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Seventh Circuit Criticizes and Parts Ways With Second Circuit's Application of the Fair Use Doctrine

By Alan R. Friedman

Under the "fair use" doctrine, artists regularly include portions of copyrighted works in books, movies, television programs, music and other works without obtaining licenses from the copyright owners. When one of these uses is challenged, the courts determine whether it was, in fact, "fair" or an unauthorized infringement.

Given the importance of the "fair use" clause to Congress' twin, sometimes conflicting, goals of not stifling expression and creativity while, at the same time, incentivizing artists to exclusively control the exploitation of works they create, it is no surprise that the "fair use" rules are not black-and-white. Fair use determinations are to be made by applying four broadly worded "factors" set out Section 107 of the Copyright Act. Over time, the boundaries of what is "fair" have expanded, and the decisions applying the fair use factors have not always been consistent. The challenge artists face in predicting whether an unlicensed use of a copyrighted work will be deemed "fair" or infringing will likely increase with the United States Court of Appeals for the Seventh Circuit's recent ruling in *Kienitz v. Sconnie Nation LLC*, No. 12-cv-464 (SLC) (Sept. 15, 2014).

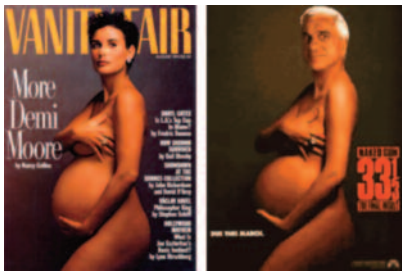
In *Kienitz*, the court criticized and distinguished itself from a major fair use ruling that the Second Circuit issued in 2013. This type of judicial cat-call is a rarity. Before turning to its implications, here is some background.

The significance of the "fair use" doctrine cannot be understated. Creators of movies, television programming, music and both fiction and nonfiction books often use pre-existing copyrighted works in new works. For example, movies regularly incorporate film clips or quotes from copyrighted works (of recent fame, last year a court dismissed on fair use grounds the copyright claim of the owners of William Faulkner's novel *Requiem for a Nun*, who challenged Woody Allen's inclusion of a nine-word quote attributed to Faulkner in the movie *Midnight in Paris*). Similarly, sound recordings regularly include "samples" from pre-existing copyrighted music. While these uses are often licensed, when they are not, creators usually invokes the fair use doctrine if their use of the copyrighted works is challenged. Fair use issues also arise in advertising literary works, as the following two lawsuits, involving copyright challenges to

movie one sheets demonstrate, while also illustrating the difficulty predicting how the fair use doctrine will be applied:

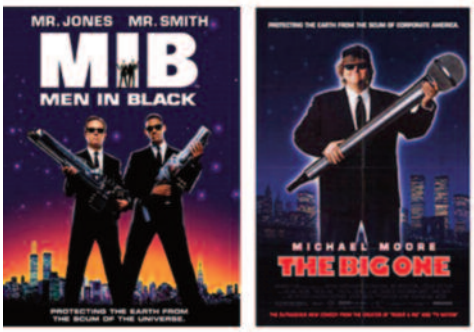
Leibovitz v. Paramount (2d Cir. 1998)

Plaintiff's Work *Defendant's Work*



Columbia Pictures v. Miramax (C.D. Cal. 1998)

Plaintiff's Work *Defendant's Work*



In *Leibovitz*, the court found that New Line's parody of Annie Leibovitz's photo of Demi Moore was a "fair use." In *Columbia Pictures*, the court found that Miramax's parody of *Men In Black* was not.

A watershed moment in "fair use" jurisprudence occurred in 1994, when the U.S. Supreme Court ruled in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), that 2 Live Crew's parody of the classic Roy Orbison song "Pretty Woman," which used music and lyrics from the original, constituted "fair use." In *Acuff-Rose*, the Supreme Court singled out the importance of "the extent the new work was 'transformative'" in the fair use analysis, ruling that "the more transformative the new work, the less the significance of the [other] fair use factors." Since that ruling, courts have been increasingly receptive to "fair use" protection claims in which the challenged work "transformed" the original copyright work, with the "transformation" analysis often eclipsing analysis of the other 17 U.S.C. §107 fair use factors.

Fast forwarding to last year, in *Cariou v. Prince*, 714 F.3d 694 (2d Cir. 2013), the Second Circuit issued a fair use ruling that surprised many. At issue was the unlicensed use that Prince ("a well-known appropriation artist" according to the court) made of Cariou's copyrighted photographs in collages and other artwork that Prince created. Cariou took the photographs in issue over a six-year period and published them in a book. Prince purchased the book and, thereafter, incorporated "partial or whole images" of Cariou's photographs into his artwork although he made some changes (e.g., enlarging, cropping, tinting or over-painting them). Despite the substantial use of Cariou's photographs, the Second Circuit examined the 30 works in issue and ruled that 25 were sufficiently "transformative" as to have "a new expression" and be entitled to protection under the fair use doctrine.[1] Although the Second Circuit discussed the four enumerated fair use factors in 17 U.S.C. §107, the opinion placed heavy emphasis on its finding that Prince's use of Cariou's works was "transformative."

The Seventh Circuit in *Kienitz* also found that the challenged use – a t-shirt poking fun at the Mayor of Madison, Wisconsin, that included an unlicensed modified photograph of the mayor – was protected under the fair use doctrine. However, the court made clear that it based its conclusion on a different analysis than the Second Circuit's in *Prince v. Cariou*. After noting that the parties and the district court "have debated whether the t-shirts are a 'transformative use' of the photo" and

how "'transformative' the use must be," the Seventh Circuit observed that the term "transformative" does not appear in Section 107 of the Copyright Act and is not one of the statute's fair use factors. After acknowledging that the Supreme Court mentioned it in *Acuff-Rose*, in words expressly aimed at the *Cariou* decision, the Seventh Circuit noted that the Second Circuit has "concluded that 'transformative use' is enough to bring a modified copy within the scope of §107." *This was not a compliment.*

The Seventh Circuit voiced its "skepticism" over the Second Circuit's approach in *Cariou* and its concern that making the "fair use" test turn on whether something is transformative "could override 17 U.S.C. §106(2), which protects derivative works." Because, in the words of the Seventh Circuit, "[t]o say that a new use transforms the work is precisely to say that it is derivative," *Keinitz*, Slip Op. at 4, the court faulted the Second Circuit for its failure to "explain how every 'transformative use' can be 'fair use' without extinguishing the author's rights under 17 U.S.C. §106(2)." *Id.*

Rather than embrace a heavily weighted "transformative" fair use inquiry, the Seventh Circuit ruled that it was "best to stick with the statutory list" in 17 U.S.C. §107 in determining whether a use is fair. While the Seventh Circuit concluded that the unlicensed use of the photograph of the mayor was fair, it suggested that if the plaintiff photographer had made different arguments, he might have defeated the "fair use" defense. Thus, the court noted that the defendants did not need to use the plaintiff's photograph at all to "mock the mayor" and that "[t]here's no good reason why defendants should be allowed to appropriate someone else's copyrighted efforts as the starting point in their lampoon, when so many non-copyrighted alternatives... were available." *Id.* at 6. This *dicta* suggests that future fair use litigation in the Seventh Circuit, at least with respect to artwork that has a specific message (as was the case with the photograph in *Keinitz*, but not Prince's artwork in *Cariou*), will focus not just on the §107 factors but also on whether the party making the unlicensed, putative "fair use" was justified in doing so in the light of other ways in which the party could have expressed its message.

The *Kienitz* decision does not clarify the scope of the "fair use" defense on a national level. It does, however, make the already unpredictable "fair use" playing field more interesting. By distinguishing its approach from the Second Circuit's in *Cariou*, *Keinitz* could create incentives to forum shop with respect to works distributed nationwide (like books, movies and music) in which jurisdiction and venue lies in both the Second and Seventh Circuits. The party making an unlicensed use may seek to file in the Second Circuit for a declaration that its use was transformative and "fair" before it is sued in the Seventh Circuit, where its transformative nature is of lesser importance and the *Keinitz dicta* supports additional arguments against the unlicensed use.

For more information about this alert, please contact Alan R. Friedman at 212.878.1426 or afriedman@foxrothschild.com or any member of the firm's Entertainment Department.

[1] As to the remaining 5 works, the Second Circuit remanded the case to the district court with instructions that it determine whether they were "transformative as a matter of law."