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Fair Use of Copyrighted Works in the Digital Age

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by Robert E. Spoo

Introduction

Many, when they hear the phrase "fair use," think of a New York Times book reviewer quoting snippets from the latest novel by Michael Ondaatje, of a scholar analyzing a few lines culled from a Sylvia Plath poem, or of a music teacher photocopying excerpts from an Aaron Copland suite for orchestra rehearsal. Such associations are understandable. Copyright law's fair-use doctrine is a product of print culture. When Justice Story in *Folsom v Marsh* delivered his now-classic statement that "a reviewer may fairly cite largely from the original work, if his design be really and truly to use the passages for the purposes of fair and reasonable criticism" ((CCD Mass 1841) 9 F Cas 342, 344), he was deciding a case that involved unauthorized reproduction of letters written by George Washington. That was more than a century and a half ago. Fair use comes to us wrapped in the history of print publishing and paper-based piracy.

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But the doctrine of fair use has lost none of its importance now that the age of digital reproduction is upon us. The unauthorized use of copyrighted material is more widespread and more immediately a part of our lives today than ever. We need only switch on our personal computers and open our Web browsers to encounter a world of unauthorized reproductions unimaginable 20 years ago. Courts accordingly are being called on to apply fair use to novel situations: a website that permits the downloading of unlicensed movie clips; a search engine that gathers and indexes images from the furthest reaches of cyberspace; a multi-disc documentary of the life of Elvis Presley; the extra-contractual installation of software on thousands of computers in the Los Angeles County Sheriff's Department—to mention a few of the fact patterns litigated recently and discussed below. As unauthorized copying finds ever new media for testing the limits of legality, the doctrine of fair use scrambles to keep up. This article explores the vital relevance of fair use in the digital millennium.

THE DOCTRINE OF FAIR USE AS CODIFIED IN THE U.S. COPYRIGHT ACT

Most often encountered as an affirmative defense to a claim of copyright infringement, the fair-use doctrine "creates a limited privilege in those other than the owner of a copyright to use the copyrighted material in a reasonable manner without the owner's consent." *Fisher v Dees* (9th Cir 1986) 794 F2d 432, 435. In essence, fair use is a limitation on the copyright owner's rights that permits the unauthorized use of protected expression if the use is reasonable and does not impair the value of the copyrighted work or supplant the work's actual or potential markets. This limited privilege helps ensure that the temporary monopoly conferred by a copyright advances the constitutional purpose of promoting the spread of knowledge and creativity. See US Const art I, §8, cl 8. The fair-use doctrine recognizes that it is not the copyrighted work alone that serves the progress of learning, but so do the numerous imaginative uses to which the work might be put by others, as long as those uses are reasonable ones that do not usurp the market for the work. The doctrine "permits 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." *Stewart v Abend* (1990) 495 US 207, 236, 109 L Ed 2d 184, 211, 110 S Ct 1750 (quotation marks and citation omitted).

The unauthorized use of copyrighted material is more widespread and more immediately a part of our lives today than ever.

Fair use permits the reasonable use of copyrighted *expression*—for example, an author's words, a photographer's image, or a jazz band's recorded performance—in certain circumstances. Since copyright law contains numerous other exceptions that favor users of protected works, it is useful to bear in mind some of the things that fair use is not. Important non-fair-use limitations on copyright include the non-copyrightability of facts and ideas (17 USC §102(b)); the absence of protection for U.S. government works (17 USC §105); exemptions for certain library uses (17 USC §108); exemptions for certain performances and displays (17 USC §110); the right of an owner of a copy of a computer program to make copies or adaptations for certain purposes (17 USC §117(a)); limited durational terms for copyrights (17 USC §§302–304); and limited liability for online service providers engaged in certain activities (17 USC §512).

In essence, fair use is a limitation on the copyright owner's rights that permits the unauthorized use of protected expression if the use is reasonable and does not impair the value of the copyrighted work or supplant the work's actual or potential markets.

The judicially developed doctrine of fair use was codified for the first time in the United States in the Copyright Act of 1976 (17 USC §§101–1332), which became effective in January 1978. Section 107 of the Act provides as follows:

> Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include —
>
> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

What is striking about this statutory language is its open-endedness. In stating that fair use can be exercised "by reproduction in copies or phonorecords or by any other means specified by [§§106 and 106A]," §107 makes fair use flexibly coextensive with the wide range of activities that are reserved to copyright owners: reproduction, adaptation, distribution, public performance, and public display. See 17 USC §106. As a result, the same media-neutrality by which copyright law encourages the creation of original works in all formats—paper or celluloid, analog or digital—is made available to qualifying fair users as well.

With similar breadth of language, §107 offers a handful of illustrative fair-use purposes: "criticism, comment, news reporting, teaching . . . scholarship, or research." 17 USC §107. This sample of core fair uses, introduced by "such as," is pointedly nonexclusive; users and courts are invited to flesh out the list. For example, Congress acknowledged decades ago that "parody," not expressly included in §107, might be another important fair use. HR 1476, §65, 94th Cong, 2d Sess (1976). Case law has richly confirmed that speculation. See, *e.g., Campbell v Acuff-Rose Music, Inc.* (1994) 510 US 569, 127 L Ed 2d 500, 114 S Ct 1164. Because the fair-use doctrine is an "equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts." HR 1476, §65, 94th Cong, 2d Sess (1976). Thus, §107 places no categorical limits on the media in which fair use may be exercised, or the "purposes" for which copyrighted works may be legitimately exploited without authorization. In this way, §107 implicitly declares itself a neutral creature of the changing common law—past, present, and future.

PRACTICE TIP: "Criticism" and "comment" under §107 should not be interpreted narrowly to mean only traditional activities like book-reviewing or literary analysis. Fair use might be made of a copyrighted film clip, for example, by introducing voiceover commentary or critique. Parody itself is a species of criticism or comment when it takes direct aim at a copyrighted work. If the copyrighted work is used only as a springboard for lampooning an unrelated subject, however, the result may be infringing *satire*, not fair-use *parody*. The use of Dr. Seuss-like rhymes, characters, and illustrations to mock the O.J. Simpson double murder trial was deemed satire, not parody. *Dr. Seuss Enters., L.P. v Penguin Books USA, Inc.* (9th Cir 1997) 109 F3d 1394.

Because the fair-use doctrine is an "equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts."

The Four Fair-Use Factors

Purpose and Character of the Use

Section 107 sets out four factors for testing whether a given use is fair. Although these factors are nonexclusive, most courts apply them without additions or embellishments in making fair-use determinations. The first factor examines "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes." 17 USC §107(1). This factor looks to the type of use to which the defendant has put the copyrighted work. If the use is "commercial as opposed to non-profit," that fact "tends to weigh against a finding of fair use." *Harper & Row, Publishers, Inc. v Nation Enters.* (1985) 471 US 539, 562, 85 L Ed 2d 588, 608, 105 S Ct 2218. A "commercial" use can involve indirect benefit as well as direct financial gain. For example, the millions of individuals who downloaded unauthorized music files by means of the online Napster service were deemed to have engaged in a commercial activity—even though no one had made or received a direct payment for the files they copied and swapped—because this activity was carried on "to save the expense of purchasing authorized copies." *A&M Records, Inc. v Napster, Inc.* (9th Cir 2001) 239 F3d 1004, 1015.

Yet the commercial character of a use is not determinative. The Supreme Court made this clear when it held that a ribald rap parody of Roy Orbison's popular rock-and-roll ballad "Pretty Woman," though certainly commercial in character, might nevertheless constitute a fair use. See *Campbell v Acuff-Rose Music, Inc.* (1994) 510 US 569, 583, 127 L Ed 2d 500, 518, 114 S Ct 1164. Whether an otherwise commercial use is noninfringing depends substantially on whether the purpose of the use is found to be "transformative"—that is, whether the use "adds something new, with a further purpose or different character, altering the [copyrighted work] with new

expression, meaning, or message." 510 US at 579 (internal quotation marks and citation omitted). A use that is transformative is less likely than a faithful copy to serve as a substitute for the copyrighted work in the marketplace. Therefore, even though it may be offered for financial gain, a transformative work adds something to our stockpile of knowledge and so furthers the constitutional goals of copyright law. The significance of transformative purpose in the fair-use analysis is discussed more fully below.

As Judge Learned Hand famously observed: "No plagiarist can excuse the wrong by showing how much of his work he did not pirate."

Nature of Copyrighted Work

The second fair-use factor focuses, not on the nature of the defendant's use, but rather on "the nature of the copyrighted work." 17 USC §107(2). Treated as a makeweight by some courts, the second factor can play an important role, depending on whether the nature of the copied work is factual or creative. This factor recognizes that some works, such as fiction and music, "are closer to the core of intended copyright protection than others" and therefore are entitled to greater judicial solicitude. *Campbell,* 510 US at 586, 127 L Ed 2d at 520. Conversely, the law acknowledges "a greater need to disseminate factual works than works of fiction or fantasy." *Harper & Row,* 471 US at 563, 85 L Ed 2d at 609. For example, a computer program containing unprotected functional elements might be deemed more available for fair-use copying than, say, a novel by John Updike. *See Sony Computer Entertainment, Inc. v Connectix Corp.* (9th Cir 2000) 203 F3d 596, 603.

In addition, courts have held that the scope of fair use is narrower with respect to unpublished works because an "author's right to control the first public appearance of his undisseminated expression will outweigh a claim of fair use." *Harper & Row,* 471 US at 555. Wishing to avoid a per se rule against fair use of unpublished works, however, Congress amended §107 in 1992 to clarify that "[t]he 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 USC §107. This amendment puts courts on notice that even when the copied work is unpublished, the second factor must be employed analytically, not conclusively.

Amount and Substantiality of Portion Used

The third factor requires courts to consider "the amount and substantiality of the portion used in relation to the copyrighted work as a whole." 17 USC §107(3). Authors and publishers sometimes think of fair use as a numbers game. A typical publisher's guideline might warn that "quotation of more than 400 words from a work of prose fiction will require permission from the copyright holder." But §107 and the case law lay down principles, not numbers. Literal-minded quantification of fair use can never be anything more than a labor-saving fiction. Under the third factor, it is not only the quantitative dimension of the taking ("amount") but also the qualitative dimension ("substantiality") that informs the fair-use analysis. Moreover, contrary to popular belief, fair use is not measured by the percentage of copied material present in the defendant's work, but rather according to "the portion used in relation to the copyrighted work as a whole." 17 USC §107(3). As Judge Learned Hand famously observed: "No plagiarist can excuse the wrong by showing how much of his work he did not pirate." *Sheldon v Metro-Goldwyn Pictures Corp.* (2d Cir 1936) 81 F2d 49, 56. This means that a defendant who has reproduced all of a copyrighted 14-line sonnet within her 300-page novel cannot prove fair use by arguing, without more, that the copied material is merely a "drop in the bucket" of her own creative enterprise.

The qualitative aspect of the third factor is vividly illustrated in *Harper & Row.* There, the defendant, *Nation Magazine,* had run a 2250-word article containing unauthorized excerpts from former President Gerald Ford's soon-to-be-published memoir, *A Time to Heal.* Although the *Nation* article had reproduced only 300 protected words from Ford's manuscript of 200,000 words, the excerpts represented "essentially the heart" of the manuscript because they dealt with such controversial and engrossing topics as Ford's pardon of Richard Nixon. 471 US at 564 (internal quotation marks and citation omitted). The smallness of the borrowing compared to the size of either Ford's manuscript or the *Nation* article did not tip the scales toward fair use.

Effect on Potential Market for or Value of Copyrighted Work

The fourth fair-use factor—"the effect of the use upon the potential market for or value of the copyrighted work"—has been referred to as "undoubtedly the single most important element of fair use." *Harper & Row,* 471 US at 566, 85 L Ed 2d at 611. This is because the fourth factor directly confronts the economic harm that might be inflicted on the

copyright owner by the unauthorized use. The inquiry looks to both present and future markets for the copyrighted work, and asks whether, if the disputed use "should become widespread, it would adversely affect the potential market for the copyrighted work." *Sony Corp. v Universal City Studios, Inc.* (1984) 464 US 417, 451, 78 L Ed 2d 574, 598, 104 S Ct 774. Even if the plaintiff has not yet begun to exploit a potential market, courts will take the market into consideration if it is a reasonable or likely extension of the plaintiff's current activities. In the *Napster* case, for example, the Ninth Circuit recognized two types of harm that unchecked online sharing of music files was causing to the plaintiff record companies: (1) the reduction of current audio CD sales among college students and (2) the raising of barriers to plaintiffs' recent or future entry into the market for digital downloading of music. *A&M Records, Inc. v Napster, Inc.* (9th Cir 2001) 239 F3d 1004, 1016.

The fourth factor typically interacts with the first factor. When a use is commercial, a court will often presume market harm and require the defendant to rebut the presumption. But the presumption disappears when the use, even though commercial, is transformative and not likely to supersede the copyrighted work in the marketplace. *Campbell v Acuff-Rose Music, Inc.* (1994) 510 US 569, 590, 127 L Ed 2d 500, 522, 114 S Ct 1164. If a plaintiff's book sales are scuttled by a transformative use—for example, a negative book review that makes its point by quoting unflatteringly from the copyrighted work—the use "does not produce a harm cognizable under the Copyright Act." 510 US at 592. It is therefore critical for users and litigators to determine whether a given use is transformative or superseding.

PRACTICE TIP: Although courts sometimes take a mechanical approach to fair-use assessments, "[t]he four statutory factors do not represent a score card that promises victory to the winner of the majority. . . . Rather, each factor is to be explored, and the results weighed together, in light of the purposes of copyright." *Video Pipeline, Inc. v Buena Vista Home Entm't, Inc.* (3d Cir 2003) 342 F3d 191, 198 (internal quotation marks and citations omitted). Lawyers, whether litigating a case or advising a client, should know that because a transformative purpose typically advances the goals of copyright, it can dominate the "score card" and skew all or most of the factors toward fair use.

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TRANSFORMATIVE VERSUS SUPERSEDING USES

A "transformative" use is one that "adds something new, with a further purpose or different character, altering the [copyrighted work] with new expression, meaning, or message." *Campbell,* 510 US at 579, 127 L Ed 2d at 515 (internal quotation marks and citation omitted). In contrast, a "superseding" use is less likely to be a fair use, because in offering little or no new expression, meaning, or message, the copying work threatens simply to substitute itself for the copyrighted work in the marketplace. "[A] work composed primarily of an original, particularly its heart, with little added or changed, is more likely to be a merely superseding use, fulfilling demand for the original." 510 US at 587. Lacking a transformative content or purpose, a commercial work will have great difficulty rebutting the presumption of market harm that the court may apply in its fair-use analysis.

The difference between transformative and superseding uses can sometimes be subtle. For example, in *Los Angeles News Serv. v CBS Broadcasting, Inc.* (9th Cir 2002) 305 F3d 924, Court TV had included a short clip from copyrighted footage of the 1992 Los Angeles riots in the opening montage of its "Prime Time Justice" program. The Ninth Circuit held that deployment of the unlicensed clip within the montage was a creatively transformative use, but that rebroadcast of the same clip to promote Court TV's trial coverage was "less transformative." 305 F3d at 940. Although both uses were commercial, the less transformative use caused its commercial aspect to "take on greater weight." 305 F3d at 940.

It would be easy to suppose that a transformative use "adds something new" to the copyrighted work only if it literally transforms the work by adding to or altering the original work's expressive content. See *Campbell,* 510 US at 579, 127 L Ed 2d at 515. The case law contains many examples of such literal transformation. For example, in *Campbell*—the case that momentously gave its blessing to transformative purpose as a measure of fair use—the defendant rap

artists, 2 Live Crew, were deemed to have created a transformative work when they took Roy Orbison's familiar rock ballad, "Pretty Woman," and turned it into crude bawdiness. See 510 US at 596. In another case, fair use was found where the appropriation artist Jeff Koons altered a copyrighted fashion photograph by changing the "colors, the background against which [the image] is portrayed, the medium, the size of the objects pictured, the objects' details," and inserting the transmogrified image into a massive painting that commented on the "social and aesthetic consequences of mass media." *Blanch v Koons* (2d Cir 2006) 467 F3d 244, 253. Because Koons had done more than simply repackage someone else's creation, his transformation of the fashion photograph qualified as a fair use. 467 F3d at 253.

But literal alteration of copyrighted expression is only one type of transformative use. *Campbell* also refers to "new . . . meaning, or message." 510 US at 579 (internal quotation marks and citation omitted). The most intriguing fair-use developments in recent years have come from cases in which the defendants did little or nothing to change the copyrighted work, but rather re-deployed it in a new context or setting. For example, after a newspaper had run unauthorized photographs of an unclad model who had recently been crowned Miss Puerto Rico Universe, the photographer sued for copyright infringement. The First Circuit affirmed the district court's finding of fair use, holding that the newspaper, by including the photos in articles reporting on the controversy over the beauty queen's racy modeling poses, "reprinted the pictures not just to entice the buying public, but to place its news articles in context." *Núñez v Caribbean Int'l News Corp.* (1st Cir 2000) 235 F3d 18, 22. In so doing, the newspaper did not create a superseding product, but rather transformed the photographic works into "news." 235 F3d at 23. Since the plaintiff could not show that he had lost a potential market for selling modeling photos to newspapers for the purpose of "illustrating controversy," the fourth fair-use factor—market harm—also favored the newspaper. 235 F3d at 25.

Another such case is *Bill Graham Archives v Dorling Kindersley Ltd.* (2d Cir 2006) 448 F3d 605, in which the owner of copyrights in artistic concert posters sued publishers that had reproduced the posters, without permission, in a 480-page coffee-table history of the Grateful Dead. The posters, significantly reduced, were included as part of a continuous running timeline that combined images with explanatory text. The book was unquestionably commercial in nature, so the issue for the court was whether the publishers' use of the posters was transformative despite the fact that they were rendered as literal, reduced copies. The Second Circuit held that the book, as a "biographical work" requiring "incorporation of original source material for optimum treatment of [its subject]" was the type of work favored by the fair-use doctrine, and that the defendants' purpose in including the copyrighted images—the presentation of historical artifacts—was "plainly different from the original purpose for which they were created[:] artistic expression and promotion." 448 F3d at 609. The court added that transformative purpose was present both when the images were accompanied by commentary and "when standing alone." 448 F3d at 611. The fact that the reduced images offered no more than "a glimpse of their expressive value" furthered the publishers' nonsuperseding purpose of presenting a historically informed collage of text and images. 448 F3d at 611.

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Bill Graham Archives is particularly striking for the way in which the publishers' transformative purpose was held to pervade all the fair-use factors. Under the second factor, for example, the court gave only limited weight to the creative nature of the plaintiff's posters because the purpose of the defendants' use was "to emphasize the images' historical rather than creative value." 448 F3d at 612. Similarly, under the third factor, the court held that even though the publishers had reproduced the posters in their entirety, they had reduced the images "to further [the] transformative purpose [by doing no more than necessary to ensure] the reader's recognition of the images as historical artifacts of Grateful Dead concert events." 448 F3d at 613. Finally, because the publishers' use of the plaintiff's images fell within a "transformative market," the court found no market harm resulting from the plaintiff's loss of any license fees. 448 F3d at 615.

What *Bill Graham Archives* does is to find transformative purpose in an act of re-contextualization: the defendant's taking of copyrighted expression and, without literally altering it, reframing it by placing it in a context different from the types of use that would normally be subject to licensing within the plaintiff's markets. By treating as transformative the defendant's unauthorized reproduction of unaltered expression in

commercially unanticipated settings, *Bill Graham Archives* and similar cases extend the reach of fair use significantly.

The same reasoning has been applied to unauthorized reproductions on the Internet. In *Kelly v Arriba Soft Corp.* (9th Cir 2003) 336 F3d 811, the Ninth Circuit considered whether the unauthorized reproduction and display of thumbnail images by an Internet search engine infringed the copyrights in the original images. The defendant, Arriba Soft, had employed a computer program that "crawled" the Web, hunting for images on websites for the purpose of copying and indexing them. After gathering images, the program would generate low-resolution thumbnail versions which resided on Arriba's server. 336 F3d at 815. When a user entered a term in Arriba's search engine—such as "Western art"—a list of results would appear not in text format, but as an array of thumbnail images. 336 F3d at 815. The low-resolution thumbnails were too small to permit a full appreciation of the original images, and enlarging the thumbnails would result in a loss of clarity; but the user could double-click on a thumbnail and view the original image residing on the source website. This latter display did not involve any copying by Arriba. 336 F3d at 815. When Leslie Kelly, a professional photographer specializing in American West themes, sued Arriba for infringing protected images that he had placed on his website and other licensed sites, the Ninth Circuit had to decide whether Arriba's creation and display of thumbnail versions of Kelly's photographs constituted a fair use.

The court employed the same logic regarding transformative purpose as the Second Circuit later did in *Bill Graham Archives*. Arriba, the court held, was not using Kelly's images for self-promotion or profit, but rather as a tool, along with thousands of other images, "to help index and improve access to images on the internet and their related web sites." 336 F3d at 818. Arriba's thumbnails performed a "different function" from Kelly's marketing of "artistic expression," and thus were transformative rather than superseding copies. 336 F3d at 819. This transformative purpose made it unlikely that use of the thumbnails would harm Kelly's market for sales and licensing. 336 F3d at 821. Like *Bill Graham Archives*, *Kelly* excuses unauthorized copying if the copies are deployed in a new context that does not interfere with the copyright owner's actual or potential markets and that provides a beneficial service to the public.

PRACTICE TIP: When is the defendant's work a transformative fair use and when is it an infringing derivative work? After all, both transformative and derivative works add to or alter the copyrighted work in some way, and the two can sometimes be hard to distinguish. Lawyers should keep this problem in mind when preparing fair-use defenses and advising clients about the pros and cons of using copyrighted works without authorization. When the difference between transformative purpose and infringing adaptation seems a toss-up, courts often look to whether the defendant's use is of a commercial or public-service character. The more commercial the use is, the more likely it will be deemed an infringing derivative work.

[T]he World Wide Web . . . is a controversial medium that has made it easier to become an infringer of copyrights than at any time since the Statute of Anne established statutory protection for authors' writings in 1710.

FAIR USE IN DIGITAL AND ONLINE CONTEXTS

Like any legal doctrine, fair use can be abused. If patriotism is the last refuge of the scoundrel, as Samuel Johnson reportedly observed, then it might be said that, in some cases, fair use is the last refuge of the rank infringer. The Internet is no exception to this principle. Although cyberspace enthusiasts have declared that "information wants to be free," the World Wide Web, far from being a utopia in which property rights yield cheerfully to an egalitarian spirit of sharing, is a controversial medium that has made it easier to become an infringer of copyrights than at any time since the Statute of Anne established statutory protection for authors' writings in 1710. Fair use plays an important role in online and digital contexts, but it would be wrong to assume that the doctrine protects any and all activities taking place on the Internet or in the medium of 0s and 1s.

The *Napster* case showed that merely incanting the words "fair use" will not excuse all conduct in cyberspace. See *A&M Records, Inc. v Napster, Inc.* (9th Cir 2001) 239 F3d 1004. In order to impose secondary infringement liability on the Napster service, the plaintiff record companies and music publishers first had to establish that individuals who used Napster were directly infringing copyrights by uploading and downloading music files without permission. Any defense available to Napster users would redound to

the benefit of Napster, so Napster argued that users were exercising the fair-use privilege when they copied and distributed files on the Internet. Specifically, Napster contended that users were engaging in fair use (1) by downloading files in order to "sample" the music before deciding whether to purchase it, and (2) by storing files on their hard-drives for the purpose of "space-shifting"—that is, stocking their PC memory boards with tunes they already owned in the form of audio CDs. See 239 F3d at 1014. Napster thus sought to analogize digital "space-shifting" to the practice of "time-shifting," by which owners of home video-recorders tape television programs for private viewing at a later time. The Supreme Court years ago declared video time-shifting to be a fair use in *Sony Corp. v Universal City Studios, Inc.* (1984) 464 US 417, 449, 78 L Ed 2d 574, 597, 104 S Ct 774.

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The trial and appellate courts showed little patience with Napster's arguments. Cyber-sampling was not a fair use, the Ninth Circuit held, because this activity was effectively commercial and encroached upon the plaintiffs' established market for licensing free promotional music downloads in exchange for royalty payments. Although plaintiffs' promotional downloads typically lasted for 30 to 60 seconds, Napster users downloaded songs in their entirety. 239 F3d at 1018. As for space-shifting, the Ninth Circuit rejected the attempted analogy to *Sony* time-shifting because, unlike individuals who tape "Law and Order" in order to view it when they get home from work, Napster users typically made their music files available for distribution to "millions of other individuals, not just the original CD owner." 239 F3d at 1019 (internal quotation marks and citation omitted). The *Napster* case thus shows that not all recontextualizing of copyrighted works will be deemed transformative. Unlike the informational thumbnails in *Kelly v Arriba Soft*, the unaltered, superseding music files that Napster devotees uploaded and swapped with their cyber-buddies added no new meaning or message to those works. "Courts have been reluctant to find fair use when an original work is merely retransmitted in a different medium." 239 F3d at 1015. Here, copyright law's media-neutrality worked against the unauthorized users of protected works; the change of medium was not a transformation of context.

Another attempt to invoke the protections of fair use in cyberspace was rejected in *Video Pipeline, Inc. v Buena Vista Home Entertainment, Inc.* (3d Cir 2003) 342 F3d 191. The annals of copyright law are filled with examples of what might be called the faithless licensee. Video Pipeline, an online provider of motion picture trailers, had operated under a license from movie companies. When the license terminated, Video Pipeline decided to create its own 2-minute "clip previews" of current movies and to invite visitors to its website to stream these clips for a fee. The Third Circuit made short work of Video Pipeline's fair-use defense by rejecting its claim that the clips provided transformative information that differed from the original entertainment purposes of the plaintiffs' motion pictures. The clips were superseding works, the court concluded, because they "share the same character and purpose as Disney's derivative trailers" and "will likely serve as substitutes for those derivatives." 342 F3d at 199. The clips were nothing like the indexed thumbnails in *Kelly v Arriba Soft* because they did not "improve access to authorized previews located on other websites" and did not "add significantly to Disney's original expression." 342 F3d at 199. Rejecting Video Pipeline's fair-use defense would therefore "not likely stifle the very creativity that the Copyright Clause is designed to foster." 342 F3d at 200 (internal quotation marks and citation omitted).

Some fair-use defenses seem doomed from the start. Such was the case in *Clean Flicks of Colorado, LLC v Soderbergh* (D Colo 2006) 433 F Supp 2d 1236, in which several movie studios squared off against companies that offered unauthorized family-friendly versions of Hollywood films by deleting "sex, nudity, profanity and gory violence" and selling or renting the sanitized DVDs to subscribers and retailers. 433 F Supp 2d at 1238. In response to claims that they were infringing the studios' exclusive rights of reproduction, adaptation, and distribution, the companies argued that "public policy" was on their side because they were "criticizing the objectionable content commonly found in current movies" and "providing more socially acceptable alternatives to enable families to view the films together. . . ." 433 F Supp 2d at 1240. The companies rested much of their defense on family values and democratic dissent. The court was unimpressed, finding that the bowdlerized versions were non-transformative works that violated the studios' "right to control the content of the copyrighted work," and permanently enjoined the companies from continuing to engage in this "illegitimate" activity. 433 F Supp 2d at 1242.

Fair use is especially hard to demonstrate when the infringing activity has been massive and company-wide. In *Wall Data Inc. v Los Angeles County Sheriff's Dep't* (9th Cir 2006) 447 F3d 769, the L.A. County Sheriff's Department had entered into license agreements to install a total of 3663 copies of software on its employees' computers. Finding that it was more efficient to install the software on a larger number of workstations, the Department used a method known as "hard disk imaging" to load more than 2000 additional programs on computers, far in excess of the licenses the Department had purchased. 447 F3d at 774–775. In the lawsuit brought by the software developer, the Department argued that its installation of unlicensed software was a fair use. The Ninth Circuit concluded that the additional programs were not transformative because they were "exact copies" used for "the identical purpose as the original software." 447 F3d at 778. The Department thus did not "provide the marketplace with new creative works, nor was there any advancement of public knowledge in this case." 447 F3d at 778 (internal quotation marks and citation omitted).

[T]he issue of transformativeness is by no means settled.

The wrinkle in *Wall Data* was that the Department had configured its computers in such a way that, although the software resided on more workstations than the licenses permitted, the number of workstations able to access the installed software at a given time could not exceed the total number of paid licenses. 447 F3d at 773. The Department contended that this technological safeguard brought its activities within the fair-use privilege. The Ninth Circuit rejected this "efficiency" argument, holding that the creation of "ghost copies" allowed the Department to create "its own 'sub-licensing' system" and "made copyright infringement easier [and] detection of overuse more difficult." 447 F3d at 781. Not only did the Department's over-installation harm the software developer's market, but widespread and unchecked conduct of the same sort would "seriously impact the market for [the developer's] product." 447 F3d at 782.

A much closer case was *Elvis Presley Enters., Inc. v Passport Video* (9th Cir 2003) 349 F3d 622, as amended 357 F3d 896, cert denied (2004) 542 US 921. There, the defendant had produced and sold *The Definitive Elvis*, a 16-hour, multi-disc video documentary on the life and career of Elvis Presley. The video contained numerous clips, ranging from a few seconds to over a minute, of Elvis's television appearances. Some of the clips had voiceover commentary; others had none. A divided Ninth Circuit panel held that the defendant's use of the copyrighted footage was "not consistently transformative," because some clips were played "without much interruption, if any" and served "the same intrinsic entertainment value that is protected by Plaintiffs' copyrights." 349 F3d at 628. A few clips "were not short in length" and drew upon the "heart" of the shows that they were taken from. Other clips were used "over and over" in a manner that exceeded any biographical purpose. 349 F3d at 630. Given the commercial nature of the video, the non-transformative clips were "likely to affect the market because they serve the same purpose as Plaintiffs' original works." 349 F3d at 631. Thus, the defendant was unable to rebut the presumption that market harm would result from this commercial use.

In a strong dissent, Judge Noonan pointed to instances in which the trial court ignored the use of voiceovers with Elvis clips. These voiceovers were "indisputably new," Judge Noonan declared, and "transformative" (349 F3d at 632):

> They turn the original Presley shows into part of a substantial biography. . . . [R]ather than regurgitation, [the defendant] provides independent analysis of [Elvis's famous appearance on *The Steve Allen Show*] and frames it in the context of Elvis's life and career.

The panelists' sharply divergent views in the *Elvis Presley* case point to the inevitably subjective nature of fair-use determinations, and show that the issue of transformativeness is by no means settled. A defendant's addition of commentary to an otherwise non-transformative reproduction might or might not persuade a tribunal that the use falls within the purposes of fair use and advances the goals of copyright law by adding to, rather than merely duplicating a portion of, society's fund of knowledge.

One of the most controversial fair-use decisions issued by the Ninth Circuit in recent years is *Perfect 10, Inc. v Amazon.com, Inc.* (9th Cir 2007) 508 F3d 1146, in which the court revisited the issue of Internet thumbnails. Perfect 10, an online purveyor of copyrighted images of nude models, had sued Google, Inc. for providing, through a search engine feature called Google Image Search, thumbnail versions of Perfect 10's images that Google's computers had automatically gathered and indexed from numerous websites. The district court granted Perfect 10's motion for a preliminary injunction, finding that Google's thumbnails likely infringed Perfect 10's copyrights. It ap-

peared that the fair-use character of search-generated thumbnails, so clearly established in *Kelly v Arriba Soft Corp.* (9th Cir 2003) 336 F3d 811, was not so clear after all.

Fair use has always stimulated passionate responses, for and against.

The Ninth Circuit reversed on this point, however, holding that, like Arriba Soft, Google offered reduced, low-resolution thumbnails that were "highly transformative" because Google took images that Perfect 10 offered for entertainment purposes and incorporated them into "a new work, namely, an electronic reference tool." *Perfect 10*, 508 F3d at 1165. Because Google re-contextualized the images for a purpose that served the public interest—locating material efficiently on the Internet—it did not matter that Google made exact copies of the images. 508 F3d at 1165. Nor was Google's transformative purpose outweighed by the commercial nature of its operation or by the fact that Perfect 10 had developed a market for offering reduced images for cell-phone use: "the transformative nature of Google's use is more significant than any incidental superseding use or the minor commercial aspects of Google's search engine and website." 508 F3d at 1165. The appellate court's treatment of search-generated thumbnails in *Perfect 10* shows that the informational imperatives of cyberspace, at least on facts such as these, can trump concerns about a search engine's commercial purpose and its potential impact on an identified market.

PRACTICE TIP: Because fair use is an affirmative defense, the defendant bears the burden of persuasion at trial as to this issue. On a motion for a preliminary injunction, the burdens of proof track the burdens of proof at trial. Accordingly, once the plaintiff has shown a likelihood of success on the merits, the burden shifts to the defendant to demonstrate that its affirmative defense of fair use under 17 USC §107 is likely to succeed. See *Perfect 10, Inc. v Amazon.com, Inc.* (9th Cir 2007) 508 F3d 1146, 1158.

CONCLUSION

Some worry that a special rule of lenity is emerging for online behemoths that capitalize on the public's dependence on search engines and similar cybertools. Others believe that fair use is urgently needed precisely where the public interest is so strongly implicated, and that a less accommodating rule would permit erosion of the Internet's central role in facilitating the acquisition and exchange of knowledge in our society. Fair use has always stimulated passionate responses, for and against. Because the doctrine furnishes no bright-line rules and is quintessentially judge-made and usually judge-applied, it is bound to generate controversy. Digital media and the Internet are seemingly inexhaustible sources of new problems and novel legal solutions. Fair use is evolving to keep pace with the facts of the new millennium.

We lawyers think of fair use primarily as an affirmative legal defense, something that springs into action when a defendant's pocketbook is endangered. But fair use is also a state of mind, or, rather, a summation of our present collective attitudes about the limits of unauthorized use of others' works. New technology has always created confusion in the collective mind: the printing press, the photocopier, the video-recorder, the personal computer, the compact disk, the Internet. Whenever waves of new media crash upon us, we struggle to find the proper balance between owners' rights and users' rights. The equitable doctrine of fair use, frustratingly elusive though it can be, helps us to keep our equilibrium in an unbalanced world.