic image of the subject matter of his commentary -- one directed to the culture and attitudes promoted by such magazine advertisements through fashion photography. *Id.* at 255. The court concluded that "Whether or not Koons could have created 'Niagara' [the defendant's work] without reference to 'Silk Sandals,' [the plaintiff's work.] [\*24] we have been given no reason to question his statement that the use of an existing image advanced his artistic purposes." *Id.*

Conversely, in *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992), which predated *Campbell*, the Second Circuit rejected a finding of fair use, largely based on its analysis of the first fair use factor. At issue in *Rogers* was a sculpture that recreated in very specific detail a photograph taken by the plaintiff. One of the few differences between the photograph and the sculpture was that the sculpture, unlike the photograph, was in color and in the sculpture, the puppies that appeared in the photograph were painted blue. *Id.* at 305. The Second Circuit found that the first factor weighed against fair use because, "even given that "String of Puppies" is a satirical critique of our materialistic society, it is difficult to discern any parody of the photograph "Puppies" itself. . . . The circumstances of this case indicate that Koons' copying of the photograph "Puppies" was done in bad faith, primarily for profit-making motives, and did not constitute a parody of the original work." *Id.* at 310.

The ability of an artist to make "similar statements through other means about [\*25] society" does not necessarily preclude the artist from using a means that "conveys these messages in a particular way that is ripe for social comment," because the court does "not make judgments about what objects an artist should choose for their art." *Mattel, Inc. v. Walking Mountain Productions*, 353 F.3d 792, 802, n.7 (9th Cir. 2003) (discussing the use of Barbie dolls in photographs of tableaus that undermined the traditional image of a Barbie doll). However, "[i]f an infringement of copyrightable expression could be justified as fair use solely on the basis of the infringer's claim to a higher or different artistic use . . . there would be no practicable boundary to the fair use defense." *Rogers*, 960 F.2d at 310 (discussing need for commentary on original work "otherwise there would be no real limitation on the copier's use of another's copyrighted work to make a statement on some aspect of society at large"); *accord Cariou v. Prince*, 784 F. Supp. 2d 337, 348-49 (S.D.N.Y. 2011) ("The Court therefore declines Defendants' invitation to find that appropriation art

is *per se* fair use, regardless of whether or not the new artwork in any way comments on the original works appropriated. [\*26] Accordingly, [defendant's] Paintings are transformative only to the extent that they comment on the Photos; to the extent they merely recast, transform, or adapt the Photos, [defendants] Paintings are instead infringing derivative works.").

*Blanch*, 467 F.3d 244, provides a clear standard that bridges these two requirements: An artist is not required to compromise his or her artistic vision merely because the artist could have made a similar statement in a non-infringing way. However, the artist must provide a sufficient justification for using another's copyrighted material in effecting the artist's vision. Such a justification could be based on making a commentary on the material used in the other work, *i.e.*, parody. It could also be based on a clear articulation of how using the material served the artist's objective beyond merely saving the artist time or effort, *i.e.*, satire.<sup>7</sup>

7 Defendants cite to the search engine line of cases (known as the "thumbnail cases"), *see, e.g., Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), for the proposition that they need not be commenting on the original work, even in part, to be deemed to be making an acceptable fair use under [\*27] the first fair use factor. Fair use does not necessarily require a comment on the original; however, where there is no comment on the original, a justification for the use is necessary. The thumbnail cases are not analogous to the circumstances here because use as part of a search engine provides a new and separate function and use of the images is necessary to the effectiveness of the search engine. Here, Defendants do not identify any independent purpose for the use of the Photograph other than for making art. Defendants' works are undisputedly works of art with no functional purpose aside from their potential to be decorative and to convey meaning.

### (3) Application

Under *Campbell* and *Blanch*, it is clear that a commercial aspect to an artistic work is not dispositive of whether there is a fair use. Thus, even a commercial use is appropriate if it is sufficiently transformative. Furthermore, that a party does not seek permission to use a copyrighted work does not prevent a finding of fair use where the use is otherwise fair. Accordingly, the key issues in the application of the first fair use factor are whether Defendants' use was transformative and justified.

An independent review of [\*28] Defendants' works shows that they are not sufficiently transformative under the foregoing standards. Thus, it is not apparent that Defendants' works add something new, have a further purpose or are of a different character due to a new expression, meaning, or message. The Photograph is a picture of Sid Vicious making a distinct facial expression. Defendants' works are of Sid Vicious making that same expression. Most of Defendants' works add certain new elements, but the overall effect of each is not transformative; Defendants' works remain at their core pictures of Sid Vicious. Defendants have not argued that their works serve any utility beyond being art works with a potential to be decorative and to convey meaning. And, a review of the Defendants' works does not show that they convey any sufficient new meaning that has transformed the Photograph in any significant manner. In short, the transformativeness is not akin to what was present in, or sufficient to satisfy the standards of, *Blanch*, 467 F.3d at 253.

In making a finding that Defendants' work is not sufficiently transformative, the Court need not rely on its own judgment. Such a finding is consistent with the record before the [\*29] Court. Defendants offered no evidence on the issue of how and why the work could be considered transformative prior to their own reply to their motion. New evidence submitted as part of a reply is improper.<sup>8</sup> Furthermore, the absence of any stated justification in the record prior to Defendant's reply to its own motion is a clear example of a post-hoc rationalization of the justification for copying. A court need not accept a defendant's explanation for use of and extent of copying of a plaintiff's work and can make an independent assessment of its persuasiveness. *See Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1403 (9th Cir. 1997) ("We completely agree with the district court that Penguin and Dove's fair use defense is 'pure shtick' and that their post-hoc characterization of the work is 'completely unconvincing.'). The Declaration discusses only a subset of the identified works at issue with any specificity. *See Guetta Decl.*, Dkt. 60-1. Moreover, the explanations offered for the new message Guetta intended to convey through his works are unpersuasive. *See, e.g., id.* at ¶ 7 ("I created the mural (with color) in particular because it was larger than life, [\*30] like Sid Vicious, and I wanted to give him the respect it seemed like he did not get in life."). Finally, to the extent that Defendants' counsel sought to suggest at the hearing on the motion that no evidence about transformativeness was submitted prior to the reply because Defendants considered the transformative nature of the work self-evident, that position is not convincing.

<sup>8</sup> To the extent that a reply brief presents new information, it is improper because the opposing

party is deprived of the opportunity to respond. *Tovar v. U.S. Postal Serv.*, 3 F.3d 1271, 1273 n.3 (9th Cir. 1993) (striking parts of reply brief presenting new information); *Provenz v. Miller*, 102 F.3d 1478, 1483 (9th Cir. 1996) ("[w]here new evidence is presented in a reply to a motion for summary judgment, the district court should not consider the new evidence without giving the [non-]movant an opportunity to respond.").

The record here also shows that the Defendants' use of the Photograph was not justified. This is an independent basis for determining that the purpose and character of the use factor does not support a finding of fair use.

As a threshold matter, there has been no evidence presented that Defendants' [\*31] works were intended to make any kind of commentary on the Photograph itself. Accordingly, Defendants must establish some other justification for use of the Photograph.

Defendants' proffered explanation for creating the work focuses on a desire to make a commentary on Sid Vicious's persona and on the nature celebrity generally. *See Guetta Decl.*, Dkt. 60-1. This rationale does not provide a sufficient justification for using the Photograph. Moreover, as noted, the Guetta Declaration, in which this justification was first proffered, was only submitted with Defendants' reply brief.

Putting aside the foregoing deficiency, the Guetta Declaration is still insufficient to create a triable issue as to fair use. The Guetta Declaration does not provide any explanation or justification for why the use of the Photograph was necessary or how it served Guetta's purpose better than an alternative means that did not rely on a copyrighted work. *See id.* Defendants in effect argue that any use of copyrighted material in appropriation art is *per se* fair use. But, this is the precise argument that the *Cariou* court rejected. 784 F. Supp. 2d at 348-49. It is not a requirement of fair use that a defendant prove [\*32] it was impossible to make his work in a non-infringing way. But it is necessary for a defendant to provide evidence that the challenged use had a justification and artistic purpose beyond merely saving a defendant some effort. *See Campbell*, 510 U.S. at 580-81. This is not to say that a defendant's works need to meet some standard of artistry. Rather, it means that there must be some showing that a challenged work is a commentary on the copyrighted one, or that the person who created the challenged work had a justification for using the protected work as a means of making an artistic statement.

Accordingly, the first factor does not support the fair use defense because the record does not support a finding that Defendants' use was sufficiently transformative or justified.

## b) Second Factor: Nature of the Copyrighted Work

## (1) Legal Standard

The second statutory factor, "the nature of the copyrighted work," § 107(2), draws on Justice Story's expression, the "value of the materials used." *Folsom v. Marsh*, 9 F. Cas., at 348. 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 [\*33] to establish when the former works are copied. See, e.g., *Stewart v. Abend*, 495 U.S., at 237-238, 110 S.Ct., at 1768-1769, 109 L. Ed. 2d 184 (contrasting fictional short story with factual works); *Harper & Row*, 471 U.S., at 563-564, 105 S.Ct., at 2231-2233 (contrasting soon-to-be-published memoir with published speech); *Sony*, 464 U.S., at 455, n. 40, 104 S.Ct., at 792, n. 40, 78 L. Ed. 2d 574 (contrasting motion pictures with news broadcasts); *Feist*, 499 U.S., at 348-351, 111 S.Ct., at 1289-1291 (contrasting creative works with bare factual compilations).

*Campbell*, 510 U.S. at 586.

"[P]hotographs taken for aesthetic purposes, are creative in nature . . . ." *Elvis Presley Enterprises, Inc. v. Passport Video*, 349 F.3d 622, 629 (9th Cir. 2003) *overruled on other grounds as stated in Flexible Lifeline Sys., Inc. v. Precision Lift, Inc.*, 654 F.3d 989, 995 (9th Cir. 2011) (per curiam). "Simply because a photo documents an event does not turn a pictorial representation into a factual recitation of the nature referenced in *Harper & Row*. Photos that we now regard as iconic often document an event . . . ." *Monge*, 688 F.3d at 1177 (describing "point-and-shoot" photographs documenting an event "not highly artistic in nature" but still [\*34] "marginally creative works").

An unpublished photograph is given greater protection under this factor, *id.* at 1178, but not having the enhanced protection available for an unpublished work does not defeat this factor weighing in a plaintiff's favor. See *Perfect 10, Inc.*, 508 F.3d at 1167.

"[T]his factor typically has not been terribly significant in the overall fair use balancing" including situations where the work was creative and publically dis-

seminated. *Dr. Seuss Enterprises, L.P.*, 109 F.3d at 1402; see also *Mattel, Inc.*, 353 F.3d at 803.

## (2) Application

The Photograph is at least marginally creative under the standard in *Monge*, 688 F.3d at 1177, even if it is, as Defendants contend, more documentary than aesthetic. That this standard is met is confirmed because the Photograph is a posed portrait. It is undisputed that it has been previously published. Accordingly, this factor weighs at least slightly against a finding of fair use.

## c) Third Factor: Amount and Substantiality of Portion Used

## (1) Legal Standard

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 [\*35] and value of the materials used," *Folsom v. Marsh*, *supra*, at 348) 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.

*Campbell*, 510 U.S. at 586-87.

"[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." *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 565, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985). "Qualitatively, the minimal cropping of each picture demonstrates that the 'heart' of each individual copyrighted picture was published." *Monge*, 688 F.3d at 1178.

In [\*36] certain circumstances, use of even the entire copyrighted image can be necessary such that the factor is neutral. *Perfect 10, Inc.*, 508 F.3d at 1167-68

(discussing the need of search engines to use the entire image to be effective).

## (2) Application

The artistic core of the Photograph is the facial expression and posture of Sid Vicious. It is also used as the central element in all of Defendants' work. But, even if Defendants had not used it as the central element of the Guetta works, the fact that Defendants added other elements in some of the works is irrelevant. Thus, the analysis looks to what has been taken, not what has been added. Furthermore, the portion of the Photograph that Defendants used is qualitatively substantial; it comprises the majority of both the original and the copies. It is undisputed that Defendant cropped the bottom part of the picture and the background. However, it is evident that those elements were not essential features of the Photograph. The only issue is whether the facial expression and pose, which is undisputedly something Sid Vicious did without Plaintiff's direction, is a protected part of the photograph. The Ninth Circuit has adopted the view that [\*37] the "personal choice of subject matter, angle of photograph, lighting, and determination of the precise time when the photograph is to be taken," *Ets-Hokin*, 225 F.3d at 1076, are aspects that are original enough to be copyrightable.

Because Plaintiff made the decision to take a photograph of Sid Vicious at that precise moment, the literal elements of that photograph belong to Plaintiff. Defendants' argument that Plaintiff has no right to his photograph of Sid Vicious because Plaintiff did not direct Sid Vicious to strike that pose, is unconvincing. To be sure, in *Burrow-Giles*, the court considered, among other things, the photographer's role in "arranging the subject" and "suggesting and evoking the desired expression," 111 U.S. 53, 60, 4 S. Ct. 279, 28 L. Ed. 349, 1884 Dec. Comm'r Pat. 186 (1884). And, a nature photographer cannot preclude others from emulating a work. *See Mannion v. Coors Brewing Co.*, 377 F. Supp. 2d 444, 453 (S.D.N.Y. 2005) (a photograph of a salmon jumping into a bear's mouth is original and protected, but does not preclude other photographers from attempting to capture a similar image). But, as discussed as part of the Court's infringement analysis,<sup>9</sup> although Defendants stripped the Photograph of some of its more detailed [\*38] elements, Defendants still relied on, and used the Photograph itself, to create their works and could not have done so without the Photograph. Indeed, the many images of Sid Vicious that Defendants have presented in support of their motion undermine their claim. *See Bentz Decl.*, Exh. C, Dkt. 47-3. The exhibit includes many photographs of Sid Vicious, but does not include any showing of the same facial expression that was captured in the Photograph. Defendants' exhibit highlights how

the Photograph has a special quality that makes it distinct and unique when compared to others of Sid Vicious. Accordingly, this factor weighs against fair use.

9 *See* note 5, *supra*.

## d) Fourth Factor: Market Effect

### (1) Legal Standard

The fourth fair use factor is "the effect of the use upon the potential market for or value of the copyrighted work." § 107(4). 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. . . The enquiry "must take account not only [\*39] of harm to the original but also of harm to the market for derivative works."

No "presumption" or inference of market harm that might find support in *Sony* is applicable to a case involving something beyond mere duplication for commercial purposes. . . But when, on the contrary, the second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred.

*Campbell*, 510 U.S. at 590 (citations omitted). The market for potential derivative uses includes only those that creators of original works would in general develop or license others to develop. *Id.* at 592.

[C]ommercial use may tip the scale toward market harm, but like the other factors, it 'may be addressed only through a 'sensitive balancing of interests.' . . . [A] presumption of market harm 'makes common sense[ ] when a commercial use amounts to mere duplication of the entirety of an original.' . . . Thus, the market harm analysis is affected by whether the harm is caused by commercial use of a mere duplicate or by commercial use post-transformation.

*Monge*, 688 F.3d at 1180-81. "The important difference is not whether or not a work is 'mildly transformative,' but whether it 'functioned [\*40] as a market replacement.'" *Id.* at 1182-83.

The statute by its terms is not limited to market effect but includes also "the effect of the use on the *value* of the copyrighted work." 17 U.S.C. § 107(4) (emphasis added). As *Sony* states, "[e]ven copying for noncommercial purposes may impair the copyright holder's ability to obtain the rewards that Congress intended him to have." *Sony*, 464 U.S. at 450, 104 S.Ct. 774. Those rewards need not be limited to monetary rewards; compensation may take a variety of forms. *Id.* at 447 n. 28, 104 S.Ct. 774 ("The copyright law does not require a copyright owner to charge a fee for the use of his works. . . . It is not the role of the courts to tell copyright holders the best way for them to exploit their copyrights").

Even an author who had disavowed any intention to publish his work during his lifetime was entitled to protection of his copyright, first, because the relevant consideration was the "potential market" and, second, because he has the right to change his mind.

*Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110, 1119 (9th Cir. 2000).

"The Supreme Court declared in *Harper & Row* that '[t]his last factor is undoubtedly the [\*41] single most important element of fair use.'" *Monge*, 688 F.3d at 1180. "The fact that the secondary use does not harm the market for the original gives no assurance that the secondary use is justified. Thus, notwithstanding the importance of the market factor, especially when the market is impaired by the secondary use, it should not overshadow the requirement of justification under the first factor, without which there can be no fair use." *Worldwide Church of*

*God*, 227 F.3d at 1120 (quoting Pierre N. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1124 (1990)). If potential harm to a plaintiff's market remains hypothetical, the factor is neutral and favors neither party. *Perfect 10, Inc.*, 508 F.3d at 1168.

## (2) Application

The record does not clearly show a harm to the market for, or value of, the Photograph, and the amount of harm and potential harm based on the nature of the market is disputed. However, even assuming there was no harm to the market, this would not excuse an unjustified use under *Worldwide Church of God*. 227 F.3d at 1120. Therefore, any dispute over the market effect is immaterial because a lack of harm would not change the determination of an unjustified use [\*42] under the first factor.

\* \* \*

For the foregoing reasons, Defendants cannot establish a fair use defense. The first and third factors strongly support Plaintiff, the second factor slightly supports Plaintiff, and the fourth factor does not strongly support Defendant. As noted by another court in a case with similar issues, "To permit one artist the right to use without consequence the original creative and copyrighted work of another artist simply because that artist wished to create an alternate work would eviscerate any protection by the Copyright Act. Without such protection, artists would lack the ability to control the reproduction and public display of their work and, by extension, to justly benefit from their original creative work." *Friedman v. Guetta*, No. CV 10-00014 DDP JCX, 2011 U.S. Dist. LEXIS 66532, 2011 WL 3510890, at \*7 (C.D. Cal. May 27, 2011).

## IV. Conclusion

For the foregoing reasons, Plaintiff's motion for partial summary adjudication is granted and Defendants' motion for summary judgment is denied.

**IT IS SO ORDERED.**

725 F.3d 1170, \*, 2013 U.S. App. LEXIS 16322, \*\*;  
107 U.S.P.Q.2D (BNA) 1803; Copy. L. Rep. (CCH) P30,469

**DERECK SELTZER, Plaintiff-Appellant, v. GREEN DAY, INC., a corporation; GREEN DAY TOURING, INC., a corporation; GREEN DAY, a partnership; BILLIE JOE ARMSTRONG, an individual; FRANK EDWIN WRIGHT, III, an individual, AKA Tre Cool; MICHAEL RYAN PRITCHARD, an individual, AKA Dirnt Mike; WARNER BROS. RECORDS, INC., a corporation; INFECT PRODUCTIONS, a partnership; ROGER STAUB, an individual; PERFORMANCE ENVIRONMENTAL DESIGN, a business entity (form unknown), Defendants-Appellees.**

**No. 11-56573, No. 11-57160**

**UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT**

**725 F.3d 1170; 2013 U.S. App. LEXIS 16322; 107 U.S.P.Q.2D (BNA) 1803; Copy. L. Rep. (CCH) P30,469**

**February 5, 2013, Argued and Submitted, Pasadena, California  
August 7, 2013, Filed**

**PRIOR HISTORY:** [\*\*1]

Appeal from the United States District Court for the Central District of California. D.C. No. 2:10-cv-02103-PSG-PLA. Philip S. Gutierrez, District Judge, Presiding.

Seltzer v. Green Day, Inc., 2011 U.S. Dist. LEXIS 134388 (C.D. Cal., Nov. 17, 2011)

Seltzer v. Green Day, Inc., 2011 U.S. Dist. LEXIS 92393 (C.D. Cal., Aug. 18, 2011)

**DISPOSITION:** No. 11-56573 AFFIRMED; No. 11-57160 VACATED AND REMANDED. All parties to bear their own costs on appeal.

**COUNSEL:** William Nathan Canby, Rosenfeld, Meyer & Susman, LLP, Beverly Hills, California argued the cause and filed a brief for the appellant. With him on the briefs were Todd W. Bonder and Ryan M. Lapine, Rosenfeld, Meyer & Susman, LLP, Beverly Hills, California.

Peter J. Anderson, Law Offices of Peter J. Anderson, a P.C., Santa Monica, CA, argued the cause and filed a brief for appellees. With him on the briefs were Bruce Isaacs, Wyman & Isaacs, LLP, Los Angeles, CA, and Lee S. Brenner and Keri E. Campbell, Kelley Drye & Warren LLP, Los Angeles, CA.

**JUDGES:** Before: Diarmuid F. O'Scannlain, Stephen S. Trott, and Richard R. Clifton, Circuit Judges. Opinion by Judge O'Scannlain.

**OPINION BY:** O'SCANNLAIN

**OPINION**

**[\*1173] SUMMARY\***

\* This summary constitutes no part of the opinion of the court. It has been prepared by court staff for the convenience of the reader.

**Copyright / Fair Use**

The panel affirmed the district court's summary judgment in favor of the defendants but vacated [\*\*2] the district court's award of attorneys' fees in an artist's action alleging violations of the Copyright Act and the Lanham Act in a rock band's unauthorized use of an illustration in the video backdrop of its stage show.

The panel held that the video backdrop was a fair use under the Copyright Act. First, the purpose and character of the use was transformative because the video altered the expressive content or message of the illustration, and the use was not overly commercial. Second, the illustration was a creative work, but its nature included its status as a widely disseminated work of street art. Third, the defendants copied most of the illustration, but it was not meaningfully divisible. Fourth, the video backdrop did not affect the value of the illustration.

The panel affirmed the grant of summary judgment on Lanham Act claims on the basis that the artist failed to establish any trademark rights.

Vacating the district court's award of attorneys' fees to the defendants under the Copyright Act, the panel held that, despite the defendants' success on the fair use defense, the plaintiff did not act objectively unreasonably.

**OPINION**

O'SCANNLAIN, Circuit Judge:

We must decide whether a [\*\*3] rock band's unauthorized use of an artist's illustration in the video backdrop of its stage show was a "fair use" under copyright law.

I

A

Plaintiff Derek Seltzer is an artist and illustrator. In 2003, he created *Scream Icon*, a drawing of a screaming, contorted face. Seltzer made copies of *Scream Icon*, including large posters and smaller prints with adhesive backs, which he has sold and given away. See Appendix A. Many [\*1174] *Scream Icon* posters have been plastered on walls as street art in Los Angeles and elsewhere. Since then, Seltzer has moved on to other projects, but at times he has used *Scream Icon* to identify himself and his work's presence by placing it on advertisements for his gallery appearances, and at some point he licensed it for use in a music video.

Defendant Roger Staub is a photographer and professional set-lighting and video designer. In 2008, Staub photographed a brick wall at the corner of Sunset Boulevard and Gardner Avenue in Los Angeles which was covered in graffiti and posters--including a weathered and torn copy of *Scream Icon*. See Appendix B. Staub found it "interesting" and saved this picture in his personal library.

Defendant Green Day is a rock band, and defendants [\*\*4] Billie Joe Armstrong, Michael Pritchard, and Frank Wright are its musicians. Green Day has sold over 70 million records worldwide since its debut in 1987. In May of 2009, Green Day released its eighth studio album, *21st Century Breakdown*. In anticipation of the 2009-10 tour in support of this album, Green Day engaged defendant Performance Environment Design ("PED") to create the lighting, pyrotechnic effects, and video backdrops for the concert. Subsequently, PED arranged for Staub to create the video backdrops for Green Day's performances.

B

Staub created a video backdrop for each of the thirty-two songs on Green Day's set list. Before making these backdrops, Staub repeatedly listened to *21st Century Breakdown* and studied the album art, which uses graffiti and street art as significant visual elements.

One of the songs for which Staub created a backdrop was the eighth song on the album, entitled "East Jesus Nowhere." Staub's stated goal was to convey the song's "mood, tone or themes." According to Staub, the theme of the song is "the hypocrisy of some religious people

who preach one thing but act otherwise. . . . The song is about the violence that is done in the name of religion."

What [\*\*5] Staub ultimately created for this song is the allegedly-infringing work at the heart of this case, an approximately four-minute-long video. The video depicts a brick alleyway covered in graffiti. As "East Jesus Nowhere" is performed, several days pass at an accelerated pace and graffiti artists come and go, adding new art, posters, and tags to the brick alleyway. The graffiti includes at least three images of Jesus Christ, which are defaced over the course of the video. Throughout the video, the center of the frame is dominated by an unchanging, but modified, *Scream Icon*. Staub used the photograph he had taken at Sunset and Gardner, cut out the image of *Scream Icon* and modified it by adding a large red "spray-painted" cross over the middle of the screaming face. He also changed the contrast and color and added black streaks running down the right side of the face. Staub's image further differs from *Scream Icon* because Staub's original photograph was of a weathered, slightly defaced, and torn poster. *Scream Icon* is nonetheless clearly identifiable in the middle of the screen throughout the video.

Staub's video backdrop was played behind Green Day during the performance of "East Jesus [\*\*6] Nowhere" at approximately seventy concerts from July 3, 2009, through November 12, 2009, and also during Green Day's performance of the song at the MTV Video Music Awards on September 13, 2009. At some point, Seltzer became aware that Green Day was using his art and on September 24, 2009 he wrote the band an e-mail alerting them to [\*1175] their unauthorized use stating that he would like to "work out a resolution to this issue." Apparently no resolution was possible, because on November 19, 2009, Seltzer registered a copyright in *Scream Icon*, and his counsel sent Green Day a cease-and-desist letter. Green Day subsequently stopped using the video backdrop.

C

In March 2010, Seltzer filed the instant action. His First Amended Complaint alleges direct and contributory copyright infringement, violations of the Lanham Act, and various state law claims. After discovery, defendants (collectively, "Green Day") moved for summary judgment. They primarily argued that Staub's video backdrop was fair use under 17 U.S.C. § 107. The district court agreed and granted summary judgment on all claims.

Green Day then moved for attorneys fees under 17 U.S.C. § 505. The district court found that Seltzer's claims had [\*\*7] been objectively unreasonable and granted the motion in full, awarding the defendants a total of \$201,012.50. Seltzer timely appeals both the



grant of summary judgment and the grant of attorney's fees.

## II

The fair use doctrine "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." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) (internal quotation marks omitted). Consequently, 17 U.S.C. § 107 establishes that fair use of a copyrighted work is not an infringement of copyright and lays out four factors to apply when considering whether the use of a work is "fair":

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit 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 on the potential market for or value of the copyrighted work.

17 U.S.C. § 107. These four factors must all be explored, and all the results evaluated together, in light of the purposes of copyright. [\*\*8] *Campbell*, 510 U.S. at 578.

Whether Green Day's use of Seltzer's *Scream Icon* constituted fair use is a mixed question of law and fact that we review de novo. *SOFA Entm't, Inc. v. Dodger Prods., Inc.*, 709 F.3d 1273, 1277 (9th Cir. 2013). Where no material, historical facts are at issue and the parties dispute only the ultimate conclusions to be drawn from those facts, we may draw those conclusions without usurping the function of the jury. *Fisher v. Dees*, 794 F.2d 432, 436 (9th Cir. 1986). As the Supreme Court held in *Harper & Row Publishers, Inc. v. Nation Enter.*, "[w]here 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." 471 U.S. 539, 564, 105 S. Ct. 2218, 85 L. Ed. 2d 588 (1985) (internal alterations and quotation marks omitted). As in *Fisher*, "[n]o material historical facts are at issue in this case. The parties dispute only the ultimate conclusion to be drawn from the admitted facts." 794 F.2d at 436.

## A

The first factor in the fair use inquiry is "the purpose and character of the use, including whether such [\*\*9]

use is of a commercial nature or is for nonprofit educational purposes." § 107(1). The Supreme [\*\*1176] Court has stated that the "central purpose" of this factor is to see "whether and to what extent the new work is transformative." *Campbell*, 510 U.S. at 579. Works of this type "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." *Id.* (internal citations omitted).

Although transformation is a key factor in fair use, whether a work is transformative is a often highly contentious topic. *See, e.g., Cariou v. Prince*, 714 F.3d 694, 713-14 (2d Cir. 2013) (Wallace, J., concurring in part and dissenting in part) (disagreeing with majority as to whether artists' use of certain copyrighted photographs was transformative; would remand for further fact finding); *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1185-88 (9th Cir. 2012) (M. Smith, J., dissenting) (disagreeing with majority as to whether a magazine's publication of wedding photographs was transformative); *Bouchat v. Balt. Ravens Ltd. P'ship*, 619 F.3d 301, 320-21 (4th Cir. 2010) (Niemeyer, J., dissenting) [\*\*10] (disagreeing with majority as to whether the Baltimore Ravens football team's use of a "Flying B" logo was transformative). A leading treatise on this topic has lamented the frequent misuse of the transformation test, complaining that it has become a conclusory label which is "all things to all people." Melville B. Nimmer & David Nimmer, 4 Nimmer on Copyright § 13.05[A][1][b], 13168-70 (2011) (internal quotation marks omitted); *see also id.* at 13-168-69 (listing cases which have "erroneous[ly] with[held]" the transformative label).

The plethora of cases addressing this topic means there is no shortage of language from other courts elucidating (or obfuscating) the meaning of transformation. To navigate these treacherous waters, we turn to the most definitive formulation of the test. The Supreme Court in *Campbell* stated that one work transforms another when "the new work . . . adds something new, with a further purpose or different character, altering the first with new expression, meaning or message." *Campbell*, 510 U.S. at 579. This understanding was drawn by the Court in large part from Second Circuit Judge Pierre Leval's 1990 article in the Harvard Law Review, *Toward a Fair Use Standard*, [\*\*11] 103 Harv. L. Rev. 1105 (1990). In that article, Judge Leval further clarified his understanding of "transformative" works:

The use must be productive and must employ the quoted matter in a different manner or for a different purpose from the original. A quotation of copyrighted material that merely repackages or repub-

lishes the original is unlikely to pass the test; in Justice Story's words, it would merely "supersede the objects" of the original. If, on the other hand, the secondary use adds value to the original--if the quoted matter is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings--this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society.

*Id.* at 1111.

Applying this understanding, Green Day's use of *Scream Icon* is transformative. Green Day used the original as "raw material" in the construction of the four-minute video backdrop. It is not simply a quotation or a republication; although *Scream Icon* is prominent, it remains only a component of what is essentially a street-art focused music video about religion and especially about Christianity (images of Jesus Christ [\*\*12] appear [\*1177] --and are defaced--several times during the course of the video).

The message and meaning of the original *Scream Icon* is debatable. To us, it appears to be a directionless anguished screaming face. Seltzer himself testified to his view of the meaning of the original piece: "It addresses themes of youth culture, skateboard culture, insider/outsider culture, . . . it's an iconic reference to a culture and time in Los Angeles when the image was made." But regardless of the meaning of the original, it clearly says nothing about religion. With the spray-painted cross, in the context of a song about the hypocrisy of religion, surrounded by religious iconography, Staub's video backdrop using *Scream Icon* conveys "new information, new aesthetics, new insights and understandings" that are plainly distinct from those of the original piece. At his deposition, Seltzer seemed to acknowledge as much, when he stated that Staub's backdrop "tainted the original message of the image and [] made it now synonymous with lyrics, a video, and concert tour that it was not originally intended to be used with."

Although the law in this area is splintered, as discussed above, our conclusion on transformation [\*\*13] is generally in line with other appellate authority on transformative use. In the typical "non-transformative" case, the use is one which makes no alteration to the *expressive content or message* of the original work. *See, e.g., Monge*, 688 F.3d at 1176 (magazine publication of photos of secret wedding of celebrity was not transformative because it did not "alter[] the first [work] with new expression, meaning or message") (second alteration in original); *Elvis Presley Enters., Inc. v. Passport Video*,

349 F.3d 622, 629 (9th Cir. 2003) (use of copyrighted clips of Elvis's television appearances was not transformative when the clips were "played without much interruption, if any, . . . [and] serve[d] the same intrinsic entertainment value that is protected by Plaintiffs' copyrights."), *overruled on other grounds as stated in Flexible Lifeline Sys., Inc. v. Precision Lift, Inc.*, 654 F.3d 989, 995 (9th Cir.2011) (per curiam); *L.A. News Serv. v. CBS Broad., Inc.*, 305 F.3d 924, 938 (9th Cir. 2002) ("Merely plucking the most visually arresting excerpt from LANS's nine minutes of footage cannot be said to have added anything new."), *as amended* 313 F.3d 1093 (9th Cir. 2002); *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 79 (2d Cir. 1997) [\*\*14] (use of a poster as decoration on a TV show not transformative because it was used for "precisely a central purpose for which it was created" and defendants had done nothing with the poster to add anything new).

In contrast, an allegedly infringing work is typically viewed as transformative as long as new expressive content or message is apparent. This is so even where--as here--the allegedly infringing work makes few physical changes to the original or fails to comment on the original. *See, e.g., Cariou*, 714 F.3d at 708 (artist who altered and incorporated several copyrighted photographs into a series of paintings and collages engaged in transformative use as to most of the paintings because the images were presented with "fundamentally different aesthetic"); *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608-09 (2d Cir. 2006) (use of concert posters in a timeline in a book on the history of the Grateful Dead was transformative; their use was as "historical artifacts" rather than for "artistic expression and promotion"); *Blanch v. Koons*, 467 F.3d 244, 252-53 (2d Cir. 2006) (artist who incorporated and altered copyrighted fashion photograph of a pair of women's legs as [\*\*15] part of a larger work of art engaged in a transformative use); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818-20 (9th Cir. 2003) [\*\*178] (use of exact replicas of artist's photographs as "thumbnail images" in a search engine was transformative because their purpose was completely transformed from their original use as fine art); *L.A. News Serv.*, 305 F.3d at 938-39 (inclusion of copyrighted clip in video montage, using editing to increase dramatic effect, was transformative).

We conclude, therefore, that Green Day's use of *Scream Icon* was transformative. Furthermore, although the statute instructs us to consider the "commercial nature" of a work (and Green Day's concert was undoubtedly commercial in nature) "the degree to which the new user exploits the copyright for commercial gain--as opposed to incidental use as part of a commercial enterprise--affects the weight we afford commercial nature as a factor." *Elvis Presley Enters.*, 349 F.3d at 627. Green

Day's use of *Scream Icon* was only incidentally commercial; the band never used it to market the concert, CDs, or merchandise. Under these circumstances, the first fair use factor weighs in Green Day's favor.

## B

The second factor that § 107 instructs [\*\*16] us to consider is "the nature of the copyrighted work" which recognizes the fact that "some works are closer to the core of intended copyright protection than others." *Campbell*, 510 U.S. at 586. *Scream Icon* is a creative work, meriting strong protection under this factor.

Mitigating this factor in favor of Green Day is that we are instructed to consider the extent to which a work has been published. *Harper & Row Publishers, Inc.*, 471 U.S. at 564 ("The fact that a work is unpublished is a critical element of its 'nature.'"); *Kelly*, 336 F.3d at 820. "Published works are more likely to qualify as fair use because the first appearance of the artist's expression has already occurred." *Kelly*, 336 F.3d at 820. Here, as in *Kelly*, *Scream Icon* was widely disseminated, both on the internet and on the streets of Los Angeles before Green Day used it in their concerts. Accordingly, Seltzer controlled the "first public appearance" of his work. *See Harper & Row Publishers, Inc.*, 471 U.S. at 564. This tends to weigh in favor of the fair use of that work.

Considering this factor as a whole, it weighs only slightly in Seltzer's favor.

## C

The third factor looks to the quantitative amount and qualitative value [\*\*17] of the original work used in relation to the justification for that use. *SOFA Entm't*, 709 F.3d at 1279; *see also Campbell*, 510 U.S. at 586. This factor captures the fact that an allegedly infringing work that copies little of the original is likely to be a fair use. *See, e.g., SOFA Entm't*, 709 F.3d at 1279 (holding that Ed Sullivan's seven-second introduction of the Four Seasons band was both qualitatively and quantitatively insignificant). Here, Green Day copied most of *Scream Icon*, both quantitatively and qualitatively.

However, unlike an episode of the Ed Sullivan show or a book manuscript, *Scream Icon* is not meaningfully divisible. Given that fact, this court has acknowledged that this factor will not weigh against an alleged infringer, even when he copies the whole work, if he takes no more than is necessary for his intended use. *Kelly*, 336 F.3d at 820-21. As the Supreme Court has recognized, this factor necessarily overlaps somewhat with the first factor--the "extent of permissible copying varies with the purpose and character of the use." *Campbell*, 510 U.S. at 586-87. Here, as in *Kelly*, the use of the entire work was necessary [\*\*1179] to achieve Green Day's "new ex-

pression, meaning or [\*\*18] message." *Id.* at 579; *see also Kelly*, 336 F.3d at 821.

Thus, this factor does not weigh against Green Day.

## D

The fourth factor asks what effect the allegedly infringing use has on the "potential market for or value of the copyrighted work." 17 U.S.C. § 107(4). This factor should consider "the extent of market harm caused by the particular actions of the alleged infringer [and] 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." *Campbell*, 510 U.S. at 590 (internal quotation marks and citations omitted). Where the allegedly infringing use does not substitute for the original and serves a "different market function," such factor weighs in favor of fair use. *Id.* at 591; *SOFA Entm't*, 709 F.3d at 1280.

At Seltzer's deposition, he repeatedly testified that the value of his work was unchanged, but that he subjectively did not care for Green Day's use of his art. He admitted that no one had ever told him that he would not buy his work as a result of Green Day's use; instead, he claimed that *Scream Icon* was "tarnished" for him personally, but he did not view the piece as [\*\*19] having lost any value.

Additionally, Green Day presented evidence that its video backdrop did not perform the same "market function" as the original. The original, created six years before Green Day's use, was primarily intended as street art. Green Day's allegedly infringing use, on the other hand, was never placed on merchandise, albums, or promotional material and was used for only one song in the middle of a three hour touring show. In this context, there is no reasonable argument that conduct of the sort engaged in by Green Day is a substitute for the primary market for Seltzer's art.

This factor also considers any impact on "traditional, reasonable, or likely to be developed markets." *Ringgold*, 126 F.3d at 81. At some point, according to Seltzer's declaration, *Scream Icon* was used in a music video by a band named "People." Seltzer provides no additional information about this licensing, including how much revenue he earned as a result, how the music video was used by the band, or how the music video used *Scream Icon*. Without further context, this fact does not suffice to show that Green Day's use harmed any existing market or a market that Seltzer was likely to develop.

Thus, this [\*\*20] factor weighs in Green Day's favor as well.

E

Our evaluation of all four factors inclines us to the ultimate conclusion that Green Day's use of Seltzer's *Scream Icon* was fair. The purpose and character of the use was transformative and not overly commercial. The nature of the work includes its status as a widely disseminated work of street art. Green Day's use of the work was not excessive in light of its transformative purpose. And Green Day's use did not affect the value of the piece or of Seltzer's artwork in general. Additionally, we note that factor one and factor four have "dominated the case law" and are generally viewed as the most important factors; Green Day wins on both of these key points. *Monge*, 688 F.3d at 1171. Therefore, we are satisfied that the district court did not err in granting summary judgment on Seltzer's copyright infringement claims.

### [\*1180] III

The district court also granted summary judgment to Green Day on Seltzer's Lanham Act claims. The Lanham Act extends liability to any person who "uses in commerce any word, term, name, symbol, or device . . . which is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association [\*\*21] of such person with another person . . ." 15 U.S.C. § 1125(a).

The district court concluded that Seltzer failed to present evidence showing that he used the image as a mark in the sale of goods or services--that is, that he failed to establish trademark rights at all. In order to acquire trademark rights, the mark must be used in the "ordinary course of trade" on goods or containers, or, if the nature of the goods makes that impractical, on documents associated with the goods or their sale. *Brookfield Commc'ns v. West Coast Entm't Corp.*, 174 F.3d 1036, 1051-52 (9th Cir. 1999) (citing 15 U.S.C. § 1127).

Seltzer argues that *Scream Icon's* placement on certain advertisements for his appearance at an art gallery show was sufficient to establish trademark rights. But Seltzer has not presented any evidence that the use of the mark was "sufficiently public to identify or distinguish the marked goods in an appropriate segment of the public mind." *Id.* at 1052 (quoting *New West Corp. v. NYM Co. of Cal., Inc.*, 595 F.2d 1194, 1200 (9th Cir. 1979)). Seltzer has failed to explain how these advertisements were distributed, who might have seen them, when they were distributed, to what shows they were [\*\*22] connected and what was sold at those shows, or any other facts which might be necessary to evaluate whether *Scream Icon* is deserving of trademark protection.

Therefore the district court correctly granted summary judgment to Green Day on Seltzer's Lanham Act claims.<sup>1</sup>

1 This court has "consistently held that state common law claims of unfair competition and actions pursuant to California Business and Professions Code § 17200 are 'substantially congruent' to claims made under the Lanham Act." *Cleary v. News Corp.*, 30 F.3d 1255, 1262-63 (9th Cir. 1994). We similarly affirm the district court's grant of summary judgment on these claims.

### IV

Finally, the district court awarded Green Day over \$200,000 in attorneys fees. A district court's award of attorneys fees under 17 U.S.C. § 505 is reviewed for abuse of discretion. *Fantasy, Inc. v. Fogerty*, 94 F.3d 553, 556 (9th Cir. 1996). Under the abuse of discretion standard, the district court's findings of fact or its application of the legal standard to those findings of fact must be "illogical, implausible, or without support in inferences that may be drawn from facts in the record." *U.S. v. Hinkson*, 585 F.3d 1247, 1251 (9th Cir. 2009) (en banc).

The [\*\*23] question presented in a case where a defendant makes a winning fair use defense is whether the successful defense of the action furthered the purposes of the Copyright Act. *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 816 (9th Cir. 2003). It is important to recall that the Supreme Court rejected the so-called British Rule where the loser pays; rather, attorneys fees are left up to the discretion of the district court. *See Fogerty v. Fantasy*, 510 U.S. 517, 533, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994) (citing 17 U.S.C. § 505). As the district court correctly recited, courts deciding whether to award attorneys fees can look to five non-exclusive factors: (1) the degree of success obtained; (2) frivolousness; (3) motivation; (4) the objective unreasonableness of the losing party's factual and legal arguments; and (5) the need, in particular [\*\*1181] circumstances, to advance considerations of compensation and deterrence. *See Fogerty*, 510 U.S. at 534 n.19.

Significantly, the district court found that Seltzer's claim was objectively unreasonable. In making this finding, the district court relied on the facts that Seltzer lost at summary judgment, that three of the four fair use factors were in Green Day's favor, and that [\*\*24] Seltzer's deposition testimony "effectively conceded that the use was transformative." This is in reference to Seltzer's statement at his deposition, referenced above, that the new work "tainted the original message" and "devalue[d] the original intent" of *Scream Icon*.

But, the mere fact that Seltzer lost cannot establish his objective unreasonableness. *See Harris Custom Build-*

725 F.3d 1170, \*, 2013 U.S. App. LEXIS 16322, \*\*;  
107 U.S.P.Q.2D (BNA) 1803; Copy. L. Rep. (CCH) P30,469

*ers, Inc. v. Hoffmeyer*, 140 F.3d 728, 730 (7th Cir. 1998) ("How the court ruled, simply put, is not a proper concern [in determining the availability of § 505 fees]."). Further, we conclude that Green Day only won on two of the four fair use factors, rather than three as the district court concluded. And in any event, Seltzer's statement at his deposition--which the district court viewed as a "concession"--only expressed his opinion and could not concede the transformative nature of Green Day's work. *See Cariou*, 714 F.3d at 707 ("What is critical is how the work in question appears to the reasonable observer, not simply what an artist might say about a particular piece or body of work . . . . Rather than confining our inquiry to [the artist's] explanations of his artwork, we instead examine how the artworks may 'reasonably [\*\*25] be perceived' . . ."). Thus, the facts relied on by the district court do not lend any meaningful support to the notion that Seltzer's case was objectively unreasonable when he brought it.

This was a close and difficult case. We concluded that Seltzer's work was transformed by Green Day's use. But that transformation was far from obvious given Green Day's only slight alterations to the original. Furthermore, of the remaining three factors, one was in Seltzer's favor, one was in Green Day's favor, and one was neutral. There is simply no reason to believe that Seltzer "should have known from the outset that [his] chances of success in this case were slim to none." *SOFA Entm't*, 709 F.3d at 1280.

Therefore, we conclude that the district court clearly erred in finding that Seltzer acted objectively unreasonably, and vacate the award of attorneys fees.

**No. 11-56573 AFFIRMED; No. 11-57160 VACATED AND REMANDED.** All parties to bear their own costs on appeal.

**[\*1182] APPENDICES**

Appendix A



[\*1183] Appendix B

