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## Returning to the Fair Use Standard

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ALEXANDER MCMULLAN

## Returning to the Fair Use Standard

63 N.Y.L. SCH. L. REV. 359 (2018–2019)

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## RETURNING TO THE FAIR USE STANDARD

### I. INTRODUCTION

The affirmative defense of fair use “allows the public to use not only facts and ideas contained in a copyrighted work, but also expression itself in certain circumstances.”<sup>1</sup> Justice Learned Hand noted that “the issue of fair use . . . is the most troublesome in the whole law of copyright,” largely because it is notoriously difficult to assess.<sup>2</sup> When appropriately applied, the defense of fair use can reach results that best serve the purposes and goals of copyright law, such as encouraging the creation of new, original works of artistic expression.<sup>3</sup> The defense also provides a means of adapting copyright law to new technologies.<sup>4</sup> On the other hand, the fair use defense often results in conclusions that undermine the purposes of copyright law, a growing problem due to a recent shift in the method by which courts have chosen to balance the fair use factors.<sup>5</sup>

This Note contends that the methodology of analyzing copyright fair use by emphasizing, above all other factors, the transformative nature of the use fails to consider the proper balance necessary to advance the purposes of copyright law. Courts should not allow the transformative nature of the use to subsume and override all other factors. Further, this Note argues that courts should limit what constitutes a transformative use to instances when the new use criticizes, comments, or reports on the original work in a meaningful way. The term “transformative” cannot merely mean that the infringer has altered the original work in a way that allows the wholesale, or nearly wholesale, taking for the same commercial purpose as the original work.

Part II of this Note discusses the history and development of courts’ fair use analyses, including the problematic shift toward more frequent, dispositive applications of the transformative designation. Part III examines the problems that arise from an undue focus on whether use is transformative; courts’ differing definitions of transformative fair use; and how the focus on transformative use has done violence to each of the three other factors. Part IV argues that courts should return to a true balancing of the fair use factors in accordance with established principles of copyright law. Part V concludes this Note.

### II. HISTORICAL OVERVIEW

The fair use doctrine in the United States and its traditional four factor analysis originated in 1841, with Judge Joseph Story’s “fair and bona fide abridgement” test in

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1. *Eldred v. Ashcroft*, 537 U.S. 186, 219 (2003).
  2. *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939); *see also* Johannes Munter, *Fair Use, Not Free Use*, MEDIUM (Mar. 2, 2018), <https://medium.com/@copyright4u/fair-use-not-free-use-3de0ef9c6e3> (describing the difficulty of determining what constitutes fair use).
  3. *See generally* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05 (2018).
  4. *Id.* § 13.05[D][4].
  5. *Id.*

*Folsom v. Marsh*.<sup>6</sup> Congress later codified this common law fair use defense in the Copyright Act of 1976.<sup>7</sup> The statutory four-factor test for fair use examines the following:

- (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.<sup>8</sup>

Under the first factor, courts today examine whether the purpose and character of the use “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,” such that takings “for criticism, or comment, or news reporting, and the like” will likely be excused by fair use, whereas commercial uses will not.<sup>9</sup> The second factor considers whether the nature of the copyrighted work is “closer to the core of intended copyright protection . . . .”<sup>10</sup> The third factor examines whether the “the quantity and value of the materials used” are “reasonable in relation to the purpose of the copying.”<sup>11</sup> The fourth factor reviews 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.”<sup>12</sup>

These factors create an “entirely equitable” doctrine capable of expanding with changes in technology or the marketplace; indeed, it is said to be “so flexible as virtually to defy definition.”<sup>13</sup> The fair use analysis is “an open-ended and context-sensitive inquiry” to determine “whether the copyright law’s goal of promoting the Progress of Science and useful Arts would be better served by allowing the use than

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6. 9 F. Cas. 342, 345 (C.C.D. Mass. 1841) (No. 4,901) (“In short, we must often . . . look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.”); see also Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 LEWIS & CLARK L. REV. 715, 719 (2011).
  7. Pub. L. No. 94-553, 90 Stat. 2546 (codified as 17 U.S.C. §§ 101–1332 (2017)).
  8. § 107. “Each of the four statutory factors is the subject of copious scholarly commentary and judicial gloss.” Netanel, *supra* note 6, at 720. See generally NIMMER & NIMMER, *supra* note 3.
  9. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578–79 (1994) (internal citations and quotations omitted).
  10. *Id.* at 586.
  11. *Id.* (quoting *Folsom*, 9 F. Cas. at 348).
  12. *Id.* at 590 (quoting NIMMER & NIMMER, *supra* note 3, § 13.05[A][4]).
  13. NIMMER & NIMMER, *supra* note 3 (quoting *Time, Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130, 144 (S.D.N.Y. 1968)).

## RETURNING TO THE FAIR USE STANDARD

by preventing it.”<sup>14</sup> Although the statutory factors are “illustrative and not limitative” and “provide only general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses,”<sup>15</sup> they nonetheless should form the starting point for all fair use analyses.<sup>16</sup>

Shortly after the Copyright Act’s enactment, U.S. Supreme Court fair use cases stressed the importance of factors one and four—the commercial nature of the use and the negative effect on the market for the original work.<sup>17</sup> In 1984, the Court in *Sony Corp. of America v. Universal City Studios, Inc.* noted that “every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege . . . .”<sup>18</sup> The following year, in *Harper & Row, Publishers, Inc. v. Nation Enterprises*, the Court instructed that “[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,” and the potential market harm is “undoubtedly the single most important” of all the fair use factors.<sup>19</sup>

Many commentators’ theories of how to conduct the proper balancing of the fair use factors also focused on economic considerations. For example, in her article *Fair Use as Market Failure: A Structural Analysis of the Betamax Case and Its Predecessors*, Professor Wendy Gordon argued that the doctrine’s application should be based on economic efficiency and weigh the social value of the defendant’s use against any detriment to the plaintiff.<sup>20</sup> Accordingly, if transaction costs make it impossible to license the copyright, or if the use serves an important public benefit, then the use should be considered fair.<sup>21</sup>

Over time, however, fair use jurisprudence has shifted away from the presumption that commercial exploitations that harm a potential market of a copyrighted work do not constitute fair use.<sup>22</sup> Instead, courts today often focus on whether a potential use

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14. *Cariou v. Prince*, 714 F.3d 694, 705 (2d Cir. 2013) (internal quotations and alterations omitted) (first citing *Campbell*, 510 U.S. at 577–78; then quoting *Castle Rock Entm’t, Inc. v. Carol Publ’g Grp., Inc.*, 150 F.3d 132, 141 (2d Cir. 1988)), *cert. denied*, 134 S. Ct. 618 (2013); *see also* U.S. CONST. art. I, § 8, cl. 8 (“The Congress shall have Power . . . [t]o 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 . . .”).

15. *Cariou*, 714 F.3d at 705 (quoting *Campbell*, 510 U.S. at 577–78).

16. *See* NIMMER & NIMMER, *supra* note 3.

17. Netanel, *supra* note 6, at 721–22.

18. 464 U.S. 417, 451 (1984) (finding that “time-shifting”—the private, noncommercial use of VCR technology to tape television shows for later watching—constituted fair use).

19. 471 U.S. 539, 562, 566 (1985) (finding the publication of approximately 400 words of an unpublished memoir by former President Gerald Ford was not fair use).

20. Wendy J. Gordon, *Fair Use as Market Failure: A Structural Analysis of the Betamax Case and Its Predecessors*, 82 COLUM. L. REV. 1600, 1614–22 (1982).

21. *See id.*

22. Netanel, *supra* note 6, at 719.

is transformative as part of its consideration of the first factor.<sup>23</sup> This paradigm shift first appeared in *Campbell v. Acuff-Rose Music* in 1994, when the Supreme Court relied upon Judge Pierre Leval's 1990 article *Toward a Fair Use Standard*.<sup>24</sup> In that article, Leval argued that the fair use analysis should primarily turn "on whether, and to what extent, the challenged use is *transformative*"—that is, "[t]he use must be productive and must employ the quoted matter in a different manner or for a different purpose from the original."<sup>25</sup>

Leval considered this transformative assessment to be part of the analysis under the first factor (the purpose and character of the infringing use).<sup>26</sup> He asserted that the policy and purposes of copyright law are advanced if 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 . . ."<sup>27</sup> He listed several examples of transformative use, such as works "criticizing the quoted work, exposing the character of the original author, proving a fact, or summarizing an idea argued in the original in order to defend or rebut it," including "parody, symbolism, aesthetic declarations, and innumerable other uses."<sup>28</sup>

In *Campbell*, the owner of the Roy Orbison song "Oh, Pretty Woman" sued the rap group 2 Live Crew for its parody, "Pretty Woman."<sup>29</sup> The Court ruled that the commercial parody should be analyzed under the fair use doctrine, and ultimately determined the obvious taking to be protected as a fair use.<sup>30</sup> Drawing upon Leval's article, the Court noted that the "central purpose of [the fair use inquiry] 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."<sup>31</sup> Thus, under the first statutory factor, one must examine "whether and to what extent the new work is 'transformative.'"<sup>32</sup> Further, the Court found that "[a]lthough such transformative use is not absolutely necessary for a finding of fair use, the goal of copyright . . . is

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23. *Id.* at 745. However, courts also still consider the fourth factor—the effect on the market for the original—even if there is not a compelling transformative use. See NIMMER & NIMMER, *supra* note 3, § 13.05[A][4].

24. See 510 U.S. 569 (1994); see also Netanel, *supra* note 6, at 719, 724; Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990). Senior Judge Leval, appointed by President Bill Clinton in 1993, serves on the United States Court of Appeals for the Second Circuit.

25. Leval, *supra* note 24, at 1111.

26. *Id.*

27. *Id.*

28. *Id.*

29. 510 U.S. at 571–72.

30. *Id.* at 576–94 (outlining the four fair use factors, applying those factors to the facts of the case, and holding that 2 Live Crew's parody was protected as fair use).

31. *Id.* at 579 (internal citations omitted) (quoting *Folsom v. Marsh*, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901)); see also Leval, *supra* note 24, at 1111.

32. *Campbell*, 501 U.S. at 579 (quoting Leval, *supra* note 24, at 1111).

## RETURNING TO THE FAIR USE STANDARD

generally furthered by the creation of transformative works.”<sup>33</sup> In his concurrence, Justice Anthony Kennedy agreed with the majority but warned that future courts applying the Court’s fair use analysis “must take care to ensure that not just any commercial takeoff is rationalized post hoc as a parody.”<sup>34</sup>

Even without relying on a new transformative fair use doctrine, the Court’s ruling in *Campbell* makes sense. The 2 Live Crew song clearly fell under traditionally protected parody—that is, the Court correctly concluded that the song “make[s] some critical comment or statement about the original work which reflects the original perspective of the parodist—thereby giving the parody social value beyond its entertainment function.”<sup>35</sup> Moreover, parody, along with commentary and criticism, was historically protected under fair use; therefore, the Court need not have focused on denominating the use as transformative.<sup>36</sup>

Since *Campbell*, the Supreme Court has neither issued a major decision concerning fair use nor provided further guidance regarding the transformative fair use doctrine.<sup>37</sup> However, lower courts have engaged in an “almost limitless expansion of cases holding uses transformative” despite other factors or considerations weighing against fair use.<sup>38</sup> This elevation of transformativeness from factor to linchpin of the fair use analysis raises numerous legal and policy concerns.

### III. THE PROBLEM

Courts have engaged in a transformative analysis with increasing frequency and expansiveness. Prior to 2006, transformative fair use defenses were essentially unavailing.<sup>39</sup> Indeed, between 1995 and 2000, of the roughly seventy percent of fair use cases that considered transformative use, fewer than twenty-three percent found

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33. *Id.* Transformative works “lie at the heart of the fair use doctrine’s guarantee of breathing space within the confines of copyright, and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.” *Id.* (internal citation omitted).

34. *Id.* at 600 (Kennedy, J., concurring). Indeed, the *Campbell* majority noted that its holding does not suggest that “anyone who calls himself a parodist can skim the cream and get away scot free.” *Id.* at 589. “In parody, as in news reporting, context is everything . . .” *Id.* (internal citation omitted).

35. *Id.* at 599 (quoting *Metro-Goldwyn-Mayer, Inc. v. Showcase Atlanta Coop. Prods., Inc.*, 479 F. Supp. 351, 357 (N.D. Ga. 1979)).

36. See Gregory G. Sarno, Annotation, *Parody as Copyright Infringement or Fair Use Under Federal Copyright Act*, 17 *U.S.C.A. §§ 101 et seq.*, 75 A.L.R. Fed. 822 (2017).

37. *But see* *Golan v. Holder*, 565 U.S. 302 (2012) (finding the provision of copyright protection to foreign works in the public domain did not disturb the affirmative defense of fair use); *Eldred v. Ashcroft*, 537 U.S. 186 (2003) (finding the statutory twenty-year extension of existing copyright terms as a permissible supplement to the First Amendment safeguard of fair use).

38. NIMMER & NIMMER, *supra* note 3, § 13.05[B][6]; see also Matthew D. Bunker & Clay Calvert, *The Jurisprudence of Transformation: Intellectual Incoherence and Doctrinal Murkiness Twenty Years After Campbell v. Acuff-Rose Music*, 12 *DUKE L. & TECH. REV.* 92, 126 (2014). Courts still will not find a fair use when there is clear harm to the market of the original work. See NIMMER & NIMMER, *supra* note 3, § 13.05[A][4].

39. See NIMMER & NIMMER, *supra* note 3, § 13.05[A][1][c].

the use to be transformative; of that twenty-three percent, defendants prevailed just under eighty-nine percent of the time.<sup>40</sup> By comparison, between 2006 and 2010, just under ninety-six percent of fair use cases considered whether a use was transformative; of the one half of these cases to have found in the affirmative, defendants prevailed every time.<sup>41</sup>

The widespread elevation of transformativeness from just one consideration under the first factor of a balancing test to a deciding factor means that Justice Kennedy's warning in *Campbell* has become a reality—that is, post hoc rationalizations are often used to limit the ability of copyright claimants to maintain successful claims, even in the face of wholesale copying of entire works.<sup>42</sup> As discussed below, defendants have successfully claimed uses of a plaintiff's work as transformative by pointing to minor alterations to the original, changes to the purpose of the work, or even shifts in the format of exploitation of the work. If transformativeness merely means that something, or anything, was changed, then fair use—a traditionally narrow affirmative defense—will become a contested issue in every copyright action.<sup>43</sup> Moreover, if any transformation allows the successful invocation of the defense, none of the other important statutory factors matter. Recent cases demonstrate these dangers.

In 2013, the Second Circuit found in *Cariou v. Prince* that, without permission, an artist's copying and incorporation of entire photographs into his multimedia paintings and collages constituted a transformative fair use.<sup>44</sup> Defendant Richard Prince took several of plaintiff Patrick Cariou's photographs of Rastafarians from his book, *Yes Rasta*, and altered and incorporated them into a series of paintings and collages, entitled *Canal Zone*.<sup>45</sup> The original photographs were taken over a period of five years when professional photographer Cariou lived in the Rastafarian community in Jamaica, gaining the subjects' trust before they would pose for his photographic portraits.<sup>46</sup>

Relying on *Campbell*, the court found that twenty-five of the *Canal Zone* collages constituted fair use as a matter of law because they “amount[ed] to a sufficient transformation of the original work of art such that the new work is transformative.”<sup>47</sup> However, these takings differed greatly from the use at issue in *Campbell*. Most importantly, Prince maintained that he was not commenting on Cariou's photographs.<sup>48</sup> Instead, he claimed “no interest in the original meaning of the photographs he uses,” and “doesn't really have a message he attempts to communicate when making art.”<sup>49</sup>

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40. See Netanel, *supra* note 6, at 755.

41. *Id.*

42. See NIMMER & NIMMER, *supra* note 3, § 13.05[C][2]–[3].

43. See Netanel, *supra* note 6, at 755.

44. 714 F.3d 694, 708 (2d Cir. 2013), *cert. denied*, 134 S. Ct. 618 (2013).

45. *Id.* at 698.

46. *Id.* at 698–99.

47. *Id.* at 711.

48. *Id.* at 349.

49. *Id.* (internal quotations omitted).



## RETURNING TO THE FAIR USE STANDARD

Thus, Prince's work does not fall under traditional types of productive fair uses, such as parody, commentary, or criticism. Nevertheless, in overruling the district court's denial of Prince's fair use defense, the court noted that "[t]he law imposes no requirement that a work comment on the original or its author in order to be considered transformative . . . ."<sup>50</sup> For the court, the fact that Prince's works simply "manifest[ed] an entirely different aesthetic from Cariou's photographs" rendered them transformative, which was dispositive in finding them a fair use.<sup>51</sup>

In addition to departing from the type of use at issue in *Campbell*, the court effectively ignored the other statutory factors. For example, when relying on *Campbell's* assertion that "[t]he more transformative the new work, the less will be the significance of other factors, like commercialism," the *Cariou* court lent no weight to the highly commercial nature of Prince's works, which sold for millions of dollars.<sup>52</sup> Indeed, the court intimated that this factor actually weighed in favored of Prince because his works were so expensive, while Cariou's works were not.<sup>53</sup> In this way, transformation also overrode the fourth factor of market effect: The court noted 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."<sup>54</sup> Certainly, it would be difficult to find elsewhere in copyright jurisprudence the notion that the unauthorized use of a work, which destroys the commercial viability of the original, appropriately fulfills the purposes of copyright law or the defense of fair use.<sup>55</sup> Nonetheless, the court discounted this factor, finding it unlikely that Cariou would have a secondary market in licensing his images.<sup>56</sup>

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50. *Id.* at 706 (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994)).

51. *Id.* The court distinguished the works from each other as follows:

Cariou's serene and deliberately composed portraits and landscape photographs depict the natural beauty of Rastafarians and their surrounding environs[;] Prince's crude and jarring works, on the other hand, are hectic and provocative. . . . 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.

*Id.*

52. *Id.* at 708–09. Prince sold eight pieces for more than ten million dollars, and seven other pieces were exchanged for extremely valuable artworks by other famous contemporary artists. *Id.* at 709.

53. *Id.*

54. *Id.* at 708–09 (internal quotations omitted) (quoting *Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.*, 150 F.3d 132, 145 (2d Cir. 1998)).

55. While a critical parody or even a bad critical review of a work might harm a work's commercial viability, it does not usurp the author's right to benefit economically from a derivative work that wholly incorporates the copyrightable content of the author's original. *See Campbell*, 510 U.S. at 591–92 (distinguishing between criticism that harms demand for the original work and copyright infringement that usurps the market for the original).

56. *Cariou*, 714 F.3d at 709.

As to the second factor (the nature of the copyrighted work), the court did not give much weight to the fact that Cariou's photographs were highly creative.<sup>57</sup> And as to the third factor (the amount and substantiality of the portion used), even though Prince took either the entirety, or the crucial figures at the heart of Cariou's photographs, the court found this factor favored Prince because he transformed the photographs into "something new and different."<sup>58</sup> Thus, Prince's appropriation of Cariou's photographs for the same commercial purpose as the originals was excused as fair use under the Second Circuit's analysis.<sup>59</sup>

More recent fair use case law has also elevated the transformative nature of the use to subsume the other statutory factors. For example, in the 2017 case of *Estate of Smith v. Cash Money Records*, the United States District Court for the Southern District of New York applied the transformative fair use doctrine to a "non-parodic" use that incorporated another work as "raw material . . . in furtherance of distinct creative or communicative objectives."<sup>60</sup> In this case, the defendants sampled portions of the plaintiffs' copyrighted spoken-word musical composition in their rap song.<sup>61</sup> Specifically, the defendants edited the lyrics of the composition from "Jazz is the only real music that's gonna last," to "Only real music is gonna last."<sup>62</sup> The court found the inclusion of the copied portions in the defendants' song to be "highly transformative" because they sufficiently transformed the original work's "dismissal of all non-jazz music into a statement that 'real music,' with no qualifiers, is 'the only thing that's gonna last.'"<sup>63</sup> Thus, the court found that the first factor strongly weighed in favor of excusing the sampling of an unaltered thirty-five-second portion of a one-minute musical composition.<sup>64</sup>

Concluding that this minimal alteration was so strongly transformative, the court did not even discuss the commercial nature of the use under the first factor, focusing

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57. *Id.* at 709–10 ("[T]he nature of the copyrighted work . . . may be of limited usefulness where, as here, the creative work of art is being used for a transformative purpose.") (citation and internal quotations omitted).

58. *Id.* at 710.

59. *Id.* at 712. Cariou also likely had a strong, unpled moral rights claim under the Visual Artists Rights Act of 1990, which gives the author of a work of visual art "the right to prevent the use of his or her name . . . in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation . . ." 17 U.S.C. § 106A(a)(2) (2017). Prince's use of Cariou's work—juxtaposing his regal portraits of the Rastafarians with naked women—would likely constitute an impermissible distortion, mutilation, or modification. Further, it would likely hurt his reputation and ability to find people willing to sit for portraits if it were known that the photographs might be used in such a manner.

60. 253 F. Supp. 3d 737, 750 (S.D.N.Y. 2017) (quoting *Blanch v. Koons*, 467 F.3d 244, 253 (2d Cir. 2006)).

61. *Id.* at 742–44. The song at issue was "Pound Cake/Paris Morton Music 2" by artist Aubrey "Drake" Graham. *Id.* at 743.

62. *Id.* at 749.

63. *Id.* at 750, 752.

64. *Id.* at 749–51.

## RETURNING TO THE FAIR USE STANDARD

only on the extent to which the new work was transformative.<sup>65</sup> The court similarly gave short shrift to the second factor, which it reasoned had “limited usefulness” in its analysis since it already determined that the composition was used for a transformative purpose.<sup>66</sup> As to the third factor—the amount and substantiality of the taking—the court found the amount taken to be “reasonable in proportion to the needs of the intended transformative use,” even though the defendants took more than half of the plaintiffs’ composition.<sup>67</sup> In fact, the court reasoned that the defendants should be able to take enough of the plaintiffs’ work “to ‘conjure up’ at least enough of the original to accomplish [their] transformative purpose.”<sup>68</sup> And as to the fourth factor, the court concluded that the plaintiffs’ composition “target[ed] a sharply different primary market than . . . a hip-hop track.”<sup>69</sup> Thus, *Smith* provides a prime example of a weak justification for allowing a clear taking to be deemed a permissive transformative fair use.

Further complicating matters, some courts have broadened the transformative use doctrine, considering not only whether the original work has been transformed, but also whether the *purpose* of the secondary work is itself transformative. In *White v. West Publishing Corp.*, plaintiff Edward White sued West Publishing for uploading his copyrighted legal briefs to its commercial Westlaw database.<sup>70</sup> Finding for the defendant, the court determined that the usage of White’s briefs constituted a transformative fair use because White had created the briefs “solely for the purpose of providing legal services to [his] clients,” whereas the defendant used the briefs to “creat[e] an interactive legal research tool.”<sup>71</sup> Further, the court found the fourth factor weighed against White because there was no potential secondary market for the briefs since licensing them would have been prohibitively expensive.<sup>72</sup>

Similarly, in the Second Circuit opinion of *Authors Guild v. Google, Inc.*—written by the same Judge Leval whose article brought the transformative use doctrine to life in *Campbell*—the court found that Google’s digital copying of the plaintiffs’ books was non-infringing fair use because the purpose of the copying was to establish a publicly available search function, thus serving a highly transformative purpose.<sup>73</sup> The court reasoned that the public display of the text was limited, the previews did not provide a significant market substitute for protected aspects of the originals, and

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65. *See id.* at 750.

66. *Id.* at 751.

67. *Id.*

68. *Id.* (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 588 (1994)).

69. *Id.* at 752.

70. 29 F. Supp. 3d 396, 397–98 (S.D.N.Y. 2014).

71. *Id.* at 399. Defendant’s “processes of reviewing, selecting, converting, coding, linking, and identifying the documents” also supported a finding of transformativeness. *Id.*

72. *Id.* at 400.

73. 804 F.3d 202, 206–11 (2d Cir. 2015), *cert. denied*, 136 S. Ct. 1658 (2016).

Google's commercial motivation did not justify denial of fair use.<sup>74</sup> Judge Leval wrote that "copying from an original for the . . . provision of information about it, tends most clearly to satisfy *Campbell's* notion of the 'transformative' purpose . . ."<sup>75</sup> But this reasoning completely ignores that the plaintiffs could have used their works in or licensed their works to a similar service. Further, the conclusion that Google's full-text search function did not provide a significant market substitute overlooks the fact that people wanting to look at key pages or search for particular text might otherwise have purchased the books.

*Authors Guild* and *White* provide prime examples of how a transformative purpose may be sufficient to escape liability for copyright infringement, even though the work itself has not been transformed at all. In this way, courts have expanded the concept of "transformative" in a manner that might excuse almost any use. Under the broad language of these cases, an otherwise clear copyright infringement—such as the adaptation of a book into a movie without the original author's permission—could ostensibly constitute fair use.

Fortunately, the 2017 case of *Graham v. Prince*<sup>76</sup> pulled back from a broad finding of fair use. Photographer Donald Graham sued Richard Prince for infringing the copyright in his photograph entitled *Rastafarian Smoking a Joint*, which he had posted on his Instagram page.<sup>77</sup> Prince captured and later reproduced a screenshot of the photograph, which he obtained from another user who had posted the photograph without Graham's permission.<sup>78</sup> Prince argued that his work provided a message sharply different from Graham's photograph, namely, "a commentary on the power of social media to broadly disseminate others' work, an endorsement of social media's ability to generate discussion of art, or a condemnation of the vanity of social media."<sup>79</sup>

In denying Prince's motion to dismiss the case, the court found that each of the statutory fair use factors weighed against a finding of fair use.<sup>80</sup> As to the issue of transformativeness, the court noted that Prince did "not make any substantial aesthetic alterations" to Graham's photograph, nor did it "belong to a class of secondary works that are so aesthetically different from the originals" as to be "transformative as a matter of law."<sup>81</sup> In essence, Prince took a screenshot of another artist's creative work and a user's caption on social media and attempted to sell it,

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74. *Id.*

75. *Id.* at 215–16.

76. 265 F. Supp. 3d 366 (S.D.N.Y. 2017).

77. *See id.* at 370–71.

78. *Id.* at 372–73. Prince enlarged the photo, added a frame, and inserted his own Instagram "comment" under the author's original Instagram comments. *Id.*

79. *Id.* at 380 (internal quotations omitted).

80. *Id.* at 390.

81. *Id.* at 380–81.

## RETURNING TO THE FAIR USE STANDARD

concocting a weak post hoc justification that his work commented on social media.<sup>82</sup> Although unsuccessful here, such a broad and undefined refuge as transformativeness provides pretext for a defendant's commercialized taking that is actually made for the same purpose as the plaintiffs' original work.

### IV. PROPOSED SOLUTION

Despite the many problems with making transformativeness dispositive of the fair use inquiry, there is no question that an appropriate fair use analysis should take it into account for the reasons stated by Judge Leval and the Supreme Court in *Campbell*.<sup>83</sup> However, courts eliminate important protections when they fail to balance transformativeness with the other enumerated fair use factors. Indeed, even within the factor in which transformativeness traditionally fits—the first factor's purpose and character of the use—courts should not lose sight of the statutory directive to examine the commercial nature of the work.<sup>84</sup> While a goal of fair use is “to prevent the mechanistic enforcement of copyright law in a way that would work to repress creativity,”<sup>85</sup> and to “stimulate [the creation of useful works] for the general public good,” fair use must ultimately be analyzed in light of copyright law's purpose “to secure a fair return for an author's creative labor.”<sup>86</sup> Indeed, apart from the wholesale copying attributed to piracy and counterfeiting, every new use of a prior work likely transforms some aspect of it. To distinguish between protected transformations and wholesale appropriations, each statutory factor must return to a place of importance in the balancing test.

Accordingly, courts should first look to the second factor's nature of the copyrighted work and consider whether the original work was creative or factual, or whether it was published or unpublished.<sup>87</sup> Although traditionally this factor nearly always weighed against a finding of fair use when the allegedly infringed work was

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82. Although, perhaps Prince came up with the justification prior to the taking since he claimed to “spend more time in [his] lawyer's office than in [his] studio” while working on this series. Michael Kaplan, *This Artist Is Making Mega-Millions “Stealing People's Work,”* N.Y. Post (Sept. 17, 2017), <https://nypost.com/2017/09/17/this-artist-is-making-mega-millions-stealing-peoples-work/amp>.

83. Again, truly transformative works do not “merely supersede[] the objects of the original creation,” but rather “add[] something new, with a further purpose or different character, altering the first with new expression, meaning, or message,” such that they promote the purpose of copyright law. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578–79 (1994). Thus, “[t]he more the appropriator is using the copied material for new, transformative purposes, the more it serves copyright's goal of enriching public knowledge and the less likely it is that the appropriation will serve as a substitute for the original or its plausible derivatives.” *Authors Guild v. Google, Inc.*, 804 F.3d 202, 214 (2d Cir. 2015).

84. See Copyright Act of 1976, 17 U.S.C. §§ 101–1332 (2017). Indeed, in cases like *Cariou*, where the infringing works were sold for millions of dollars, the commercial nature of the work should have been considered and balanced with transformativeness in the first factor. See 714 F.3d 694, 708 (2d Cir. 2013).

85. *Bridgeport Music, Inc. v. UMG Recordings, Inc.*, 585 F.3d 267, 277 (6th Cir. 2009).

86. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) (internal quotations omitted).

87. See § 107(2).

creative,<sup>88</sup> the level of creativity will help inform the analysis under the other factors, including transformativeness. Even in *Cariou*, this factor arguably should have been given more weight: Cariou spent years living amongst the subjects of his photographs and gaining their trust; the resulting, almost regal, portraits were due to Cariou's substantial creative effort.<sup>89</sup>

Transformativeness has also been used to eliminate consideration of the third factor (the amount and substantiality of the portion used in relation to the copyrighted work as a whole).<sup>90</sup> Courts once prohibited taking any more of a work than necessary to fulfill a fair use purpose.<sup>91</sup> That rule provided a significant barrier to the wholesale appropriation of creative expression that impinged on an author's rights and should be restored.

For example, in *Steinberg v. Columbia Pictures Industries, Inc.*, the defendants copied elements of renowned artist Saul Steinberg's *New Yorker* cover—depicting an illustration of New York City at the center of the universe—in its movie poster for *Moscow on the Hudson*, which included a similar illustration of New York City in the background and the film's title in the same font as the *New Yorker* magazine title.<sup>92</sup> There, the court held that the defendants' copying did not constitute transformative fair use; rather, all four of the factors weighed against the fair use defense.<sup>93</sup> Specifically, the court found that the defendants had no compelling justification for copying Steinberg's work and “merely borrowed numerous elements from Steinberg to create an appealing advertisement to promote an unrelated commercial product.”<sup>94</sup>

While the *Steinberg* court protected the artist's unique illustration, one can envision that, under an analysis that considered transformativeness to be paramount, a court would likely have excused the taking as a fair use. The defendants could have argued that the original *New Yorker* cover made a point about New York City being the center of the universe, whereas the movie poster made a point about connecting New York City with Moscow for its film—a transformation of intent. When a defendant takes a significant portion or the heart of a creative work, the third fair

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88. See NIMMER & NIMMER, *supra* note 3.

89. See *Cariou*, 714 F.3d at 698–704.

90. § 107(3).

91. See NIMMER & NIMMER, *supra* note 3; see also *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 758 (9th Cir. 1978) (“[D]efendants took more than was necessary to place firmly in the reader's mind the parodied work and those specific attributes that are to be satirized.”); *Berlin v. E. C. Publ'ns, Inc.*, 329 F.2d 541, 545 (2d Cir. 1964) (“[W]here the parodist does not appropriate a greater amount of the original work than is necessary to ‘recall or conjure up’ the object of his satire, a finding of infringement would be improper.”).

92. 663 F. Supp. 706, 708–12 (S.D.N.Y. 1987).

93. *Id.* at 711–14.

94. *Id.* at 715.

## RETURNING TO THE FAIR USE STANDARD

use factor should strongly weigh against a finding of fair use, even with a plausible transformative purpose.<sup>95</sup>

Moreover, courts analyzing transformativeness have only paid lip service to the fourth factor (the effect of the use upon the potential market for or value of the copyrighted work); thus, they have often ignored a key aspect of that factor—namely, that the market being analyzed is a potential one.<sup>96</sup> By its plain language, courts should consider the effect not only on current markets, but also on future or possible markets. The expansion of access to creative works in the digital world has made possible the use of old content in new and innovative ways.<sup>97</sup> *Campbell* failed to give due deference to this factor, ignoring the developing market for musical sound sampling that other cases had and have since recognized.<sup>98</sup> Even if the transformativeness of the use is the main factor—and there is no clear reason why it should be—a taking should not be considered a fair use if it eliminates the viability of a work in an available market.<sup>99</sup> Thus, while a work can constitute a fair use even if it leads to market harm like a negative review, a work that causes market usurpation should not.

Elevating transformativeness also risks usurping a specific right under the Copyright Act—the right to make derivative works.<sup>100</sup> Derivative works are “work[s] based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted.”<sup>101</sup> Only copyright owners have the exclusive right to

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95. See, e.g., *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70 (2d Cir. 1997) (declining to find fair use even though a poster was only shown in the background for twenty-seven seconds of a television show); *L.A. News Serv. v. KCAL-TV Channel 9*, 108 F.3d 1119 (9th Cir. 1997) (declining to find fair use even though only thirty seconds of a four-minute video were taken); *Roy Export Co. Establishment of Vaduz v. Colom. Broad. Sys., Inc.*, 672 F.2d 1095 (2d Cir. 1982) (declining to find fair use even though only fifteen seconds of an over hour-long film were taken since the portion taken constituted the heart of the film).

96. See 17 U.S.C. § 107(4) (2017).

97. See John Palfrey et al., *Youth, Creativity, and Copyright in the Digital Age*, 1 INT'L J. LEARNING & MEDIA 79, 80 (2009).

98. See, e.g., *Bridgeport Music, Inc. v. Dimension Films*, 410 F.3d 792, 801 (6th Cir. 2005) (recognizing the developing potential market for musical sound sampling by suggesting that the alleged copyright infringer either “get a license or do not sample”); see also Matthew G. Passmore, *A Brief Return to the Digital Sampling Debate*, 20 HASTINGS COMM. & ENT. L.J. 833, 846–52 (1998) (discussing the process of digital sampling and how such cases should be assessed under a fair use analysis).

99. Indeed, but for the Court's strong focus on the fourth factor, requiring consideration of damage to the serialization rights to Gerald Ford's unpublished memoir, *Harper & Row* could have come out differently. See 471 U.S. 539, 566 (1985).

100. See § 106(2).

101. § 101. For example, a film based on a copyrighted book is a derivative work of that book. U.S. COPYRIGHT OFFICE, COPYRIGHT IN DERIVATIVE WORKS AND COMPILATIONS 1 (2013), <https://www.copyright.gov/circs/circ14.pdf>.



produce and authorize the production of derivative works.<sup>102</sup> The line between a transformative fair use and a derivative work is not always clear because “derivative works seem, by definition, to involve some transformation of the underlying work.”<sup>103</sup> Indeed, if one takes the broadest view of transformativeness, one can construct a plausible argument that every unauthorized derivative work constitutes transformative fair use. Although most courts have carefully avoided that absurd result,<sup>104</sup> as defendants increasingly rely on the transformative appellation for their taking, one wonders how long any derivative market can remain within the penumbra of rights afforded the original copyright holder.

A return to a balancing of each and every fair use factor, including transformativeness, would bring the law full circle to the genesis of the transformative use doctrine in Leval’s article. Although he is considered the father of modern transformative fair use jurisprudence, he advocated for a proper balancing: “The existence of any identifiable transformative objective does not, however, guarantee success in claiming fair use. The transformative justification must overcome factors favoring the copyright owner.”<sup>105</sup> A return to the fair use principles discarded in the face of the transformativeness doctrine would ensure preservation of the Copyright Act’s purposes. When courts take this balancing approach into account, they demonstrate a far more nuanced and appropriately deliberate reasoning to reach just results.

For example, in 2014, in *Richards v. Merriam Webster, Inc.*, the U.S. District Court for the District of Massachusetts held that the defendant’s usage of nearly seventy percent of the plaintiff’s dictionary definitions for a free, online reading comprehension textbook did not constitute fair use.<sup>106</sup> Unlike in *Authors Guild* and *White*, the court found that the other fair use factors weighed against a finding of transformative fair use.<sup>107</sup> First, although dictionary definitions are objective, the court found that Merriam-Webster’s editing of dictionary entries rendered the work creative.<sup>108</sup> In addition, the fact that the defendant copied seventy percent of the work nearly verbatim weighed against fair use.<sup>109</sup> The potential market harm similarly weighed against the defendant: Users might visit the defendant’s online textbook instead of Merriam-Webster’s website from which it derived advertising revenue, and

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102. § 106; U.S. COPYRIGHT OFFICE, *supra* note 101, at 2.

103. R. Anthony Reese, *Transformativeness and the Derivative Work Right*, 31 COLUM. J.L. & ARTS 467, 468 (2008).

104. *See, e.g.*, *Castle Rock Entm’t, Inc. v. Carol Publ’g Grp.*, 150 F.3d 132 (2d Cir. 1998) (concerning a trivia book about a television show); *Twin Peaks v. Publ’ns Int’l, Ltd.*, 996 F.2d 1366 (2d Cir. 1993) (concerning a guide book to a television show); *Warner Bros. Entm’t v. RDR Books*, 575 F. Supp. 2d 513 (S.D.N.Y. 2008) (rejecting the transformative fair use argument for the creation of a Harry Potter encyclopedia due to its unfair harm to a potential derivative market).

105. Leval, *supra* note 24, at 1111.

106. 55 F. Supp. 3d 205, 209–10 (D. Mass. 2014).

107. *Id.*

108. *Id.* at 208.

109. *Id.*



## RETURNING TO THE FAIR USE STANDARD

the defendant's use had the potential of creating a "negative market effect" on Merriam-Webster's dictionary if the unauthorized use became "unrestrictive and widespread."<sup>110</sup> Thus, although the defendant's work exhibited "some level of transformation," including "changes in font size, formatting, the insertion of examples of words used in context, and the deletion of unnecessary words," this transformative purpose was insufficient to outweigh the other fair use factors, which "strongly disfavor[ed]" a finding of fair use.<sup>111</sup> Thus, courts can, and should, conduct a proper balancing of the fair use factors in a manner that best serves to further the purposes of copyright law.

## V. CONCLUSION

Traditionally, courts took great care to analyze and balance each of the fair use factors to arrive at determinations of this important inquiry. While the law may not have exhibited perfect consistency prior to the shift to the supremacy of transformativeness, the degree of deliberation from multiple angles under multiple considerations allowed parties to raise all appropriate arguments to support their positions. By reducing the inquiry merely to a question of transformativeness, nuanced considerations into the nature of the use, the market, and impact on the purposes of copyright law fall by the wayside. Moreover, the results under this monolithic analysis do not necessarily provide more predictability—a primary reason for Judge Leval's proposing the doctrine in the first place<sup>112</sup>—as the word "transformative" has taken on multiple meanings, preventing consistent and rational results that adequately advance the purposes of copyright law.

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110. *Id.* at 209 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994)).

111. *Id.*

112. *See generally* Leval, *supra* note 24.



