

Copyright Advisory: A Fairly Confusing Copyright Doctrine

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One of the most misunderstood doctrines in intellectual property law is the copyright doctrine of Fair Use. Invariably, when a party has been accused of infringing a copyright or is considering a potentially risky copyright use, it must evaluate the Fair Use doctrine. Many overestimate the scope of this defense. If you only use a little of the original work, it's Fair Use, right? Or, if a non-profit uses a copyrighted work, is it always protected from liability by the Fair Use doctrine? Unfortunately, the courts have not provided clear categorical rules governing application of the Fair Use doctrine. The result makes it more suitable to a defensive litigation strategy than a productive tool for prospectively evaluating the use of copyrighted content.

Yet, it does not have to be that way. With proper analysis and objectivity, the Fair Use doctrine can be a very powerful tool in any non-profit or for-profit corporate arsenal. This Advisory will provide a practical road map for consideration of both offensive and defensive positions on this issue. After a brief review of the doctrine and its intended purpose, common myths about Fair Use will be debunked, and proactive suggestions will be provided for increasing the likelihood that the use will be considered "fair."

What is Fair Use?

Fair Use is a statutory doctrine implemented to blunt the sometimes sharp edge of copyright law for works that enrich the arts and sciences. It is essentially an affirmative defense to a claim of copyright infringement designed to permit certain uses of copyrighted works by third parties for activities that are deemed to enrich society as a whole, such as news reporting, teaching, scholarship, comment and criticism, and parody. It is **not** carte blanche to use the works of others for these purposes generally. The Fair Use doctrine is codified in 17 U.S.C. § 107 and consists of four factors that are intended to guide a court's analysis of the allegedly infringing use. The factors were not intended to be a comprehensive checklist and courts have specifically cautioned that the factors are not exclusive. Thus, courts have avoided providing bright-line rules on the application of this defense. In the review below, we have incorporated many of the additional questions a court will typically consider in a Fair Use analysis, in addition to the four statutory factors.

1. **The purpose and character of the use.** A court will consider the circumstances surrounding the use of the new (and allegedly infringing) work. For example, was the new use by a non-profit or for-profit enterprise? (Fair Use favors non-profit enterprises.) Was the use for educational or commercial purposes? (Fair Use favors non-commercial purposes.) The most important consideration under this factor is whether the new use

“transforms” the original. That is, whether the new use imbues or recasts the original work with a new expression, meaning, or message, versus merely recreating or repackaging the original. Courts will closely examine whether the new use is more than just a mere reiteration or copy of the original, in whole or in part. For example, the inclusion of several lines from a song or movie in a critic’s review would be deemed transformative since the purpose of the review (to educate readers with an expert opinion about the work) is different from the purpose of the original work itself, which is usually created for its aesthetic value. In one example, the artist Jeff Koons was sued for including a copyrighted photograph of a woman’s legs (originally used in a magazine advertisement) in one of his paintings. Koons’ use was deemed to be fair largely because his painting (which included many elements other than the picture of the legs) transformed the original image by changing the colors, cropping the image, and re-orienting it.¹

2. **The nature of the copyrighted work.** The heart of the second factor is whether the original work is considered to be “creative,” in the sense that it is the product of imagination and artistic vision (*e.g.*, a fictional novel or article, a photograph, or song) or whether the original work is “factual,” such as a biography or other compendium of facts, like a phone directory. Generally, the more creative the original, the narrower the application of the Fair Use doctrine. An additional consideration is whether the original has been made publicly available (versus being used merely for private consumption). Widely public uses offer a greater chance of a finding of Fair Use than non-public uses of the original. The theory is that the more publicly available a work is, the more likely it is that a third party would want to include that work in a public discussion such as a parody, news report, or critique.
3. **The amount and substantiality of the portion taken.** This determination is both quantitative **and** qualitative. It is as much about the value of the portion taken (its substantiality) as it is about the amount copied. If the new work incorporates the heart or essence of the original, regardless of the quantity of the original work taken, then this factor would disfavor a Fair Use finding. Conversely, even if large portions of the original were copied, if they are not deemed to be qualitatively significant, Fair Use may still be found. Generally, use of the entire original in the new work will strongly disfavor a finding of Fair Use. It is difficult to determine whether the portion taken will be deemed the “heart” of the original work or significant enough to tip this factor one way or the other. For example, approximately 300 words (about 1 page) out of a total of over 200,000 words (about 500 pages) were taken from a biography of Gerald Ford for use in an article in a magazine.² In part because that portion was deemed to include quotations that were considered the “heart” of the book (why President Ford pardoned Richard Nixon), Fair Use was denied. The court considered the proportion of appropriated material to non-appropriated material irrelevant to its analysis of whether the use at issue was fair.
4. **The effect of the use on the market for or value of the original.** Arguably the most important factor, one important consideration includes whether the new work would tend to supplant the market for, or replace, the original. Other relevant considerations include whether: (1) there is an efficient and affordable mechanism for licensing the work, such as a central clearing house where licenses can be obtained quickly and cheaply (available for many newspaper articles or musical compositions, for example); (2) the original

owner uses or licenses the work in the same market or medium as the new work; (3) the user obtained the original work lawfully (*e.g.*, purchased) or unlawfully (*e.g.*, stolen or improperly downloaded); (4) the new user has been using the appropriated portion of the original work for a short or long duration of time.

Any discussion of the Fair Use factors would not be complete without noting that these factors are weighed by the court. Therefore, even though one factor, or indeed several, may weigh in favor of a finding of Fair Use, a court can still determine that on balance the remaining factors militate a finding of no Fair Use. Moreover, courts can consider factors that are not explicitly included in the statute. In the end, a court's decision will be based on at least a nominal review of all the statutory factors.

Dispelling the Fair Use Myths

Myth 1: There is a minimum threshold amount of appropriated material below which uses of copyrighted materials are clearly “fair.” A common myth is that only taking a “little” of the original makes a new work more amenable to a finding of Fair Use. As discussed above, the analysis of what was appropriated from the original work includes a review not only of how much was taken, but also of how substantial the taken portion is to the overall original work. Courts have denied Fair Use defenses where small but significant portions of the original works were appropriated. The true metric should be whether the portion appropriated was the “heart” or “essence” of the original versus extraneous ancillary material. This myth has been perpetuated in part because of the separate copyright concept of a permissible *de minimis* copyright use. This *de minimis* defense dictates that certain uses of copyrighted material are literally so small and insignificant they should not constitute copyright infringement as a matter of law. That *de minimis* defense is very limited and most appropriations are far larger than those that would qualify under this doctrine. A *de minimis* use would be, for example, a painting or poster not clearly visible in the background of a scene from a movie or television show. Generally, a painting used in that way would not be the focus of the scene but merely a set piece.

Myth 2: Most uses of copyrighted material by non-profit and educational organizations would be considered Fair Use. While it is true that many uses of copyrighted material by non-profit and educational institutions have a much stronger argument for application of the Fair Use defense, all such uses do not automatically qualify for Fair Use protection. The legal structure of the entity is only part of a single factor that would be considered by a court. Each use is considered on its own factual merits. While use by a non-profit educational institution is certainly helpful, it can and has been outweighed by the remaining factors tipping the analysis against a Fair Use finding. Aside from the Fair Use defense, however, certain displays and performances by educational institutions (not non-profits generally) made during the course of face-to-face classroom instruction may qualify for exemption from copyright infringement liability.³

Myth 3: I can avoid copyright infringement liability by simply giving credit to the copyright owner. No, you cannot. That strategy may help with avoiding or mitigating liability predicated on trademark infringement based on the potential confusion of consumers related to the use of another's trademark, but that strategy is ineffective when faced with a copyright

infringement claim (although it may ultimately help mitigate damages). Similarly, it is not advisable to rely solely on a disclaimer of any association or endorsement by the creator of the original work (*e.g.*, “this product has not been approved or endorsed by [creator of the original]”). While it may in some cases add marginal “good faith” value to the defendant’s case when damages are considered, it will not be determinative in a Fair Use analysis in the absence of other supporting facts.

Myth 4: But I don’t charge customers for this information, I give it away. The amount of profits earned by the new user attributable to the new work can be a significant consideration if the plaintiff chooses to be awarded actual damages and profits. The plaintiff, however, can seek “statutory” (rather than actual) damages if the original work at issue was federally registered prior to the infringing activity. The range of available statutory damages, as provided by statute, are \$750 to \$150,000 per infringed work. Statutory damages generally do not take into account the actual damages sustained by the plaintiff (as damages are sometimes difficult to prove in copyright cases). Therefore, in a case where statutory damages are claimed by the plaintiff, the fact that the new work was given away for free will not help the alleged infringer’s Fair Use defense.

Myth 5: The original work is not protected because it was never registered with the U.S. Copyright Office. Registration of a work with the U.S. Copyright Office provides certain additional benefits available in the absence of a registration, such as the ability to claim statutory damages, the benefit of certain presumptions regarding the legitimacy of ownership of the work, and the ability to register the work with the U.S. Customs Service to protect that work against the importation of infringing copies. Nonetheless, an unregistered work is entitled to copyright protection in the United States as long as it is an original work of authorship fixed in a tangible expression. Thus, even an unregistered work is protected by the copyright laws and third parties who copy unregistered works risk liability for copyright infringement.

Myth 6: The original work is not protected because it did not have a copyright notice on it (*e.g.*, © 2010 Acme Corp.). For works first distributed for sale prior to March 1, 1989, affixing a copyright notice was mandatory. For certain of those years (from 1978 to 1989), if no notice was affixed, the owner could correct that mistake by taking appropriate steps retroactively through the U.S. Copyright Office. For works first distributed after March 1, 1989, no copyright notice is required for the work to be protected. Use of a notice is, nonetheless strongly suggested for several reasons. First, notice will prevent an accused infringer from the benefit of certain defenses, such as innocent infringement. Second, as a practical matter, a copyright notice allows parties wishing to properly license the work to attempt to locate the original author either by reviewing Copyright Office records or through other means. Third, in some cases discussed below, a copyright notice allows enforcement of the copyright abroad.

Myth 7: I’m only copying the original work for my own use. I will not publish it, post it on my website, or otherwise display or sell it, so it’s not copyright infringement. Aside from a limited personal exception allowing for the making of copies of audio recordings, absent an express or implied license, violation of any of the copyright owner’s rights without a valid defense is copyright infringement whether it is for personal or commercial use. In most cases, copying a copyrighted work for personal use is *not* a valid defense and still constitutes copyright

infringement. The exclusive rights of a copyright owner include the right to reproduce, distribute, perform, and display the work, and the right to create derivative works based on the original.

Myth 8: The original work is not protected because it was created overseas and not registered in the United States. The United States is party to a variety of multinational treaties and agreements governing the protection of copyright works. Certain of these treaties and agreements provide for what is called “national treatment” of copyrights among member countries. This means that in certain countries, copyrighted works must be afforded the same protections as they would be in their host country. Therefore, it is an oversimplification to state that a copyright is unenforceable in the United States merely because it is foreign. One must consider which foreign country the work is from, and determine which treaties that country is a party to, in order to establish whether that copyright will be given national treatment.

What Can I Do to Increase the Chances that My Use Will Be Deemed Fair?

1. Use only the absolute minimum amount of the original work necessary to make the point.
2. Tailor the new use as closely as possible to one of the traditionally accepted categories that qualify for Fair Use, such as news reporting, teaching, scholarship, comment and criticism, or parody.
3. If possible, tend to use factual or non-fictional works rather than “creative” works. Owners of creative works are more likely to defeat a claim of Fair Use.
4. Make sure the new work is “transformative” by making it as different from the original as possible. If the original is an image, try cropping it, changing its colors, or reducing it to a thumbnail. If the original is a written work, make sure you only use the minimum necessary to make your point within the context of your material generally and try to integrate it into the new work as much as possible through discussion, comment or criticism. Most importantly, make sure the new use of the original is of a different character than the original. If the new work will be a replacement for, or compete with, the original, a finding of Fair Use is much less likely than if the new use is in an unrelated area or industry.

As noted, Fair Use as a defense is a very fact-specific inquiry. While this Advisory is intended to provide clients with a practical overview of the doctrine, it is not intended to be a complete recitation of every nuance of the Fair Use doctrine. Every situation is evaluated based on its own facts and circumstances. Therefore, as with copyrights generally, when contemplating the use of an unlicensed copyrighted work owned by a third party, it is always best to consult with one of the Mintz Levin copyright specialists listed in this e-mail prior to commencing any use of that copyrighted work.

For assistance in this area please contact one of the attorneys listed below or any member of your Mintz Levin client service team.

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