REARRANGING FAIR USE: A CRITICAL ANALYSIS OF *KIENITZ V. SCONNIE NATION*

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INTRODUCTION

The Seventh Circuit's 2014 opinion in *Kienitz v. Sconnie Nation* has played an outsized role in the discourse on fair use, an affirmative defense to copyright infringement.[1] The opinion is quite short, spanning just over three pages, and it emerged from a circuit that produces relatively few fair use opinions.[2] Yet *Kienitz* is often cited for its rejection of "transformative use," a relatively new but influential concept that has reshaped fair use doctrine.[3]

1. Kienitz v. Sconnie Nation LLC, 766 F.3d 756 (7th Cir. 2014).

2. *See* Clark D. Asay, Arielle Sloan & Dean Sobczak, *Is Transformative Use Eating the World?*, 61 B.C. L. Rev. 905, 933–34 (2020). By comparison, the Second and Ninth Circuits have each produced more than four times as many fair use opinions, accounting for approximately 25% and 31% of fair use opinions, respectively. *Id.* at 933. These statistics are derived from a sample of copyright cases decided between 1991 and 2017. *Id.* at 926–27.

3. *See, e.g.*, TCA Television Corp. v. McCollum, 839 F.3d 168, 181 (2d Cir. 2016); Brief for the

The court in *Kienitz* warned that transformative use threatens to replace the four-factor test for fair use found in § 107 of the Copyright Act[4] and could erode authors' exclusive rights to produce "derivative works" based on their original works.[5] In place of transformative use, *Kienitz* proposed that courts should simply "stick with the statutory list" of four factors when analyzing fair use.[6] The opinion applied this approach by focusing its analysis on factors three and four: the amount of the copyrighted work used and the effect of that use on the market for the copyrighted work.[7]

Is *Kienitz*'s approach a viable model for analyzing a fair use defense without relying on transformative use? The answer is no. This Note concludes that *Kienitz*'s reasoning is fundamentally flawed and suffers from many of the same infirmities it identified in transformative use.[8]

There are three problems with *Kienitz*'s reasoning. First, its approach to factor four defines the scope of derivative works in a way that would severely limit authors' rights.[9] Second, it employs a test, known as the

Recording Industry Ass'n of America et al. as Amici Curiae at 8, Google LLC v. Oracle Am., Inc., No. 18-956 (U.S. Feb. 19, 2020) (urging the Court to adopt *Kienitz*'s approach to fair use); Brian Sites, *Fair Use and the New Transformative*, 39 COLUM. J.L. & ARTS 513, 533–34 (2016); Andrea Weiss Jeffries & Kevin Goldman, *High Court Will Need to Resolve Circuit Split in Fair Use*, LAW360 (Apr. 30, 2015), https://www.law360.com/articles/645919/high-court-will-need-to-resolve-circuit-split-in-fair-use [https://perma.cc/8Z76-N5ER].

4. Copyright Act of 1976, Pub. L. No. 94-553, § 107, 90 Stat. 2541, 2546 (codified at 17 U.S.C. § 107 (2018)).

5. *Kienitz*, 766 F.3d at 758.

6. *Id.*

7. *Id.* at 758–59.

8. *See infra* Part II. This Note's in-depth, critical analysis of *Kienitz*'s reasoning differentiates it from previous notes and comments that have examined *Kienitz*, which tend to either focus primarily on its dicta about transformative use or take its emphasis on the market effect factor at face value without questioning whether the analysis it applied makes sense. *See* Laurie Tomassian, Note, *Transforming the Fair Use Landscape by Defining the Transformative Factor*, 90 S. CAL. L. REV. 1329, 1350–51 (2017) (describing *Kienitz*'s criticism of transformative use and the importance the opinion placed on factor four without criticizing or carefully examining its reasoning); Aaron B. Wicker, Note, *Much Ado About Transformativeness: The Seventh Circuit and Market-Centered Fair Use*, 11 WASH. J.L. TECH. & ARTS 355, 369–73 (2016) (citing dicta in *Kienitz* without considering its reasoning in detail); Jacey Norris, Comment, *Art or Artifice: The Second Circuit's Misapplication of the Fair Use Factors in* Cariou v. Prince *in Light of* Kienitz v. Sconnie Nation, 25 DEPAUL J. ART TECH. & INTELL. PROP. L. 429, 452–53 (2015) (claiming *Kienitz* employed transformative use in factor three without explaining why the court would apply this analysis after so sharply criticizing it); Alexandra Navratil, Note, *Examining the Seventh Circuit's Repudiation of the Transformative Fair Use Analysis:* Kienitz v. Sconnie Nation, LLC, 27 DEPAUL J. ART TECH. & INTELL. PROP. L. 73, 82–87 (2016) (arguing that dicta in *Kienitz* suggesting transformative use would impinge on the derivative works right was incorrect and that *Kienitz* was wrong to elevate factor four over transformative use, without examining in detail or criticizing its factor three or four analysis).

9. *See infra* Section II.A.1.

"substitute/complement test," which tends to underestimate market harm.[10] Finally, its analysis of factor three implies there was no copyright infringement, which if true, would have made the fair use defense unnecessary.[11] If *Kienitz*'s amputation of transformative use was an attempt to remedy its harmful symptoms, its cure was worse than the disease.[12]

Although its analysis was flawed, *Kienitz*'s diagnosis of the problems with transformative use was accurate.[13] Transformative use has been applied in a way that has come to dominate the statutory fair use factors and blurs the line between protected derivative works and fair use.[14] This Note proposes two ways to restructure fair use analysis to limit the negative effects of transformative use: (1) rearrange the order in which the factors are analyzed and (2) make a finding of transformative purpose a threshold requirement of transformative use.

Part I explains how the scope of fair use has contracted and expanded throughout United States history and how transformative use has driven the current period of expansion. Part II examines the analysis in *Kienitz* and concludes, for the reasons described above, that it does not provide a viable alternative to transformative use. Part III demonstrates an alternative fair use analysis of the facts in *Kienitz* to show how the opinion could have benefited from incorporating transformative use into its analysis and by applying this Note's two proposals for restructuring fair use. In the process, Part III also reveals, and argues against, common issues in other courts' analyses of each fair use factor, including the widespread underappreciation of factor two[15] and *Campbell v. Acuff-Rose Music, Inc.*'s unprecedented instruction to emphasize findings from factor one in the analysis of factor three.[16]

10. *See infra* Section II.A.2.
11. *See infra* Section II.B.
12. *See infra* Part II.
13. *See infra* Part III.
14. *See infra* Part III.
15. *See infra* Section III.A.
16. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586 (1994); *see infra* Section III.B.1.

I. BACKGROUND: THE CONTRACTION AND EXPANSION OF FAIR USE

A. THE PURPOSE OF FAIR USE: PROMOTING CREATIVE PROGRESS

Fair use is an affirmative defense to copyright infringement.[17] Copyright gives authors[18] of original works[19] a bundle of rights, including the exclusive right to make copies of their works and distribute them.[20] The underlying purpose of these rights is to achieve the policy goal set by the Constitution "[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."[21] These rights promote creative progress by helping to ensure that profits from the sale of creative works will reach their authors.[22] Without copyright, free riders could copy and sell an author's creative work without sharing their profits with the author.[23] Giving authors the right to stop others from copying and distributing their works allows them to keep the entire market for their works to themselves or to negotiate licensing agreements.[24] By helping authors maximize the profits from their works, copyright increases the incentives for authors to create more works, promoting creative progress.[25]

However, copyright can also stifle creativity by preventing authors from creating new works that depend on prior works.[26] For example, protecting copyrights in sound recordings has all but eliminated a style of

17. *See Campbell*, 510 U.S. at 590; Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 561 (1985).

18. As used in copyright law, the term "author(s)" refers not only to writers, but also to any creator of copyrightable works, including photographers, artists, composers, and computer programmers. *See* 17 U.S.C. § 102 (2018); Cmty. for Creative Non-Violence v. Reid, 490 U.S. 730, 737 (1989).

19. A work must be original to merit copyright protection. 17 U.S.C. § 102 (2018); Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991).

20. 17 U.S.C. § 106 (2018). Section 106 uses the term "reproduce" instead of "copy." *See id.*

21. U.S. CONST. art. I, § 8, cl. 8; *see* 1 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 1:1 (Thomson Reuters rev. ed. 2020) (explaining that copyright was created "for utilitarian purposes: to promote the progress of science").

22. *See* Jiarui Liu, *An Empirical Study of Transformative Use in Copyright Law*, 22 STAN. TECH. L. REV. 163, 220 (2019).

23. Nicolas Suzor, *Free-Riding, Cooperation, and "Peaceful Revolutions" in Copyright*, 28 HARV. J.L. & TECH. 137, 140 (2014) ("Copyright provides a mechanism for professional producers of creative works to exclude free-riders and recoup their costs through sales and licensing.").

24. *See id.*

25. Fogerty v. Fantasy, Inc., 510 U.S. 517, 524 (1994) ("The primary objective of the Copyright Act is to encourage the production of original literary, artistic, and musical expression for the good of the public.").

26. Sites, *supra* note 3, at 515 (reporting that "a significant portion of the art community, broadly defined, has avoided or abandoned works because of copyright concerns").

sample-based hip-hop in which producers made songs by combining snippets from a multitude of copyrighted works.[27] This method produced original sound collages, some of which bore little resemblance to any of the works they sampled.[28] This style was prevalent throughout the 1980s and early 1990s, a period known as the "Golden Age" of hip-hop.[29] But soon, copyright suits brought by the owners of these samples discouraged the practice of using numerous samples.[30] As a result, hip-hop producers shifted to a different style that used just one or two samples in each composition or avoided them entirely.[31] This was a positive development for artists who had been deprived of millions in royalties as a result of unlicensed sampling.[32] But enforcing copyright law came at the cost of stymieing further development of the unique aesthetics and production methods that created hip-hop's Golden Age.

Because such costs are unavoidable, a central question in copyright law is how to maximize the benefits of copyright while minimizing its stifling effects. The doctrine of fair use provides one answer. Fair use helps to balance copyright's costs and benefits by "permit[ting] . . . courts to avoid rigid application of the copyright statute when . . . it would stifle the very creativity which that law is designed to foster. "[33] Over the years, legislators and judges have expanded and contracted the scope of fair use in an effort to maximize incentives for authors while minimizing the number of works that

27. *See* Tony Green, *Remembering the Golden Age of Hip-Hop*, TODAY (July 13, 2004, 12:05 PM), https://www.today.com/popculture/remembering-golden-age-hip-hop-wbna5430999 [https://perma.cc/G39L-ME4Z].

28. *See, e.g.*, PUBLIC ENEMY, *Fight the Power*, *on* DO THE RIGHT THING (ORIGINAL MOTION PICTURE SOUNDTRACK) (Motown 1989).

29. Green, *supra* note 27.

30. *See* Kai Kali, *Copyright Killed the Golden Age of Hip Hop*, YOUTUBE (July 13, 2016), https://youtu.be/A0p9uwL0_j8 [https://perma.cc/BG6X-BFKY]. *Grand Upright Music, Ltd. v. Warner Bros. Records*, 780 F. Supp. 182 (S.D.N.Y. 1991), is often cited as the case that signaled the end of hip-hop's Golden Age. *See, e.g.*, Green, *supra* note 27. In that case, the court granted a preliminary injunction against the rapper Biz Markie, forbidding him from using a piano sample in his song "Alone Again." *Grand Upright Music*, 780 F. Supp. at 185. Its opinion began with a quote from the Ten Commandments: "Thou shalt not steal." *Id.* at 183.

31. *See* Craig Jenkins, *Public Enemy: It Takes a Nation of Millions to Hold Us Back*, PITCHFORK (Nov. 25, 2014), https://pitchfork.com/reviews/albums/19997-public-enemy-it-takes-a-nation-of-millions-to-hold-us-backfear-of-a-black-planet [https://perma.cc/YQ8P-8MGE].

32. Jeff Leeds, *Dispute over Sampling Fees Has George Clinton in a Legal Funk*, L.A. TIMES (May 20, 2001, 12:00 AM), https://www.latimes.com/archives/la-xpm-2001-may-20-fi-241-story.html [https://perma.cc/A6TA-NJSK] ("Use of [funk music pioneer George Clinton's] work in hundreds of rap and R&B; [sic] songs since the late '80s easily could have meant $10 million for him . . . if every performer who lifted a piece of his songs had paid and if the catalog had generated money at the same rate as those of other heavily-sampled artists.").

33. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577 (1994) (quoting Stewart v. Abend, 495 U.S. 207, 236 (1990)).

are stifled by copyright law.[34]

B. NARROWING THE SCOPE OF FAIR USE: *FOLSOM V. MARSH* AND DERIVATIVE WORKS

During the early history of the United States, copyright protection was limited while the scope of fair use was broad.[35] The first Copyright Act, passed in 1790, only protected authors against literal copying of their works.[36] Anyone could take a prior work, such as a book, and freely adapt it into a play or translate it into another language.[37] Even an abridged version of an original work was beyond the scope of copyright protection under the common law doctrine of "fair abridgement," a precursor to fair use.[38]

The broad scope of fair use had narrowed significantly by 1841, when Justice Joseph Story decided *Folsom v. Marsh*.[39] *Folsom* involved the Reverend Charles W. Upham's two-volume, 800-page biography of George Washington that he wrote for use in school libraries. Upham's biography was not entirely original. One-third of it consisted of excerpts of Washington's own writings that were originally published in a collection edited by Jared Sparks, which filled a whopping twelve volumes and more than 6,000 pages.[40] Although Upham had appropriated less than 4% of the material in Sparks's twelve volumes,[41] Sparks claimed that Upham's biography infringed on his copyright.[42]

Justice Story's opinion in *Folsom* expanded the scope of copyright protection to include works that had previously been considered fair uses.[43] Justice Story held that Upham's biography infringed on Sparks's copyright because the biography was "mainly founded upon" the excerpts copied from

34. *See* Sites, *supra* note 3, at 516.

35. *See* Liu, *supra* note 22, at 222–23.

36. Amy B. Cohen, *When Does a Work Infringe the Derivative Works Right of a Copyright Owner?*, 17 CARDOZO ARTS & ENT. L.J. 623, 626–27 (1999); *see also* 1 PATRY, *supra* note 21, § 1:19 (recounting that the Copyright Act of 1790 protected only the exclusive right to "print, reprint, publish, or vend" a copyrighted work). Furthermore, the Act provided copyrighted works protection for only fourteen years, and with a statute of limitations of one year, it was difficult to comply with the formalities required to obtain protection. 1 PATRY, *supra* note 21, § 1:19.

37. L. Ray Patterson, Folsom v. Marsh *and Its Legacy*, 5 J. INTELL. PROP. L. 431, 431 (1998).

38. Sites, *supra* note 3, at 516; *see* Oren Bracha, *The Ideology of Authorship Revisited: Authors, Markets, and Liberal Values in Early American Copyright*, 118 YALE L.J. 186, 226 (2008); Benjamin Moskowitz, Note, Toward a Fair Use Standard *Turns 25: How Salinger and Scientology Affected Transformative Use Today*, 25 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1057, 1060–61 (2015).

39. Folsom v. Marsh, 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4,901).

40. *Id.* at 345.

41. Patterson, *supra* note 37, at 433.

42. *Folsom*, 9 F. Cas. at 345.

43. Patterson, *supra* note 37, at 432.

Sparks and did not qualify as a fair abridgement.[44] But his explanation of why the biography was not a fair abridgement relied on an overly narrow interpretation of that doctrine.[45] Justice Story reasoned that Upham's biography was too different from Sparks's original collection to be an abridgement.[46] But by this logic, the more a work copied exclusively from a single source, the less likely it would be to infringe on the author's copyright.[47] This suggests that Justice Story's decision was based largely on a desire to expand copyright protection.[48]

It appears that Justice Story wanted to expand copyright protection in order to incentivize authors to continue creating valuable works.[49] He made no secret of his appreciation for Mr. Sparks's collection of George Washington's papers, describing them as having "very great, and . . . almost . . . inestimable value."[50] If the law allowed anyone to freely use Sparks's work, Justice Story noted, the cumulative effect of many reproductions of different parts of the book would "totally destroy[]" Sparks's copyright protection.[51] By refusing to allow this, Justice Story seemed to be encouraging Sparks and others to continue creating valuable works by promising that copyright would protect their efforts.

If this was Justice Story's motivation, it is consistent with the policy goals that have continued to drive the extension of copyright to derivative works: that is, works that are created using an existing copyrighted work.[52] Today, an author's copyright includes the exclusive right to create and distribute derivative works that "recast, transform[], or adapt[]" an original work.[53] This increases authors' incentives by allowing them to profit not

44. *Folsom*, 9 F. Cas. at 349.

45. Patterson, *supra* note 37, at 435.

46. *Folsom*, 9 F. Cas. at 345.

47. Patterson, *supra* note 37, at 435.

48. *Id.*

49. *See Folsom*, 9 F. Cas. at 347.

50. *Id.* at 345.

51. *Id.* at 349.

52. *See* Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. COPYRIGHT SOC'Y U.S.A. 209, 211 (1983) ("[G]rowth in legitimate theaters, motion pictures and television opened vast new markets for derivative uses, impelling Congress to grant derivative rights to copyrighted works . . . .").

53. *See* 17 U.S.C. §§ 106(2) (giving copyright owners "the exclusive right[] . . . to prepare derivative works based upon [their] copyrighted work[s]"), 101 (defining "derivative work" as "a work 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. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship . . . .") (2018).

only from the sale of the books they have written, for example, but also from films and other content based on those books.[54] But as discussed in the previous Section, even as derivative rights incentivize the creation of some works, like Sparks's collection, they also suppress other works, like Upham's biography that Justice Story enjoined from publication.[55]

Justice Story's opinion in *Folsom*, and the narrow vision of fair use it represents, remain foundational in fair use doctrine to this day.[56] When deciding if a work is a fair use, Justice Story opined, courts should "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."[57] These factors became widely accepted[58] and were eventually codified at § 107 of the Copyright Act of 1976.[59]

C. THE MODERN APPROACH: § 107 OF THE COPYRIGHT ACT

The Copyright Act of 1976 governs modern copyright law.[60] Although § 107 of the Act reflects Justice Story's narrow vision of fair use, it leaves considerable room for judges to continue to develop the doctrine.[61] The statute does not attempt to define fair use.[62] Instead, it begins with a preamble that lists purposes that may qualify as a fair use: "criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research."[63] It then presents four factors for courts to consider in their fair use decisions:

> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

54. *See* Warner Bros. Entm't v. RDR Books, 575 F. Supp. 2d 513, 518 (S.D.N.Y. 2008) (describing J.K. Rowling's sale of exclusive film rights to the *Harry Potter* books to Warner Brothers). Without a derivative works right, it would have been unnecessary for Warner Brothers to purchase the film rights and impossible for Rowling to guarantee exclusivity since anyone could freely adapt her books into a film.

55. *Folsom*, 9 F. Cas. at 349.

56. Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1105 (1990).

57. *Folsom*, 9 F. Cas. at 348.

58. *See, e.g.*, Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 576 (1994) (adopting Justice Story's approach to fair use).

59. Copyright Act of 1976, Pub. L. No. 94-553, § 107, 90 Stat. 2541, 2546 (codified at 17 U.S.C. § 107); Leval, *supra* note 56, at 1105.

60. 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § A.01[A] (Matthew Bender & Co., Inc. rev. ed. 2020).

61. *Campbell*, 510 U.S. at 577; *see also* Sites, *supra* note 3, at 516.

62. *See* 17 U.S.C. § 107 (2018).

63. *Id.*

> (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.[64]

Far from a formula for fair use decisions, these factors are simply "a checklist of things to be considered."[65] The Supreme Court instructs that the factors should be "weighed together," but does not specify how much weight any of them should receive.[66] As a result, it is possible to find fair use even if only one of the four factors weighs in its favor.[67]

An especially consequential rule of fair use analysis is that the factors must not be considered in isolation from one another.[68] Findings from one of the factors often influence the analysis of other factors.[69] This is especially true with regard to findings made under factor one about whether a secondary work is transformative. Transformative use often plays a decisive role in analyses of the other factors as well.[70] Thus, the requirement that courts consider how the factors interact has allowed transformative use to "totally dominate the outcome of fair use analysis,"[71] which has in turn expanded the scope of fair use.[72]

64. *Id.* This Note refers to the copyrighted work and the claimed fair use as the "primary work" and the "secondary work," respectively. Substituting these terms makes it much easier to discuss fair use. The term "secondary work" avoids the overuse of the word "use" and the term "primary work" improves clarity since the secondary work may also be copyrighted. These benefits outweigh any confusion that may result from using different terminology than the statute.

65. Ty, Inc. v. Publ'ns Int'l Ltd., 292 F.3d 512, 522 (7th Cir. 2002).

66. *Campbell*, 510 U.S. at 578. In the past, the Court has described factor four as the "most important." Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 566 (1985). However, this has been undermined by later cases that suggest that a finding of a noncommercial purpose under factor one reduces the likelihood of market harm under factor four. *Campbell*, 510 U.S. at 590–91.

67. *See, e.g.*, Dr. Seuss Enters., L.P. v. ComicMix LLC, 372 F. Supp. 3d 1101, 1125 (S.D. Cal. 2019) (finding fair use when only factor one weighed in favor of defendants, factor two weighed "slightly" in favor of the plaintiff, and factors three and four were neutral).

68. *Campbell*, 510 U.S. at 578.

69. For example, a finding of transformative use under factor one has a particularly strong effect on other factors. Asay et al., *supra* note 2, at 912.

70. Liu, *supra* note 22, at 181.

71. *Id.* at 180.

72. *See id.* at 211 (describing how transformative use has resulted in a slippery slope process that has allowed fair use to be found in fact patterns in which transformative use had not previously applied).

D. EXPANDING THE SCOPE OF FAIR USE: THE TRANSFORMATIVE USE DOCTRINE

Since § 107 was enacted, judges have accepted Congress's invitation to continue to develop fair use doctrine by creating a new fair use subfactor: transformative use.[73] Judges in the Second and Ninth Circuits have led the development of this subfactor, together contributing 60% of transformative use decisions.[74]

Transformative use was conceived by Judge Pierre N. Leval of the Second Circuit.[75] In his 1990 article *Toward a Fair Use Standard*, Judge Leval reconsidered fair use jurisprudence in light of his own past decisions, specifically those in which he rejected fair use defenses asserted by authors who had quoted extensively from prior works in order to criticize them.[76] Judge Leval recognized that his decisions had narrowed the scope of fair use and that this threatened to discourage investment in biographical and historical works,[77] the same type of works Justice Story found valuable and was interested in protecting.[78] To ensure these important works would continue to be produced, Judge Leval proposed a new way to analyze factor one.[79] According to Judge Leval, courts evaluating the purpose and character of a secondary work should consider whether it used the primary work in a transformative way.[80] A transformative use, he explained, is a work that "adds value to the original," using it "as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings."[81]

The Supreme Court adopted Judge Leval's proposal in its 1994 decision, *Campbell v. Acuff-Rose Music, Inc.*[82] That case involved Roy Orbison's classic country-rock song "Oh, Pretty Woman" and a hip-hop

73. *See* Sites, *supra* note 3, at 518.
74. Liu, *supra* note 22, at 175 fig.2.
75. *Id.* at 165.
76. *See* Leval, *supra* note 56, at 1113.
77. *See id.* at 1116.
78. *See supra* Section I.B.
79. *See* Leval, *supra* note 56, at 1111.
80. *Id.*
81. *Id.*
82. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994). In *Campbell*, the Court connected Judge Leval's concept of transformative use with Justice Story's opinion in *Folsom v. Marsh*:

> The central purpose of [factor one's inquiry into the purpose and character of the secondary work] is to see, in Justice Story's words, whether the new work merely "supersede[s] the objects" of the original creation . . . or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is "transformative."

Id. (citations omitted).

version of the song created by 2 Live Crew. Orbison's record label sued for copyright infringement, but the Supreme Court found that 2 Live Crew's version was likely a fair use because it was a parody of Orbison's original.[83] The Court held that the purpose of the secondary work was parody, and found that parody "has an obvious claim to transformative value" because it "can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one."[84]

Since *Campbell*, the application of transformative use has expanded well beyond the context of parody and even beyond factor one.[85] Numerous empirical studies have documented this expansion.[86] The data shows that transformative use has come to dominate fair use decisions.[87] In a study of transformative use cases from 1978 through 2016, Jiarui Liu found that courts engaged in transformative use analysis in nearly 90% of recent fair use decisions.[88] In these decisions, courts held that a use was transformative only about 50% of the time.[89] But when they did find a transformative use, courts also found in favor of fair use in 94% of cases.[90] The significance of transformative use, a subfactor of factor one, at first seems inconsistent with the finding of Asay et al. that factor one is significantly less determinative of fair use outcomes than factor four, and slightly less so than factor three.[91] This is explained by the fact that transformative use played a significant, even dominant role in courts' analyses of factors three and four.[92]

Liu identifies two characteristics that can make a secondary work's use of a primary work transformative: transformation of *content* and transformation of *purpose*.[93] The primary work's content is transformed

83. *Id.* The case was remanded for further proceedings. *Id.* at 594.

84. *Id.* at 579.

85. Asay et al., *supra* note 2, at 931–32 (presenting empirical data that shows "transformative use is eating the world of fair use").

86. *See, e.g.*, *id.*; Liu, *supra* note 22, at 166; Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 LEWIS & CLARK L. REV. 715, 734 (2011).

87. *See, e.g.*, Liu, *supra* note 22, at 166.

88. *Id.* at 174; *cf.* Asay et al., *supra* note 2, at 941 (finding that courts found transformative use in 48% of cases that employed the transformative use concept using a similar sample as Liu).

89. Liu, *supra* note 22, at 180.

90. *Id.*; *cf.* Asay et al., *supra* note 2, at 941 (finding that courts that held a use was transformative ultimately found fair use in nearly 91% of cases, using a similar sample as Liu).

91. Asay et al., *supra* note 2, at 943. Courts acknowledge, and empirical data confirms, that factor two rarely plays a significant role in fair use analysis. Authors Guild v. Google, Inc., 804 F.3d 202, 220 (2d Cir. 2015) ("The second factor has rarely played a significant role in the determination of a fair use dispute."); *see also* Liu, *supra* note 22, at 181 (concluding that "factor two only modestly correlates with fair use outcome" and appears to be a "non-factor").

92. *See* Asay et al., *supra* note 2, at 947.

93. Liu, *supra* note 22, at 204; *see also* Sites, *supra* note 3, at 519.

when the secondary work alters or adds new expression to the original.[94] The primary work's purpose is transformed when the secondary work uses "the original work to serve a new or different purpose than the author [of the primary work] intended."[95]

Transformative use has expanded through a process that Liu calls the "slippery slope phenomenon."[96] This process begins when a court applies the "transformative" label to a category of uses in the context of relatively clear-cut fair use decisions where a secondary work has significantly transformed both the purpose and the content of the primary work. Other courts later analogize this highly transformative secondary work to other types of secondary works that do not transform both the purpose and content of the primary work as significantly. These works become the basis for further analogies. As this chain of analogies grows, the category of secondary works that are considered transformative expands to cover works that transform only the content or the purpose of the primary work, but not both.[97]

Liu sees the slippery slope process at work in the Second Circuit's move away from requiring that a fair use criticize or comment on the primary work.[98] Criticism and commentary have been seen as hallmarks of fair use ever since Justice Story juxtaposed prohibited substitutionary works with critical works like book reviews in *Folsom v. Marsh*.[99] Liu argues that the slippery slope towards the Second Circuit's abandonment of this requirement began with *Campbell*, which found that parodic works are transformative and represent a clear case of fair use.[100] The parody song in *Campbell* transformed the content of Roy Orbison's original "Oh, Pretty Woman" by changing the lyrics and the musical style from country to hip-hop.[101] It also transformed the original song's purpose from celebrating the yearning for love to mocking and deriding the original song's naïve romanticism.[102] Later

94. Liu, *supra* note 22, at 204; *see also* Sites, *supra* note 3, at 519.

95. Liu, *supra* note 22, at 204.

96. *Id.* at 214.

97. *See id.* at 211.

98. *Id.*

99. Folsom v. Marsh, 9 F. Cas. 342, 344–45 (C.C.D. Mass. 1841) (No. 4,901).

> [N]o one can doubt 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. On the other hand, it is as clear, that if he thus cites the most important parts of the work, with a view, not to criticise [sic], but to supersede the use of the original work, and substitute the review for it, such a use will be deemed in law a piracy.

Id.

100. Liu, *supra* note 22, at 211.

101. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 572 (1994).

102. *See id.* at 583.

cases analogized the parody in *Campbell* to adjacent areas like satire, labeling these uses as transformative even though they did not comment on the original work but on society at large.[103] Eventually, in *Blanch v. Koons*, the Second Circuit found that an appropriation artist's use of a copyrighted print advertisement in a collage artwork was transformative because it was a "commentary on the social and aesthetic consequences of mass media."[104] Having found one appropriation artist's work transformative, the Second Circuit, in *Cariou v. Prince*, applied the transformative label to the work of another appropriation artist,[105] even though that artist did not claim to comment on the original or on the culture at large.[106]

Cariou v. Prince expanded the transformative use doctrine into new territory by finding that a secondary work could be transformative based on content transformations alone, even if the purpose of the primary work was not transformed.[107] Richard Prince is a famous appropriation artist who used a little-known photographer's portraits of Rastafarian men in thirty of his collage artworks. In his deposition, Prince made clear that his artworks did not "really have a message" or a meaning, and that he did not intend to comment on the original photographs or the broader culture.[108] Even so, the court found that twenty-five of his collages were transformative and therefore fair uses.[109] In its analysis of the purpose and character of the collages, the court concluded that a "work [can] be transformative even without commenting on [the primary] work or on culture."[110] Instead of basing its decision on the presence of criticism and comment, the court relied on its "observation" of the "aesthetic" of the collages in comparison with that of the original photographs.[111] In other words, the court found in favor of fair use based solely on Prince's alterations to the content of the original photographs.[112]

103. Liu, *supra* note 22, at 211.

104. Blanch v. Koons, 467 F.3d 244, 253 (2d Cir. 2006).

105. Cariou v. Prince, 714 F.3d 694, 707–08 (2d Cir. 2013).

106. Sites, *supra* note 3, at 530–31.

107. *See id.* at 532. Sites argues that *Seltzer v. Green Day, Inc.*, 725 F.3d 1170 (9th Cir. 2013), extended fair use even further than *Cariou* did. Sites, *supra* note 3, at 532. But since this Note argues that *Cariou* went too far in expanding fair use, there is no need to consider *Seltzer* in detail.

108. Cariou v. Prince, 784 F. Supp. 2d 337, 349 (S.D.N.Y. 2011), *rev'd in part, vacated in part*, 714 F.3d 694 (2d Cir. 2013) (quoting Prince from the transcript of his deposition).

109. *Cariou*, 714 F.3d at 707–08, 712.

110. *Id.* at 707.

111. *Id.* at 706.

112. *See id.*

E. THE BACKLASH: *KIENITZ V. SCONNIE NATION*

The Second Circuit's expansion of transformative use was not well received in the Seventh Circuit.[113] Its opinion in *Kienitz v. Sconnie Nation LLC* has been described as a "revolt" against transformative use.[114]

Kienitz involved a dispute about a political T-shirt created by Sconnie Nation, a company that designs and sells apparel in the college town of Madison, Wisconsin.[115] In April 2012, Sconnie Nation produced a T-shirt that mocked the Mayor of Madison, Paul Soglin, for his efforts to cancel the annual Mifflin Street Block Party.[116] The event had been a tradition for students at the University of Wisconsin–Madison since 1969, when Soglin himself attended the university and was arrested while participating in the very first Mifflin Street Block Party.[117] Sconnie Nation's T-shirt featured the Mayor's official portrait taken from the City of Madison's website, posterized to create the appearance of a monochromatic photo negative, colored lime green.[118] Surrounding the altered photograph was the taunting slogan, "Sorry For Partying."[119]

The original photograph was taken at Mayor Soglin's inauguration by Michael Kienitz, a professional photographer and Mayor Soglin supporter, who gifted the photograph to the Mayor to use and distribute.[120] Though he took the photograph in April 2011, Kienitz did not bother to register the copyright for over a year until he was informed by Mayor Soglin that the photograph was being used on Sconnie Nation's T-shirts.[121] After registering the photograph, which he titled "Official Portrait of Mayor Paul Soglin," Kienitz sued Sconnie Nation for copyright infringement.[122]

Writing for the Seventh Circuit Court of Appeals, Judge Frank J. Easterbrook found that the T-shirt was a fair use, but strongly criticized

113. Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 758 (7th Cir. 2014).

114. Sites, *supra* note 3, at 533.

115. *See Our Story*, SCONNIE NATION, https://sconnie.com/pages/our-story [https://perma.cc/ZUD4-WHH7].

116. Kienitz v. Sconnie Nation LLC, 965 F. Supp. 2d 1042, 1047–48 (W.D. Wis. 2013), *aff'd*, 766 F.3d 756 (7th Cir. 2014).

117. *Id.* at 1046.

118. *Id.* at 1047–48. Images of the original photograph and Sconnie Nation's T-shirt design were included in the opinion and can be viewed there. Ironically, although publishing these images in this Note could constitute fair use, the litigation risk involved in vindicating a fair use claim makes this strategy impractical. The problems with the uncertainty surrounding fair use doctrine are discussed further in the Conclusion.

119. *See id.*

120. *Id.* at 1045–46.

121. *Id.* at 1048.

122. *Id.* at 1044, 1046.

Cariou and identified problems with transformative use.[123] The Second Circuit, he concluded, had allowed the uncodified transformative use doctrine to "replace[]" the factors enumerated by Congress in § 107.[124] He also warned that equating fair use with transformation could eliminate authors' rights to derivative works.[125]

Judge Easterbrook's solution to these problems was to dispense with transformative use altogether. He chose instead to "stick with the statutory list" of four factors enumerated in § 107.[126] Dismissing factors one and two, which he concluded "don't do much in this case,"[127] he based his opinion primarily on factors three and four.[128]

Judge Easterbrook's analysis began with factor four (effect on the market), which, he noted, is "usually" the most important factor.[129] He concluded that factor four weighed in favor of fair use because "[a] t-shirt . . . is no substitute for the original photograph" and because Kienitz had no "plan to license [his photograph] for apparel."[130] Factor three (the amount of the primary work used) also weighed in favor of fair use because Sconnie Nation used only a low-resolution version of the original photograph and altered it to remove much of its detail.[131] After these alterations, all that remained of the original photograph "besides a hint of Soglin's smile, [was] the outline of his face, which can't be copyrighted."[132] Therefore, Judge Easterbrook held the T-shirt was a fair use.[133]

F. REACTION TO *KIENITZ*: THE CIRCUIT SPLIT

Although Judge Easterbrook's opinion is less than four pages long[134] and comes from a circuit that issues relatively few fair use opinions,[135]

123. Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 758, 760 (7th Cir. 2014).

124. *Id.* at 758. Though Judge Easterbrook's argument was specific to *Cariou*, the outsized influence of transformative use within the Second Circuit and other circuits would later be empirically confirmed by Asay et al. *See generally* Asay et al., *supra* note 2 (arguing that the transformative use doctrine is consuming fair use analysis).

125. *Kienitz*, 766 F.3d at 758. For an explanation of the derivative works right, see *supra* Section I.B.

126. *Id.*

127. *Id.* at 759.

128. *See id.*

129. *Id.* at 758.

130. *Id.* at 759.

131. *Id.*

132. *Id.*

133. *See id.* at 760.

134. *See id.* at 757–60.

135. Asay et al., *supra* note 2, at 933 tbl.4, 934 fig.1. The Seventh Circuit contributes less than 6% of fair use opinions, while the Second and Ninth Circuits together decide well over half of fair use

Kienitz has drawn much attention.[136] Some commentators have even argued that the opinion creates a circuit split between the Second and Seventh Circuits that the Supreme Court must resolve.[137] Others disagree.[138] But all of these accounts accept that *Kienitz* represents an alternative approach to fair use doctrine that could replace transformative use.[139] Part II of this Note examines *Kienitz*'s approach and concludes that it is not a viable alternative to transformative use.

II. THE *KIENITZ* ALTERNATIVE TO TRANSFORMATIVE USE

As discussed above, Judge Easterbrook's reasoning in *Kienitz* focused on fair use factors three and four and dispensed with the transformative use doctrine.[140] His rejection of transformative use was an attempt to cure two of its harmful side effects: the threat it posed to authors' derivative works rights and its potential to swallow the statutory fair use factors.[141] But Judge Easterbrook's approach did not cure these side effects. Instead, his analysis of factor four was based on a narrow reading of authors' derivative works rights and his analysis of factor three implied that it was unnecessary to employ fair use in the first place. In short, Judge Easterbrook's cure was worse than the disease.[142]

opinions. *Id.* These statistics are derived from a sample of copyright cases decided between 1991 and 2017. *Id.* at 927.

136. *See supra* note 3.

137. *See, e.g.*, Jeffries & Goldman, *supra* note 3; Asay et al., *supra* note 2, at 936.

138. *See* Meng Zhong, *A Circuit Split or Just a Surface-Blemish: Why* Kienitz v. Sconnie Nation LLC *Doesn't Conflict with* Cariou v. Prince, NAT'L L. REV. (Feb. 17, 2015), https://www.natlawreview.com/article/circuit-split-or-just-surface-blemish-why-kienitz-v-sconnie-nation-llc-doesn-t-confl [https://perma.cc/7PGF-J9NQ].

139. *See, e.g.*, Jeffries & Goldman, *supra* note 3.

140. Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 758–59 (7th Cir. 2014); *see also supra* Section I.D.

141. *See id.* at 758.

142. In 2016, Aaron B. Wicker also concluded that Judge Easterbrook's reasoning in *Kienitz* was flawed, but for different reasons than this Note does. *See* Wicker, *supra* note 8, at 372–83. This Note agrees with Judge Easterbrook's assertion that transformative use has the potential to swallow authors' rights to derivative works. Wicker does not. *Id.* at 379. But his reasoning does not withstand scrutiny. Wicker quotes an article by R. Anthony Reese in support of his argument that "U.S. appellate courts have so far 'not applied fair use transformativeness in ways that significantly implicate the scope of the copyright owner's derivative work right.' " *Id.* (citing R. Anthony Reese, *Transformativeness and the Derivative Work Right*, 31 COLUM. J.L. & ARTS 467 (2008)). But since Reese's article was published in 2008, it did not reflect the 2013 decision *Cariou v. Prince*, 714 F.3d 694 (2d Cir. 2013), that Judge Easterbrook cited as evidence that transformative use was threatening authors' derivative works rights. *Kienitz*, 766 F.3d at 758. Therefore, Reese's conclusions do not support Wicker's criticism of *Kienitz* or Wicker's argument that transformative use does not threaten the derivative works right.

A. THE *KIENITZ* ANALYSIS OF FACTOR FOUR

Although he lamented transformative use's potential to encroach on the derivative works right,[143] Judge Easterbrook's approach to factor four also threatened that right. In his factor four analysis, Judge Easterbrook reasoned that Sconnie Nation's T-shirt was not a derivative work because Kienitz lacked a plan to license his photograph for use in apparel.[144] This reasoning rests on a very narrow interpretation of the derivative works right, one that is inconsistent with the Copyright Act.[145] It is even narrower in some respects than the Second Circuit's interpretation of derivative works, which Judge Easterbrook criticized.[146] He also invoked a flawed test, the "substitute/complement test," which underestimates the harm that derivative works cause.[147] In this way, his approach to factor four expands the scope of fair use and shrinks authors' derivative works rights.

1. A Narrow Definition of the Market for Derivative Works

The first problem with Judge Easterbrook's factor four analysis is that he defined the market for derivative works too narrowly. Factor four directs courts to evaluate "the effect of the [secondary work] upon the potential market for or value of the [primary] work."[148] This "potential market" usually includes markets for derivative works that are "traditional, reasonable, or likely to be developed" by the primary work's owner.[149] Judge Easterbrook skipped this inquiry in *Kienitz* and asked instead whether the T-shirt had "disrupted a plan to license [Kienitz's photograph] for apparel."[150] Kienitz had no such plan, and Judge Easterbrook found that factor four

143. *Kienitz*, 766 F.3d at 758.

144. *See id.* at 759.

145. *See infra* Section II.A.1.

146. *See infra* Section II.A.1.

147. *See infra* Section II.A.2.

148. 17 U.S.C. § 107 (2018).

149. Bill Graham Archives, LLC v. Dorling Kindersley Ltd., 386 F. Supp. 2d 324, 331 (S.D.N.Y. 2005) (quoting Am. Geophysical Union v. Texaco Inc., 60 F.3d 913, 930 (2d Cir. 1994)), *aff'd*, 448 F.3d 605 (2d Cir. 2006).

150. Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 759 (7th Cir. 2014). In dicta, Judge Easterbrook also considered whether the T-shirt might harm Kienitz's "long-range commercial opportunities" by making future customers less likely to hire him to take their photos. *Id.* at 759–60. But including harm to "long-range commercial opportunities" in factor four analysis is unprecedented and defies the language of § 107. Factor four directs the court to examine "the effect of the [secondary work] upon the potential market for or value of the [primary] work," not the effect on future works its author may create. § 107. Although the potential market for the primary work includes derivative works, Judge Easterbrook's comment cannot be read as a reference to such works. Kienitz's portraits of future clients are highly unlikely to resemble his photograph of Mayor Soglin at all, much less constitute derivative works of that photo.

weighed in favor of fair use.[151]

Judge Easterbrook's reasoning suggests that authors like Kienitz cannot show harm to their market for derivative works unless they had plans to license their works in the same market that an infringing derivative work is exploiting. This reasoning conflicts with § 106 of the Copyright Act, which gives authors the exclusive right to create and distribute derivative works.[152] Nowhere does the statute say that this right is limited to works the author had a plan to create.[153] Judge Easterbrook's reasoning is also contrary to the spirit of the Copyright Act, which grants authors a copyright over their works the moment they are created without requiring any formalities.[154] Conditioning the derivative works right on a plan to create or license such works would require authors to draw up plans to exploit every possible market or lose the ability to protect their right to derivative works in that market against a fair use claim. The need to draw up such plans is exactly the type of obstacle to copyright protection that the Copyright Act was intended to eliminate.[155]

It is also important to note that Judge Easterbrook did not consider any of the changes that Sconnie Nation made to the photograph in his factor four reasoning.[156] As a result, his reasoning could easily be applied to a future case in which a secondary work made no changes to the primary work it used. Under Judge Easterbrook's approach, an author who failed to make plans to license their work in every possible market would be unable to show that an unaltered reproduction of their work in another medium caused market harm. For example, even if Sconnie Nation had printed Kienitz's photograph on a T-shirt without changing the photograph at all, Kienitz would have been unable to show that the T-shirt caused market harm because he did not have a plan to license his photograph for apparel. Thus, Judge Easterbrook's approach can prevent authors from showing that derivative works cause market harm even when their work is reproduced in another medium without any alterations.

The Second Circuit's approach offers more protection than Judge

151. *Kienitz*, 776 F.3d at 759–60. Judge Easterbrook also found that the T-shirt did not cause harm to the market for the photograph itself because "[a] t-shirt . . . is no substitute for the original photograph." *Id.* at 759.

152. *See* 17 U.S.C. §§ 101, 106 (2018).

153. *See id.*

154. *See id.* § 302(a).

155. 3 PATRY, *supra* note 21, § 6:2 (describing the ideology reflected in the Copyright Act of 1976 as "an ideology of natural rights, of copyright as an automatic right. To be an automatic right means to be free of formalities. Formalities are regarded as anathema to the natural state of affairs."). Although Patry and others have criticized this approach, it continues to govern. *See id.*

156. *See Kienitz*, 766 F.3d at 759–60.

Easterbrook's approach when an author's work is reproduced without alterations in another medium. Courts in the Second Circuit analyze factor four by considering harm to all markets that are "traditional, reasonable, or likely to be developed," even if the copyright holder has no plans to license their work.[157] A court applying this approach to the facts in the hypothetical above would be likely to conclude that the market for T-shirts featuring an unaltered version of Kienitz's photograph is at least "reasonable." As the Southern District of New York explained in *Bill Graham Archives, LLC v. Dorling Kindersley Ltd.*, "[a] simple change of medium does not suffice" to show that a secondary work is outside the scope of the derivative market.[158] "Recasting" the photograph as a T-shirt without making changes falls well within the Copyright Act's definition of a derivative work.[159] Therefore, the market for T-shirts featuring an unaltered version of Kienitz's photograph is reasonable, and a court applying the Second Circuit's approach would probably find that these T-shirts were likely to cause market harm.

2. The Substitute/Complement Test

Judge Easterbrook's approach also threatens authors' derivative works rights by endorsing a test that underestimates the market harm that unlicensed derivative works cause.[160] The "substitute/complement test" dictates that the market harm caused by a secondary work should weigh less heavily against fair use if the secondary work and the primary work are economic complements.[161] In economics, two products are complements if an increase in the sales of one product causes an increase in the sales of the other.[162] For example, hot dogs and hot dog buns are complements because

157. *See* Fox News Network, LLC v. TVEyes, Inc., 883 F.3d 169, 180 (2d Cir. 2018) (quoting Am. Geophysical Union v. Texaco Inc., 60 F.3d 913, 930 (2d Cir. 1994)) (finding that factor four weighed against fair use because there was a "plausibly exploitable market" for licensing Fox News television programs to searchable databases of news clips even though Fox News had no plans to license their clips in this market).

158. Bill Graham Archives, LLC v. Dorling Kindersley Ltd., 386 F. Supp. 2d 324, 332 (S.D.N.Y. 2005), *aff'd*, 448 F.3d 605 (2d Cir. 2006).

159. *See* 17 U.S.C. § 101 (2018) (defining derivative works as those that "recast" an original work); *see also* Rogers v. Koons, 960 F.2d 301, 312 (2d Cir. 1992) (finding that changing the medium of a photograph by making it into a sculpture created a derivative work that was not a fair use and harmed the market of the photograph under factor four).

160. *See* Liu, *supra* note 22, at 225–26.

161. *Id.*

162. *See* WILLIAM M. LANDES & RICHARD A. POSNER, THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW 46 n.12 (2003); MARTIN KOLMAR, PRINCIPLES OF MICROECONOMICS: AN INTEGRATIVE APPROACH 61 (2017). The technical definition of complementary goods is that two goods are complements if "a fall in the price of one *increases* the demand for the other." LANDES & POSNER, *supra*, at 46 n.12 (emphasis added).

when people buy more hot dogs, they also buy more buns.[163]

The substitute/complement test was first articulated by Judge Richard Posner of the Seventh Circuit in *Ty, Inc. v. Publications International, Ltd.*, in which an unlicensed collector's guide to Beanie Babies stuffed animals asserted a fair use defense against Ty, Inc., the maker of Beanie Babies.[164] Judge Posner noted that if a primary work and a secondary work are complements, sales of the secondary work will increase sales of the primary work.[165] As a result, secondary works that are complements are "unlikely to reduce the demand for the copyrighted work . . . . Such copying is therefore fair use."[166]

However, this test does not help to determine whether a secondary work is a fair use because many complementary secondary works are also protected derivative works.[167] In *Authors Guild v. Google, Inc.*, Judge Pierre Leval, creator of the transformative use concept, explained that a secondary work may be a protected derivative work despite having a complementary relationship with the primary work by using a typical example of a derivative work: a film adaptation of a book.[168] The complementary relationships between books and their film adaptations are well documented: as ticket sales for the film rise, so do sales of the book on which the film is based.[169]

163. Liu, *supra* note 22, at 225.

164. *See* Ty, Inc. v. Publ'ns Int'l Ltd., 292 F.3d 512, 517–18 (7th Cir. 2002).

165. *See id.* at 517; *see also* Liu, *supra* note 22, at 225–26.

166. *See Ty, Inc.*, 292 F.3d at 518; *see also* Liu, *supra* note 22, at 225–26.

167. Authors Guild v. Google, Inc., 804 F.3d 202, 216 n.18 (2d Cir. 2015) ("The term ['complementary'] would encompass changes of form that are generally understood to produce derivative works . . . ."); *see also* Liu, *supra* note 22, at 225.

168. *Google*, 804 F.3d at 216 n.18. Describing the complementary relationship between a film and the novel the film was based on, Judge Leval explained, "The invention of the original author combines with the . . . skills of the filmmaker to produce something that neither could have produced independently." *Id.* This description indicates that Judge Leval may have misunderstood the term "complementary" as a description of the emergent properties that are produced by the combination of two works, rather than the economic relationship through which each work increases demand for the other. However, as demonstrated in the above paragraph, this misunderstanding does not undermine Judge Leval's conclusion that a complementary relationship cannot help distinguish derivative works from fair uses.

169. Adam Rowe, *Report: Film Adaptations of Books Earn 53% More at the Worldwide Box Office*, FORBES (July 11, 2018, 8:44 AM), https://www.forbes.com/sites/adamrowe1/2018/07/11/why-book-based-films-earn-53-more-at-the-worldwide-box-office/#70739645306f [https://perma.cc/GSE6-FGX5] ("Movies based on books tend to boost sales of their source material . . . ."); *see also, e.g.*, *'Deathly Hallows' Film Breathes Life into Harry Potter Book Sales*, NIELSEN (Nov. 17, 2010), https://www.nielsen.com/us/en/insights/article/2010/deathly-hallows-film-breathes-life-into-harry-potter-book-sales [https://perma.cc/5WSR-VKJA]; Mary Cadden, *'Crazy Rich Asians' Movie Boosts Sales for Books to 1.5 Million Copies*, USA TODAY (Sept. 17, 2018, 12:39 PM), https://www.usatoday.com/story/life/2018/09/17/crazy-rich-asians-film-boosts-book-sales-1-5-million-copies/1334172002 [https://perma.cc/3T86-5VVQ].

But this complementary relationship does not mean the studio may use the author's original story in their film for free. Instead, a film adaptation is "generally understood to be a derivative work, which under § 106, falls within the exclusive rights of the copyright owner. Although [the book and the film] complement one another, the film is not a fair use."[170] As a result, the owner of the book's copyright is entitled to a license fee for the derivative film's use of their work in addition to any increased book sales that the film generates.

Applying the substitute/complement test to the factor four analysis, as Judge Easterbrook did, only adds to the test's problems. This approach implies that the market benefits that come from a complementary relationship between a primary and secondary work should be allowed to offset the market harm that the secondary work creates.[171] In short, the theory is that if the complementary benefits exceed the license fee, a finding of fair use leaves the copyright holder better off.[172]

But the theory of the substitute/complement test only makes sense if the author has to choose between the license fee and the increased sales. In fact, the author does not have to choose; they are entitled to both. Returning to the film adaptation example, authors who license their books to filmmakers receive both the license fee and the revenue from increased book sales that the film generates.[173] Therefore, a court deciding whether a film adaptation

170. *Google*, 804 F.3d at 216 n.18. A "motion picture version" of a copyrighted work is specifically enumerated as an example of a "derivative work" as defined in the Copyright Act. 17 U.S.C. § 101 (2018).

171. Although they did not specifically reference the substitute/complement test, an example of how it would be applied to factor four can be found in Mike Schuster, David Mitchell & Kenneth Brown, *Sampling Increases Music Sales: An Empirical Copyright Study*, 56 AM. BUS. L.J. 177, 217 (2019) ("A comprehensive market effect analysis must include sales gains *less any losses in the derivative market* (e.g., sample licensing). There is a substantial argument that, even factoring in licensing income, the market effect consideration favors fair use." (emphasis in original)). These authors frame the market effect question as a choice between allowing the primary work to be freely used, or not allowing it to be used at all. *See id.* But in reality, the choice is between receiving a licensing fee for the use of the work or not receiving such a fee. The loss of this licensing fee is what the analysis of the derivative market is supposed to reflect. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 593 (1994). As the rest of this paragraph shows, it does not make sense to offset these losses against the complementary effects of the secondary work which would occur whether or not the licensing fee is paid.

172. *See* Schuster et al., *supra* note 171, at 217.

173. See *supra* note 169 for examples of authors who benefited from increased book sales generated by the release of film adaptations of their books. Each of these authors also received license fees from the studios that produced the films. *See, e.g.*, Allen Cowell, *Harry Potter and the Magic Stock; A Children's Book Series Helps Rejuvenate a British Publisher*, N.Y. TIMES (Oct. 18, 1999), https://www.nytimes.com/1999/10/18/business/harry-potter-magic-stock-children-s-book-series-helps-rejuvenate-british.html?searchResultPosition=1 [https://perma.cc/9P4W-FL2S] (recounting Warner Brothers' purchase of the film rights to the Harry Potter novels); Brent Lang, *'Crazy Rich Asians' Adaptation Lands at Warner Bros.*, VARIETY (Oct. 20, 2016, 11:26 AM), https://variety.com/2016/film/asia/crazy-rich-asians-movie-

is a fair use is really deciding whether the author will receive both the license fee and the increased book sales, or the increased book sales alone. If the court employed the substitute/complement test to analyze factor four, it would ask whether the revenue from book sales generated by the film is greater than the license fee. But in fact, the revenue from book sales the film generates is all but irrelevant. No matter how much the film increases book sales, the author will always be better off if the court finds the film is not a fair use, because this allows the author to receive the license fee in addition to the book sales. Since the author will receive the complementary benefit from the use whether or not the user pays a license fee, using the increase in book sales to offset the loss of the license fee underestimates how much the loss of the license fee harms the author. This example demonstrates that applying the substitute/complement test to factor four is likely to underestimate the market harm that secondary works cause.

In sum, since both protected derivative works and fair uses can have a complementary relationship with the work on which they are based, the fact that a secondary work is a complement does not suggest it is a fair use.[174] Additionally, subtracting the market benefits that a secondary work creates from the market harm it causes only serves to underestimate that harm. Applying the substitute/complement test, therefore, unduly increases the likelihood that the secondary work will be found a fair use. Thus, allowing a complementary relationship to weigh in favor of fair use threatens to erode authors' rights to works like film adaptations, which are generally understood as derivative works despite their complementary effects.

Although Judge Easterbrook did not reach the issue of whether the T-shirt and the photograph in *Kienitz* were complements, this discussion shows that the substitute/complement test could not have provided a sound basis for his finding that the T-shirt caused no market harm. Instead, applying this test could cause future courts to underestimate market harm, which would threaten authors' rights to derivative works.

B. THE *KIENITZ* ANALYSIS OF FACTOR THREE

In *Kienitz*, Judge Easterbrook expressed concern that transformative use would replace the four fair use factors.[175] But his own analysis of factor three created an even bigger problem: it swallowed the fair use analysis entirely.

jon-chu-warner-bros-1201895221 [https://perma.cc/K2BL-5N8T].

174. *See Google*, 804 F.3d at 216 n.18. As the Second Circuit has noted, even Judge Posner himself recognized the tension between derivative works and the concept of complements, though it did not stop him from employing the concept. *See* Ty, Inc. v. Publ'ns Int'l, Ltd., 292 F.3d 512, 518 (7th Cir. 2002).

175. Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 758 (7th Cir. 2014).

Instead of using the factor one doctrine of transformative use to analyze the changes Sconnie Nation made to the photograph, Judge Easterbrook analyzed these changes using factor three.[176] He concluded that this factor weighed in favor of fair use because Sconnie Nation changed the photograph so much that none of the copyrightable elements of the original remained, save for "a hint of Soglin's smile."[177]

Judge Easterbrook's factor three reasoning is problematic for two reasons. First, he evaluated the amount of the use in terms of how much of the primary work was *visible* in the final form of the secondary work rather than how much of the primary work was *used* to create the secondary work, as most other courts do.[178] Second, his reasoning swallowed the fair use test because it implied that the T-shirt did not infringe on Kienitz's copyright, which eliminated the need for a fair use analysis.

Factor three asks courts to consider "the amount and substantiality of the portion [of the primary work] used [in the secondary work] in relation to the [primary] work as a whole."[179] To analyze this factor, most courts ask how much of the primary work was used to make the secondary work, regardless of the amount of the primary work that can be perceived in the final product.[180] For example, the Second Circuit concluded in *Authors Guild v. Google, Inc.* that Google had used the entirety of each of the books it had collected in its Google Books database even though only 16% of any book was publicly viewable in search results.[181]

Had Judge Easterbrook followed this approach, his factor three analysis could have ended after its first sentence, which read: "Defendants started with a low-resolution version [of Kienitz's photograph] posted on the City's website . . . ."[182] The fact that Sconnie Nation used the entire photograph to

176. *Id.* at 759.

177. *Id.*

178. *See, e.g.*, *Google*, 804 F.3d at 221.

179. 17 U.S.C. § 107 (2018).

180. *See, e.g.*, *Google*, 804 F.3d at 221; Sony Comput. Entm't, Inc. v. Connectix Corp., 203 F.3d 596, 605–06 (9th Cir. 2000) (holding that factor three weighed against fair use where a software company copied the entirety of another company's original code in the process of designing complementary software, even though that software did not include any of the original code. The court also noted, however, that in such cases of "intermediate infringement" factor three carries little weight.). After determining the amount of the primary work that was used to create the secondary work, courts then consider whether this amount was "reasonable in relation to the purpose of the copying." Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586 (1994). But Judge Easterbrook's factor three analysis considered only the visual changes to the primary work, and not the purpose of the secondary work. Therefore, this part of the test need not be discussed here.

181. *Google*, 804 F.3d at 221–22.

182. *Kienitz*, 766 F.3d at 759.

create the T-shirt could easily have supported the conclusion that factor three weighed against fair use.[183] But Judge Easterbrook took a different approach.[184] Instead of asking how much of Kienitz's photograph was *used* to make the T-shirt, Judge Easterbrook asked how much of the original photograph was ultimately *visible* on the T-shirt.[185] To answer this question, he focused on the alterations that Sconnie Nation made to the photograph: "the original's background is gone; its colors and shading are gone; the expression in Soglin's eyes can no longer be read; after the posterization (and reproduction by silk-screening), the effect of the lighting in the original is almost extinguished."[186] He summarized the effect of these changes by writing, "As with the Cheshire Cat, only the smile remains," and concluded that "[w]hat is left [of the original photograph], besides a hint of Soglin's smile, is the outline of his face, which can't be copyrighted."[187] In other words, Judge Easterbrook concluded that Sconnie Nation had used practically none of the copyrightable elements of Kienitz's copyrighted photograph.[188]

This conclusion was illogical because if the T-shirt had not used any of the copyrightable elements of the photograph this alone would have been be enough to show that the T-shirt did not infringe on Kienitz's copyright, eliminating the need to analyze Sconnie Nation's fair use defense. Fair use is an affirmative defense to copyright infringement.[189] Without infringement, the defense is unnecessary.[190] By implying there was no infringement, Judge Easterbrook's analysis of factor three swallowed his fair use analysis.

This problem arose because Judge Easterbrook's factor three reasoning closely resembled the "substantial similarity" test that courts use to

183. This was similar to the approach and result that the court in *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 613 (2d Cir. 2006), reached with respect to the use of a low-resolution version of a concert poster, except that in *Bill Graham*, factor three's weight was reduced by the fact that the amount of the use was "tailored to further its transformative purpose." Since *Kienitz* rejected transformative use, factor three should have weighed more heavily against fair use than it did in *Bill Graham*, not less. *See also* Kelly v. Arriba Soft Corp., 336 F.3d 811, 821 (9th Cir. 2003) (holding that, with respect to a search engine's use of low-resolution versions of copyrighted photos, factor three "neither weighs for nor against either party because, although [the search engine] did copy each of Kelly's images *as a whole*, it was reasonable to do so in light of [the search engine's] use of the images." (emphasis added)).

184. *Kienitz*, 766 F.3d at 759.

185. *See id.*

186. *Id.*

187. *Id.*

188. *See id.*

189. 4 NIMMER & NIMMER, *supra* note 60, § 13.05[A][3].

190. *Id.* ("[I]n order even to reach the stage at which the affirmative defense of fair use comes into play, plaintiff must already have demonstrated substantial similarity.").

determine whether copyright infringement has occurred.[191] This test asks whether the primary work is substantially similar to the secondary work.[192] The court begins to analyze this question by "filtering out" elements of the primary work that are too abstract to be copyrightable.[193] Next, the court compares the remaining copyrightable elements of the primary work to the secondary work.[194] If they are not substantially similar, the secondary work has not infringed on the copyright for the primary work and there is no need for the court to consider defenses to infringement such as fair use.[195]

Judge Easterbrook's analysis of factor three was essentially a substantial similarity analysis. He began by "filtering out" the outline of Kienitz's face from the original photograph by determining that it was not copyrightable.[196] He then compared the remaining copyrightable elements of the photograph—the background, lighting, colors, shading, even the expression in Mayor Soglin's eyes—to the T-shirt and concluded that none of them appeared there aside from a hint of Soglin's smile.[197] The lack of similarity that Judge Easterbrook found between the copyrightable elements of the photograph and the T-shirt leads to the conclusion that there was no infringement under the substantial similarity test, which would make a fair use analysis superfluous.[198]

As shown above, Judge Easterbrook's use of this substantial similarity approach to analyze the changes to the photograph under fair use factor three swallowed the fair use test. This problem could have been avoided if Judge Easterbrook had instead analyzed these changes under factor one using transformative use. But although his opinion in *Kienitz* does not offer a viable alternative to transformative use, Judge Easterbrook's criticisms of the doctrine remain valid. The following Part proposes two changes to fair use analysis that would address the issues Judge Easterbrook identified

191. *Id.*

192. *Id.* § 13.03[A] ("Just as copying is an essential element of copyright infringement, so substantial similarity between the plaintiff's and defendant's works is an essential element of actionable copying. 'This means that even where the fact of copying is conceded, no legal consequences will follow from that fact unless the copying is substantial.' " (footnotes omitted) (quoting Newton v. Diamond, 388 F.3d 1189, 1193 (9th Cir. 2004), *cert. denied*, 545 U.S. 1114 (2005))).

193. Nichols v. Universal Pictures Corp., 45 F.2d 119, 122 (2d Cir. 1930); 4 NIMMER & NIMMER, *supra* note 60, § 13.03[A][1] ("[C]opyright does not protect against the borrowing of abstract ideas contained in the copyrighted work.").

194. *See Nichols*, 45 F.2d at 122.

195. 4 NIMMER & NIMMER, *supra* note 60, § 13.05[A][3].

196. Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 759 (7th Cir. 2014).

197. *Id.*

198. *Nichols*, 45 F.2d at 122 (concluding that copyright infringement was not present where two plays shared a common theme that was too abstract to be copyrightable, and that the allegedly infringing play differed from the first in other ways, such as the traits of its characters).

without abandoning transformative use.

III. TWO RECOMMENDATIONS FOR FAIR USE ANALYSIS APPLIED TO *KIENITZ*

This Part applies an alternative fair use analysis to the facts of *Kienitz*. It shows that Judge Easterbrook's reasoning could have been improved by employing the transformative use doctrine and considering all four fair use factors in greater detail. Yet it also acknowledges that Judge Easterbrook correctly diagnosed the problems with transformative use even if his proposed cure was flawed. Drawing inspiration from Judge Easterbrook's ideas (if not his execution), this Part proposes two modifications of fair use analysis that would retain the benefits of transformative use doctrine while minimizing its potential to encroach on the derivative works right and swallow the statutory factors.

First, this Part proposes that a finding of transformative purpose should be a threshold requirement for a finding of transformative use. Judge Easterbrook's fear that transformative use would swallow the derivative works right was based on the assumption that the transformations that create fair uses are indistinguishable from transformations that create protected derivative works. But this assumption was incorrect because these types of transformations are distinguishable. While derivative works are characterized by transformations of content alone, fair uses are characterized by transformations of purpose. Making transformative purpose a threshold requirement ensures that transformative use cannot be found based on content transformations alone. This helps distinguish transformations that create derivative works from the more profound transformations that create fair uses, which in turn helps to prevent transformative use from swallowing the derivative works right.

The second proposal is to rearrange the order in which courts analyze the fair use factors. Although the majority of fair use opinions simply analyze the factors in numerical order,[199] *Kienitz* teaches that the factors can be rearranged.[200] This Note recommends considering the factors in the

199. Barton Beebe, *An Empirical Study of U.S. Copyright Fair Use Opinions, 1978–2005*, 156 U. PA. L. REV. 549, 621 (2008).

200. *See Kienitz*, 766 F.3d at 758–59 (analyzing factor four first, then three, and finally, factors one and two). Interestingly, the analysis of the factors was also rearranged in the case *Kienitz* criticized, *Cariou v. Prince*, 714 F.3d 694, 708–10 (2d Cir. 2013). Since this Part demonstrates that the order of the factors can affect the fair use analysis, it may be fruitful for future studies to examine the extent to which the order of the factors was responsible for the problematic results in these cases. Another case that considered the factors out of statutory order is *Warner Bros. Entertainment v. RDR Books*, 575 F. Supp. 2d 513 (S.D.N.Y. 2008) (analyzing factor one first, followed by factor three, then two, and finally, four).

following order: nature of the primary work (factor two), amount used (factor three), purpose and character of the use (factor one), and finally, market effect (factor four). Moving factor one and its subfactor, transformative use, to a later stage in the analysis helps prevent transformative use from swallowing the other factors. This order also encourages courts to take a closer look at the primary work in factors two and three before focusing on the secondary work in factor one. Although those factors are not helpful in every fair use case, they are often overlooked even when they could make a significant contribution to the analysis. *Kienitz* is an example of an opinion in which more detailed consideration of factor two would have benefited the analysis.

A. NATURE OF THE PRIMARY WORK (FACTOR TWO)

This Note recommends that fair use analysis should begin with the second fair use factor, the nature of the primary work.[201] Factor two asks whether the primary work was published when it was used and whether it is within the "core" of copyright protection.[202] The answer to the first question is usually a straightforward factual issue.[203] The answer to the second question is more complicated, requiring the court to analyze whether the primary work is original, as evidenced by the level of creativity involved in its creation and whether the work is fact-based.[204] This Section focuses on the second, more challenging question.

In the context of a fair use analysis, it is safe to assume that the primary work's creation involved at least a small amount of creativity.[205] If it did not, the primary work would not be copyrightable and the owner of the secondary work could show that the primary work's copyright is invalid, making the defense of fair use unnecessary.[206] But because the level of originality required to copyright a work is so low, the amount of creativity involved in

201. 17 U.S.C. § 107 (2018).

202. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586 (1994).

203. *See, e.g.*, Bill Graham Archives, LLC v. Dorling Kindersley Ltd., 386 F. Supp. 2d 324, 330 (S.D.N.Y. 2005) (describing the relevant facts under this aspect of factor two in a single sentence: "The works appropriated have been previously published."), *aff'd*, 448 F.3d 605 (2d Cir. 2006).

204. *See* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 563 (1985).

205. *See* Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991) ("[T]he requisite level of creativity is extremely low; even a slight amount will suffice.").

206. Rogers v. Koons, 960 F.2d 301, 306 (2d Cir. 1992) (explaining that showing originality of the primary work is necessary to show copyright ownership which in turn is necessary to establish a copyright infringement claim); Art of Living Found. v. Doe, No. 5:10-cv-05022, 2012 U.S. Dist. LEXIS 61582, at *39 (N.D. Cal. May 1, 2012) (holding that the court "need not consider Defendants' . . . fair use" defense where the owner of a primary work could not establish copyright ownership in that work).

creating copyrightable works can vary immensely.[207] Some copyrightable works that convey imagined narratives, like a fantasy novel,[208] or an original song,[209] are highly creative and fall within the core of copyright. Other copyrightable works that convey facts—like a biography[210] or a news photograph[211]—are less creative and closer to the edges of copyright protection.

1. The Creativity Continuum

Some courts analyze the nature of the primary work in a binary way, asking "whether the original work is 'creative' as opposed to 'factual.' "[212] This binary construction does not make sense because no primary work is totally factual; it must have at least a modicum of creativity or it cannot be copyrighted, which would make a fair use defense to copyright infringement unnecessary.[213] Moreover, the weight of the factors in the fair use test is not binary because courts are not limited to finding that a factor weighs for or against fair use. Instead, each factor may weigh "slightly" or "strongly" in favor of either side, or it may be "neutral."[214] Determining the precise weight of factor two in a given case requires more granularity than a binary approach can offer.

For these reasons, the "core of copyright" concept articulated in *Campbell* is better understood as a continuum with works at the core of copyright protection on one side and works at the edges of copyright protection on the other. Where a work sits on this continuum is determined by the amount of creativity involved in its creation.[215] An analysis of factor

207. *Compare* Warner Bros. Entm't v. RDR Books, 575 F. Supp. 2d 513, 549 (S.D.N.Y. 2008) (finding that the *Harry Potter* series of books is highly original), *with* Fitzgerald v. CBS Broad., Inc., 491 F. Supp. 2d 177, 188 (D. Mass. 2007) (finding that a candid news photograph contained sufficient originality to merit copyright protection, but not much more).

208. *RDR Books*, 575 F. Supp. 2d at 549 (finding that *Harry Potter* books are at the core of copyright protection).

209. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586 (1994) (agreeing that Roy Orbison's original song "Oh, Pretty Woman" "falls within the core of the copyright's protective purposes").

210. Rosemont Enters. v. Random House, Inc., 366 F.2d 303, 307 (2d Cir. 1966).

211. Ferdman v. CBS Interactive Inc., 342 F. Supp. 3d 515, 538 (S.D.N.Y. 2018).

212. Bill Graham Archives, LLC v. Dorling Kindersley Ltd., 386 F. Supp. 2d 324, 330 (S.D.N.Y. 2005), *aff'd*, 448 F.3d 605 (2d Cir. 2006); *see also* Kienitz v. Sconnie Nation LLC, 965 F. Supp. 2d 1042, 1052–53 (W.D. Wis. 2013) (suggesting a continuum-like approach in explaining factor two, but ultimately finding that it favored neither party because the photograph was not "purely factual in nature").

213. *See supra* note 206 and accompanying text.

214. *See, e.g.*, Field v. Google Inc., 412 F. Supp. 2d 1106, 1123 (D. Nev. 2006).

215. *See* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 563 (1985).

> [E]ven within the field of fact works, there are gradations as to the relative proportion of fact and fancy. One may move from sparsely embellished maps and directories to elegantly written

two should examine the amount of creativity involved in creating a work in order to identify where the primary work sits on the creativity continuum: close to the core of copyright, close to the edge, or somewhere in between?[216]

In many cases, the factor two analysis will be simple because the primary work is obviously at the core of copyright.[217] When the primary work is entirely a product of the author's imagination—like Orbison's song "Oh, Pretty Woman" or J.K. Rowling's *Harry Potter* novels—it is clear that the level of creativity involved in the work is high.[218] In such cases, a short description of the work can suffice to demonstrate that it is close to the core of copyright on the creativity continuum, which means that factor two should weigh against fair use.[219]

Many courts appear to believe that because factor two analysis is simple in many cases, and because even highly-creative primary works are not immune to a fair use defense,[220] factor two is unimportant. In *Kienitz*, for example, Judge Easterbrook simply stated, "[f]actor (2) is unilluminating" without explanation.[221] And courts that employ transformative use have cited *Campbell* for the proposition that factor two is "of limited usefulness" where the secondary work is transformative.[222]

> biography. The extent to which one must permit expressive language to be copied, in order to assure dissemination of the underlying facts, will thus vary from case to case.

Id. (quoting Robert A. Gorman, *Fact or Fancy? The Implications for Copyright*, 29 J. COPYRIGHT SOC'Y U.S.A. 560, 563 (1982) (alteration in original)).

216. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586 (1994).

217. *See, e.g.*, Warner Bros. Entm't v. RDR Books, 575 F. Supp. 2d 513, 549 (S.D.N.Y. 2008) (conducting a complete analysis of factor two with respect to the *Harry Potter* novels in a single paragraph).

218. *Id.*; *Campbell*, 510 U.S. at 586.

219. *See, e.g.*, *RDR* Books, 575 F. Supp. 2d at 549 (finding that the *Harry Potter* books are at the core of copyright protection because in them, "Rowling has given life to a wholly original universe of people, creatures, places, and things").

220. *See, e.g.*, *Campbell*, 510 U.S. at 586.

221. Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 759 (7th Cir. 2014). In the alternative, Judge Easterbrook also mentioned that "Kienitz does not argue that defendants' acts have reduced the value of this photograph." *Id.* This suggests that Judge Easterbrook understood factor two as calling for an evaluation of whether the value of the photograph was harmed by the T-shirt. But this is the role of factor four, not factor two. *See supra* Section II.A. Additionally, this appears to be a misinterpretation of Justice Story's instruction to "look to the . . . value of the materials used." Folsom v. Marsh, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901). As shown *supra* Section I.B., Justice Story was not referring to the monetary value of the primary work in that case, but rather its cultural and intellectual value.

222. Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d 605, 612 (2d Cir. 2006); *see also* Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc., 150 F.3d 132, 144 (2d Cir. 1998). Although the court in *Bill Graham* stated that "the second factor *may* be of limited usefulness" where the work is transformative, it ultimately held that factor two was of limited usefulness in that case because the secondary work was transformative. *Bill Graham*, 448 F.3d at 612–13 (emphasis added). As shown below, *Bill Graham*'s interpretation of *Campbell*'s factor two analysis is questionable, but it was adopted by a line of influential fair use cases in the Second Circuit: *Cariou v. Prince*, 714 F.3d 694 (2d Cir. 2013)

However, *Campbell* does not support this proposition. The doctrine that factor two is less important when a secondary work is transformative is based on an interpretation of the Supreme Court's observation in *Campbell* that the level of creativity of a primary work is not "ever likely to help much in separating the fair use sheep from the infringing goats *in a parody case*, since *parodies* almost invariably copy publicly known, expressive works."[223] In other words, the *Campbell* Court observed that a secondary work that is a parody is likely to have parodied a primary work that is published and highly creative because a parody of a work that no one has ever heard of would be lost on the audience.

The *Campbell* Court's observation is specific to the context of parody and does not apply to every case in which courts find a transformative use. Not all transformative works are parodies, and many transformative works do not use primary works that are published or highly creative. For example, an artist could create a transformative work by taking an unpublished photograph of a man in the jungle that was originally collected as data in an anthropological study and using a small part of the photo in a visual art collage.[224] In this case, the secondary work would be highly transformative in both purpose and content even when the primary work is not well known and minimally creative.[225] This example demonstrates that *Campbell*'s observation that factor two may be less useful when the secondary work is a parody does not apply to secondary works that are not parodies.

One Second Circuit opinion has implied that factor two is not important simply because it has "rarely played a significant role in the determination of a fair use dispute."[226] This reasoning is questionable. If this factor is

(citing *Bill Graham*), *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87 (2d Cir. 2014) (citing *Cariou*), and *Authors Guild v. Google, Inc.*, 804 F.3d 202 (2d Cir. 2015) (citing *HathiTrust*).

223. *Campbell*, 510 U.S. at 586 (emphasis added). This language is quoted in both *Bill Graham*, 448 F.3d at 612, and *Castle Rock*, 150 F.3d at 144. The reason parodies almost invariably copy publicly known, expressive works is that the success of a parody depends on reminding the audience of the primary work. If the audience is unfamiliar with the primary work, the parody fails. For example, a parody of a song the listener does not know would appear to the listener to be merely an original song. Fact-based works are also hard to parody. How and why would one parody a telephone book or an encyclopedia?

224. This hypothetical is adapted from *Cariou*, 714 F.3d at 699, in which the court held that collages made using published, artistic photos of Jamaicans were transformative. Altering the fact pattern to make the primary work data from an anthropology project would be likely to make it more of a fact-based work and also makes the secondary work more likely to be transformative since the purpose of data collection is different from the purpose of making art.

225. For an in-depth discussion of what makes a work transformative, see *infra* Section III.C.

226. *Google*, 804 F.3d at 220. This is an accurate observation, Liu, *supra* note 22, at 181, but, as shown below, it does not support ignoring factor two. It is also important to note that this implication in *Google* evolved from *Bill Graham*'s questionable interpretation of *Campbell*'s language on factor two. *See supra* note 222 (describing the line of influential fair use cases that adopted *Bill Graham*'s approach).

unimportant, why did Congress bother including it in § 107? Failing to fully analyze factor two on the basis that it has not been important in past cases that may not be factually similar renders factor two superfluous, which violates the surplusage canon of statutory construction.[227] Furthermore, the large number of cases in which factor two plays a small role is deceptive. Many cases involve primary works that are highly creative and simple to analyze under factor two. But some do not. Determining which type of primary work is at issue in a given case is the purpose of factor two. For this reason, courts should always fully analyze factor two before assuming that it is unimportant to the fair use analysis in a given case.

Works that are not drawn solely from the creator's imagination require an especially careful examination of the amount of creativity they contain.[228] *Fitzgerald v. CBS Broadcasting, Inc.* teaches that a primary work's level of creativity should be measured by comparing it to the minimum amount of creativity protected by copyright.[229] In *Fitzgerald*, a candid photograph of a criminal being arrested showed "no more than the minimum [originality] necessary to make a work copyrightable."[230] Because the photograph's level of creativity was close to the requisite amount of creativity, the photograph was close to the edge of copyright protection and factor two weighed in favor of fair use.[231] *Fitzgerald* demonstrates that a finding that the secondary work surpasses the modicum of creativity required for copyright protection is only the first step in the analysis of factor two.[232] To complete the analysis, the creativity of the primary work must be compared to the floor of requisite creativity in order to discern where the work lands on the creativity continuum.[233] Assuming it is published, the primary work's position on this continuum should control whether, and how strongly, its nature weighs in favor of fair use.[234]

Courts in the Second Circuit have been known to cut short their analysis of factor two after finding transformative use, concluding that transformative uses do not capitalize on the nature of the primary work. *See, e.g.*, Blanch v. Koons, 467 F.3d 244, 257 (2d Cir. 2006).

227. *See, e.g.*, Cowherd v. Million, 380 F.3d 909, 913 (6th Cir. 2004) ("Under accepted canons of statutory interpretation, we must interpret statutes as a whole, giving effect to each word and making every effort not to interpret a provision in a manner that renders other provisions of the same statute inconsistent, meaningless or superfluous." (quoting Lake Cumberland Trust, Inc. v. EPA, 954 F.2d 1218, 1222 (6th Cir. 1992))).

228. *See* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 563 (1985).

229. *See* Fitzgerald v. CBS Broad., Inc., 491 F. Supp. 2d 177, 188 (D. Mass. 2007).

230. *Id.*

231. *Id.*

232. *See id.*

233. *See id.*

234. *See id.*

2. Applying Factor Two to *Kienitz*

The primary work in *Kienitz*, Mayor Soglin's official photographic portrait, is a fact-based work that warrants a more nuanced analysis under factor two.[235] The photograph conveys the fact of Mayor Soglin's countenance at a political event.[236] It was taken candidly at the Mayor's inauguration,[237] so Kienitz had no role in posing the Mayor or selecting the lighting.[238] It is cropped tightly around the Mayor's face, leaving little room for the exercise of creativity in other elements of the photograph, such as its composition or background. Ultimately, the photograph as a whole is generic and reflects little of Kienitz's creativity.

This interpretation finds support in both the district court and circuit court opinions in *Kienitz*. Judge Easterbrook provides support for this conclusion by suggesting that the defendants, who were not photographers, could have taken a similar photograph of the Mayor themselves.[239] Although the district court in *Kienitz* acknowledged that it "cannot find that his photograph of Mayor Soglin was purely factual in nature,"[240] the court also acknowledged that "Kienitz's shot of Soglin might not contain or display as much artistic expression as the photographs in the cases cited by Kienitz."[241]

The district court's binary interpretation of factor two is questionable. Since the photograph is neither factual nor highly creative, the court concluded that factor two did not favor either side.[242] But if the photograph had been purely factual in nature it could not have been copyrighted and fair use would be irrelevant.[243] The important fact was that Kienitz's photograph was less creative than most photographs, putting it closer to the edge of copyright protection on the creativity continuum.

Another district court in the Seventh Circuit perceived this when analyzing a claimed fair use of a different "candid image taken of [a

235. *See* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 563 (1985) (quoting Gorman, *supra* note 215, at 563).

236. Kienitz v. Sconnie Nation LLC, 965 F. Supp. 2d 1042, 1052 (W.D. Wis. 2013) ("[T]he photograph of Soglin was not an 'artistic representation[] designed primarily to express [Kienitz's] ideas, emotions, or feelings,' but is instead a candid image taken of the mayor at a political event." (alteration in original) (quoting Núñez v. Caribbean Int'l News Corp., 235 F.3d 18, 23 (1st Cir. 2000))), *aff'd*, 766 F.3d 756 (7th Cir. 2014).

237. *Id.*

238. *Cf. Fitzgerald*, 491 F. Supp. 2d at 188.

239. Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 759 (7th Cir. 2014).

240. *Kienitz*, 965 F. Supp. 2d at 1052.

241. *Id.* at 1052–53.

242. *Id.* at 1053.

243. *See supra* notes 190, 192.

politician] at a political event" in *Galvin v. Illinois Republican Party*.[244] Because the photograph in that case was "*primarily* [though not entirely] factual in nature," and the "artistry [the photographer] contributed . . . could not plausibly outweigh its factual nature," the court concluded that factor two weighed in favor of fair use.[245] Unlike the district court in *Kienitz*, the district court in *Galvin* recognized that the presence of some creativity is not enough to prevent factor two from weighing against fair use. Instead, by balancing the creativity of the photographer against the photograph's factual nature, the *Galvin* court showed that the photograph in that case was closer to the edge of copyright protection on the creativity continuum.

To apply the creativity continuum approach to *Kienitz*, the level of creativity required for copyright in a photograph must first be established. A photograph can qualify for copyright if it shows originality in "posing the subjects, lighting, angle, selection of film and camera, evoking the desired expression, [or] almost any other variant involved."[246] The next step is to compare this creativity floor to the amount of creativity that Kienitz actually used to create the photograph. The district court's opinion in *Kienitz* suggests that Kienitz exercised little creativity beyond selecting the camera and its settings and timing the shot to capture Mayor Soglin's countenance in a flattering expression.[247] Therefore, the photograph is close to the edge of copyright protection on the creativity continuum and factor two should weigh in favor of fair use.

B. AMOUNT AND SUBSTANTIALITY OF THE PORTION OF THE PRIMARY WORK THAT WAS USED TO CREATE THE SECONDARY WORK (FACTOR THREE)

After analyzing factor two, the nature of the primary work, courts should consider factor three: the amount and substantiality of the primary work used in the secondary work.[248] The first step in the analysis of factor three is to determine how much of the primary work was used to create the secondary work.[249] If factor three weighs against fair use, findings from other

244. Galvin v. Ill. Republican Party, 130 F. Supp. 3d 1187, 1195 (N.D. Ill. 2015) (alteration in original) (quoting *Kienitz*, 965 F. Supp. 2d at 1052).

245. *Id.* (emphasis added).

246. Rogers v. Koons, 960 F.2d 301, 307 (2d Cir. 1992); *see also* 1 NIMMER & NIMMER, *supra* note 60, § 2A.08[E][3][a][i].

247. *See Kienitz*, 965 F. Supp. 2d at 1052.

248. 17 U.S.C. § 107 (2018).

249. *See, e.g.*, Authors Guild v. Google, Inc., 804 F.3d 202, 221 (2d Cir. 2015) (beginning its analysis of factor three by finding that the entirety of the primary work was used).

factors may reduce its weight.[250]

This Section argues that both the nature of the primary work found in factor two, and the noncommerciality of a secondary work found in factor one, should be allowed to increase the extent of permissible copying of the primary work, reducing the weight of factor three against fair use. This Section questions *Campbell*'s conclusion that a finding of transformative use can increase the extent of permissible copying under factor three, making that amount of copying "reasonable." The *Campbell* Court stated that this holding was drawn from prior cases, specifically *Sony Corporation of America v. Universal City Studios, Inc.* and *Harper & Row, Publishers, Inc. v. Nation Enterprises*.[251] But in fact, these cases do not support the *Campbell* Court's conclusion. Additionally, allowing a finding of transformative use to decrease the significance of factor three threatens to undermine factor three's important role in the fair use test. This Section explains why this is so and advocates for a return to the approaches of *Sony* and *Harper & Row*.

1. *Campbell*'s Unprecedented Approach to Incorporating Findings from Other Factors into Factor Three Analysis

In *Campbell*, the Supreme Court held that the purpose and character of the secondary work (factor one) should influence the analysis of factor three.[252] The Court stated that its analysis of factor three "will harken back to the first of the statutory factors, for, as in prior cases, we recognize that the extent of permissible copying varies with the purpose and character of the use [or secondary work]."[253] But in fact, this holding was unprecedented. The "prior cases" that *Campbell* cited in support of this holding, *Sony* and *Harper & Row*, both emphasized that the nature of the primary work (factor two) was especially relevant to factor three analysis.[254]

The passage in *Harper & Row* that the *Campbell* Court cited stands for the proposition that the extent of permissible copying varies with the nature

250. *See* Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d 605, 613 (2d Cir. 2006) (finding that the copying of an entire work did not weigh against fair use because, as the court found in its analysis of factor one, the reproductions were of reduced size and accompanied by additional text and original graphic art).

251. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586–88 (1994) (first citing Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 449–50 (1984); and then citing Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 564–66, 568 (1985)).

252. *See id.* at 586–87.

253. *Id.*

254. *See* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 449–50; Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 564 (1985).

of the *primary* work, not the secondary work.[255] *Harper & Row* involved *The Nation* magazine's unlicensed publication of lengthy quotes from President Gerald Ford's soon-to-be published memoirs, which *The Nation* claimed was a fair use.[256] In its analysis of the nature of the primary work (factor two), the *Harper & Row* Court emphasized the distinction between published and unpublished primary works.[257] If a primary work is unpublished, the Court concluded, "the scope of fair use is narrower."[258]

But the *Campbell* Court cited this portion of *Harper & Row* in support of a very different proposition: that the purpose of the *secondary* work influences the way courts should analyze the amount of the primary work that is used under factor three.[259] Put another way, while *Harper & Row* held that the analysis of factor three should be influenced by factor two, *Campbell* held that the factor three analysis should be influenced by factor one. In its citation of *Harper & Row*, the *Campbell* Court quoted the following language from the case and appended a clause of its own: " '[E]ven substantial quotations might qualify as fair use in a review of a published work or a news account of a speech' but not in a scoop of a soon-to-be-published memoir."[260] In its original context, however, it is clear that the passage from *Harper & Row* quoted in *Campbell* is about the nature of the primary work, not the purpose and character of the secondary work.[261] The quoted passage is part of the *Harper & Row* Court's analysis of factor two, clearly demarcated by the heading, "The Nature of the Copyrighted Work."[262] The quoted passage appears in a paragraph immediately below this heading and begins with the topic sentence, "The fact that a work is unpublished is a critical element of its 'nature.' "[263]

The clause that the *Campbell* Court appended to this quoted passage

255. *Campbell*, 510 U.S. at 586–87 (citing *Harper & Row*, 471 U.S. at 564); *see infra* pp. 124–25 and note 261.

256. *Harper & Row*, 471 U.S. at 542.

257. *Id.* at 564.

258. *Id.*

259. *See Campbell*, 510 U.S. at 586–87 (quoting *Harper & Row*, 471 U.S. at 564).

260. *Id.*

261. The following is a quote of the full passage from *Harper & Row* that is partially quoted in *Campbell*, which appears under the heading, "The Nature of the Copyrighted Work":

> *The fact that a work is unpublished is a critical element of its "nature."* Our prior discussion establishes that the scope of fair use is narrower with respect to unpublished works. While even substantial quotations might qualify as fair use in a review of a published work or a news account of a speech that had been delivered to the public or disseminated to the press, the author's right to control the first public appearance of his expression weighs against such use of the work before its release.

Harper & Row, 471 U.S. at 564 (citations omitted) (emphasis added).

262. *Id.*

263. *Id.*

makes it clear that its interpretation of the passage is very different from the meaning that the *Harper & Row* Court intended to convey. This appended clause emphasizes the distinction between *secondary* works like reviews and news accounts on one hand, and secondary works like "scoops" on the other.[264] This distinction supports the *Campbell* Court's proposition that the character of the secondary work is what should influence the analysis of whether a quote is substantial enough to weigh against fair use. But what mattered to the Court in *Harper & Row* was whether the *primary* work was published or unpublished, not whether the *secondary* work was a news account or a scoop.[265] As the *Harper & Row* Court stated in the sentence that immediately preceded the passage quoted in *Campbell*, "[T]he scope of fair use is narrower with respect to unpublished works."[266] Although copying a substantial amount of a published work may be fair use, the Court explained, copying the same amount of an unpublished work may not be fair use.[267] Thus, to the *Harper & Row* Court, it was factor two, the nature of the primary work, that was related to factor three, the amount and substantiality of the primary work used in the secondary work.

The connection that the *Harper & Row* Court identified between factor two and factor three is echoed in *Sony*, in which the Court found that the nature of the primary work identified in factor two can make factor three weigh less heavily against fair use.[268] In *Sony*, the television broadcaster CBS claimed that Sony infringed on its copyrighted television shows by creating the Betamax, which allowed viewers to record CBS's shows on videotape and watch them whenever they wanted.[269] Sony argued that the practice of recording shows for later viewing, known as "time-shifting," was a fair use.[270]

The *Sony* Court moved through its fair use analysis quickly, considering the first three factors in a single paragraph.[271] The Court used the majority of this paragraph to consider factor one and found that the noncommercial purpose of the secondary work (using videotapes for time-shifting) weighed

264. *See id.*; *supra* text accompanying note 260.

265. *See Harper & Row*, 471 U.S. at 564.

266. *Id.*

267. *See id.*

268. *See* Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 449–50 (1984).

269. *Id.* at 419–20. Since Betamax users performed the time-shifting, it was the users who were allegedly infringing CBS's copyrights. *See id.* But instead of suing the users (who were also a part of CBS's television audience), CBS attempted to hold Sony responsible for its users' copyright infringement under a theory of indirect infringement. *See id.* at 434. Sony combatted this by using fair use to argue that its users had not infringed CBS's copyright in the first place. *See id.* at 425.

270. *See id.* at 425–26.

271. *Id.* at 448–50.

in favor of fair use.[272] In its brief analysis of factors two and three, the Court expressed how factor two influenced the analysis of factor three:

> [W]hen one considers the nature of a televised copyrighted audiovisual work, see 17 U.S.C. § 107(2) (1982 ed.), and that time-shifting merely enables a viewer to see such a work which he had been invited to witness in its entirety free of charge, the fact that the entire work is reproduced, see § 107(3), does not have its ordinary effect of militating against a finding of fair use.[273]

In other words, the Court held that the use of the entirety of the primary work (the television program) weighed less heavily against fair use because the nature of the primary work was that it was broadcast for free.[274] Therefore, the passage from *Sony* quoted above stands for the proposition that factor two, not factor one, can make factor three weigh less heavily against fair use.[275] This interpretation is supported by the fact that the passage includes citations to factors two and three, while factor one is conspicuously absent.[276]

But the *Campbell* Court cited this same passage for its proposition that factor one is related to factor three. As it did when quoting *Harper & Row*, the *Campbell* Court appended its own clause to the quoted language, writing: "[R]eproduction of [the] entire work 'does not have its ordinary effect of militating against a finding of fair use' as to home videotaping of television programs."[277] This addition by the *Campbell* Court implied that it was the videotape, the secondary work, that militated against a finding of fair use. But the *Sony* Court intended to convey that it is the nature of the television program, the primary work, that militates against a finding of fair use.[278] As discussed above, the evidence of the *Sony* Court's true meaning is overwhelming in context. The sentence containing the quoted language begins by encouraging the reader to consider the nature of the television program, the primary work, not the purpose of the video tape, the secondary work. And factors two and three are cited in the passage, whereas factor one is not.

Admittedly, the *Sony* Court's finding that factor two had a "militating effect" on factor three was likely contingent on its finding under factor one

272. *Id.* at 448–49.
273. *Id.* at 449–50.
274. *See id.*
275. *See id.*
276. *See id.*
277. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 587 (1994) (quoting *Sony*, 464 U.S. at 449–50).
278. *See supra* note 274 and accompanying text.

that the purpose of the secondary work, time-shifting, was noncommercial.[279] The Court viewed commercial uses of the technology as "presumptively . . . unfair."[280] Thus, it is possible to infer from *Sony* that the extent of permissible copying increases if the secondary work is noncommercial.[281]

But even this interpretation of *Sony* is inconsistent with *Campbell*'s proposition that "the extent of permissible copying varies with the purpose and character of the [secondary work]."[282] Again, this liberal interpretation of *Sony* is that noncommercial secondary works should increase the amount of permissible copying. But for the *Campbell* Court, *any* transformative purpose that a secondary work may have can increase the amount of copying that is permissible under factor three even if the secondary work is commercial.[283] Thus, the holding in *Campbell* expanded the category of secondary works that may militate the effect of factor three far beyond what the holding in *Sony* can support.

In sum, *Campbell*'s holding that "the extent of permissible copying varies with the purpose and character of the [secondary work]" is not supported by the passages it cites in *Harper & Row* and *Sony*. Therefore, *Campbell*'s assertion that its holding merely follows from "prior cases" is inaccurate. In fact, *Campbell* used *Sony* and *Harper & Row* as a springboard to take a large leap into new doctrinal territory with respect to factor three analysis.

2. A Conservative Approach to Incorporating Findings from Other Factors into Factor Three Analysis

Since the Supreme Court's decision in *Campbell*, many courts applying factor one findings to factor three consider whether the amount of the primary work used is "reasonable" or "necessary" given the purpose of the secondary work.[284] In *Campbell*, 2 Live Crew used the heart of Roy

279. *See Sony*, 464 U.S. at 449 ("If the Betamax were used to make copies for a commercial or profit-making purpose, such use would presumptively be unfair.").

280. *Id.*

281. *See id.*

282. *Campbell*, 510 U.S. at 586–87 (citing *Sony*, 464 U.S. at 449–50; Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 564 (1985)).

283. *See id.* at 586.

284. *Id.* For example, the district court in *Kienitz* followed this approach, holding that factor three "weigh[ed] in favor of fair use because the amount and substantiality of the photograph used by defendants was 'reasonable in relation to the purpose of the copying.' " Kienitz v. Sconnie Nation LLC, 965 F. Supp. 2d 1042, 1053 (W.D. Wis. 2013) (quoting *Campbell*, 510 U.S. at 587–88), *aff'd*, 766 F.3d 756 (7th Cir. 2014). Similarly, the Second Circuit has ruled that "copying the entirety of a work is sometimes necessary to make a fair use." Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d

Orbison's original song, but doing so was "reasonable" because the Court found under factor one that the secondary work was a parody.[285] The Court correctly reasoned that a parody cannot function without at least using the heart of the work it references: otherwise, no one could recognize that the work is a parody.[286] However, the Court did not limit its description of the extent of permissible copying to cases involving parody. Instead, the Court made a much broader proposition: that "the extent of permissible copying varies with the purpose and character of the [secondary work]."[287] In other words, the Court held that factor three should be considered in light of factor one not just when the secondary work is a parody, but always.[288] As shown above, this rule for interpreting factor three was unprecedented.[289] It also has problematic consequences.

The first problem with this rule is that it can render factor three irrelevant when transformative use is found.[290] Considering factor three in light of factor one allows transformative use to nullify findings made in factor three.[291] In *Bill Graham Archives v. Dorling Kindersley Ltd.*, for example, even though the author of a book reprinted a concert promoter's show posters in their entirety, the court found that factor three did not weigh against fair use because the book's use of the posters was found to be transformative in factor one.[292] If a transformative use finding in factor one can nullify the effect of factor three findings even when the entire primary work was used, why bother to analyze factor three? This calls into question the wisdom of varying the extent of permissible copying with the purpose and character of the use. While doing so can be both logical and useful in certain cases,[293] the potential cost of making factor three superfluous far outweighs the moderate analytical benefits it provides.[294] This can be

605, 613 (2d Cir. 2006) (citing Kelly v. Arriba Soft Corp., 336 F.3d 811, 821 (9th Cir. 2003); Núñez v. Caribbean Int'l News Corp., 235 F.3d 18, 24 (1st Cir. 2000)).

285. *Campbell*, 510 U.S. at 586–88.

286. *Id.* at 588–89.

287. *Id.* at 586–87.

288. *See id.*

289. *See supra* Section III.B.1.

290. *See* Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d 605, 613 (2d Cir. 2006).

291. *See id.*

292. *Id.*

293. For example, in *Warner Bros. Entertainment v. RDR Books*, 575 F. Supp. 2d 513, 547 (S.D.N.Y. 2008), the court noted that the extent to which a *Harry Potter* encyclopedia copied verbatim passages from the novels went beyond what was reasonably necessary to fulfill the encyclopedia's purpose as a reference source.

294. The benefit of incorporating factor one into factor three is even smaller given that courts can still consider the interaction between these factors when they balance all four factors at the end of the fair use inquiry. *See infra* Section III.E.

avoided by sticking to the approaches of *Sony* and *Harper & Row* and emphasizing the nature of the primary work when analyzing factor three.

The root of the problems in the factor three analyses of *Campbell* and *Kienitz* is that both focus too much on the secondary work and not enough on the primary work. An approach based on the recommendations of *Sony* and *Harper & Row*, as well as a limited reading of *Campbell*, can rectify this problem. First, as stated above, a court analyzing factor three should establish how much of the primary work was used in the secondary work. Second, as in *Harper & Row*, this finding should be analyzed in light of the nature of the primary work. Finally, as in *Sony*, if the secondary work is noncommercial or its purpose is parodic, this may increase the extent of permissible copying in factor three.[295] Transformative purposes other than parody should not be considered in the analysis of factor three. Instead, the analysis should move on to factor one where the purpose of the secondary work can be analyzed. This would prevent transformative use from predetermining the results of factor three.[296] Any benefits of comparing factors one and three can still be obtained when the factors are weighed together in the final balance.

3. Applying the Conservative Approach to *Kienitz*

In applying this approach to a factor three analysis of *Kienitz*, the first step is to examine the amount and substantiality of the parts of the photograph that were used to make the T-shirt. In this case, the task is simple because Sconnie Nation used the entire photograph of Mayor Soglin to make the T-shirt. When an entire primary work is used, the use must also be substantial because any and every piece of the work that could be considered the "heart" of the work has been used.[297] Therefore, at this point in the analysis, factor three weighs against fair use.

295. *See supra* notes 279–81 and accompanying text. Since it is often clear whether the work is noncommercial or a parody, it is not necessary to conduct the factor one analysis before factor three in order to incorporate these findings into the factor three analysis. But if the analysis of parody or commerciality is complicated, factor three can still be considered second and the weight of factor three can be adjusted based on the findings in factor one when the factors are weighed together at the end of the analysis. *See infra* Section III.E.

296. The importance of keeping these separate is highlighted in *RDR Books*, 575 F. Supp. 2d, discussed *infra* Section IV.C.1. In that case, an unlicensed *Harry Potter* encyclopedia was found to have a transformative purpose under factor one. *Id.* at 541. But the encyclopedia turned out not to be a fair use because factor three weighed against fair use more than factor one weighed in favor. *Id.* at 551. If the outcome of the transformative inquiry in factor one had been allowed to erase the relevance of factor three, as it has in other cases, see, for example, *Cariou v. Prince*, 714 F.3d 694, 710 (2d Cir. 2013), the court would probably have reached the opposite conclusion. *See RDR Books*, 575 F. Supp. 2d at 551.

297. *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 588–89 (1994).

Since factor three weighs against fair use, the next step is to consider whether findings under factor one and two should reduce factor three's weight.[298] Though we have not yet analyzed factor one, a full analysis of factor one is not required at this stage. It is enough to say that since the T-shirts were commercial and not a parody of the original photograph, factor one has no effect on the factor three analysis.[299] On the other hand, the photograph's low level of creativity—established in the analysis of factor two *supra* Section III.A.2—is relevant because the less creativity a work contains, the greater the amount of copying that should be permitted.[300] But in this case, Sconnie Nation copied Kienitz's entire work. The amount of copying cannot be greater. If findings under factor two were allowed to prevent factor three from weighing against fair use at all in this case, then no amount of copying of any fact-based work could outweigh a finding that factor two weighs in favor of fair use. This would set an inflexible precedent that could threaten to make factor three analysis irrelevant when a primary work is found to have a low level of creativity during factor two analysis. To avoid this, the findings under factor two should be allowed to mitigate the extent to which factor three weighs against fair use somewhat but not entirely. Therefore, factor three weighs moderately against fair use.

C. PURPOSE AND CHARACTER OF THE SECONDARY WORK (FACTOR ONE)

Factor one asks courts to examine "the purpose and character of the [secondary work]," including whether the secondary work is commercial or noncommercial and whether it is transformative.[301] The commerciality of the secondary work is usually a straightforward factual issue that is not very consequential and can be dealt with quickly.[302] If the secondary work is

298. For an explanation of why factor three can still be analyzed second even though its weight may need to be adjusted based on findings from factor one, see *supra* note 288 and accompanying text.

299. Determining a work's commerciality will often be straightforward from evidence of the nature of the defendant and whether the work has been sold for profit. For example, Sconnie Nation was a for-profit business and it sold fifty-four of the T-shirts in question. Kienitz v. Sconnie Nation LLC, 965 F. Supp. 2d 1042, 1048 (W.D. Wis. 2013), *aff'd*, 766 F.3d 756 (7th Cir. 2014). Determining whether the work is a parody, on the other hand, might seem to require a more extensive factor one analysis that would be best performed in advance of factor three. However, this would not be required if courts adopt the transformative use process this Note recommends *infra* Section III.C. In this process, the party claiming a fair use must identify the purpose of their work. If that party does not identify the work as a parody, there is no need for a factor one analysis to know whether this should influence factor three.

300. *See* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 563 (1985).

301. 17 U.S.C. § 107 (2018); Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578–79 (1994).

302. *See, e.g.*, Solid Oak Sketches, LLC v. 2K Games, Inc., 449 F. Supp. 3d 333, 348 (2020) (finding the use of professional basketball players' tattoos in NBA 2K, a well-known basketball video game that featured these players was commercial by simply stating, "NBA 2K's purpose is commercial and, as a result, the Tattoos' inclusion in the game is also commercial").

commercial, this suggests factor one should weigh against fair use.[303] But this suggestion is easily overcome and many commercial secondary works are found to be fair uses.[304] Even the works listed in the preamble to § 107 as examples of fair uses "are generally conducted for profit."[305] Furthermore, the more a secondary work is transformative, the less its commercial character is significant.[306] In practice, a finding of commerciality is consistently overridden by a finding that the secondary work is transformative.[307]

Transformative use, therefore, often determines the outcome of factor one and the other factors as well.[308] But although it is critical to factor one analysis, transformative use also threatens authors' rights to derivative works.[309] To fix this problem, this Section proposes that secondary works should not be held as transformative without a threshold finding of transformative purpose.

1. Using Transformations of Purpose to Distinguish Between Derivative Works and Transformative Uses

The current definition of transformative use leaves the derivative works right vulnerable to erosion. In *Campbell*, the Supreme Court adopted the concept of transformative use from Judge Pierre Leval's article "Toward a Fair Use Standard."[310] A transformative use, the Court said, "adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is 'transformative.' "[311] Under this definition, a secondary work can be transformative if it changes the content of the primary work even if it uses the primary work for its original purpose.[312]

303. *Harper & Row*, 471 U.S. at 562.

304. *See, e.g.*, Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 758–59 (7th Cir. 2014) (finding commercially-sold shirts from a for-profit apparel company to be a fair use); Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d 605, 612 (2d Cir. 2006) (finding a commercial coffee table book was a fair use); Ty, Inc. v. Publ'ns Int'l, Ltd., 292 F.3d 512, 515, 523–24 (7th Cir. 2002) (finding a commercial collectors' guide to Beanie Babies was a fair use). Although the Supreme Court has said that commercialism creates a presumption against fair use, "[s]uch a categorical rule is unwarranted" and does not seem to reflect how the doctrine is applied. 4 NIMMER & NIMMER, *supra* note 60, § 13.05[A][1][c]; *see also Campbell*, 510 U.S. at 584.

305. *Campbell*, 510 U.S. at 584 (quoting *Harper & Row*, 471 U.S. at 592 (Brennan, J., dissenting)).

306. *Id.* at 579.

307. Liu, *supra* note 22, at 168.

308. *See* Sites, *supra* note 3, at 518.

309. *See infra* Section III.C.1; *see also Kienitz*, 766 F.3d at 758.

310. *See Campbell*, 510 U.S. at 579 (citing Leval, *supra* note 56, at 1111).

311. *Id.* (quoting Leval, *supra* note 56, at 1111).

312. Sites, *supra* note 3, at 535.

Allowing a finding of transformative use solely on the basis of a transformation in the content of the work, without a showing of transformative purpose, threatens authors' rights to derivative works.[313] As discussed *supra* Section I.B, the definition of derivative works includes works that "transform[]" an original work.[314] As Judge Easterbrook pointed out, transformation cannot define both the derivative works right and the fair use exception to that right.[315]

In order to preserve the derivative works right, the type of transformation that produces a fair use must be distinguished from the type of transformation that produces a derivative work.[316] This can be done by requiring that that the author of a secondary work show that they have transformed the *purpose* of the primary work in order for the secondary work to be found transformative. Under this approach, a transformation of the content of the primary work alone, without transformative purpose, would not qualify as a transformative use. Transformative purpose effectively distinguishes fair uses from derivative works because, as Judge Leval explained in *Authors Guild v. Google, Inc.*, "derivative works generally involve transformations in the nature of *changes of form*."[317] For example, translating a book or adapting it into a play tells the same story, just in a different linguistic or physical form. In contrast, a secondary work that retells the story of the book *Gone With The Wind* from the perspective of the Black characters in order to "attack" the primary work is a transformation of purpose because the purpose of the primary work could not have been to attack itself.[318]

Though courts have not stated this explicitly, transformative purpose already appears to function as a threshold requirement for transformative use—or at least it used to. Empirical analyses of fair use cases show that courts tend to give much more weight to purposive transformation than to transformations of content.[319] An analysis of fair use cases from 2008 showed that, out of twelve cases in which a secondary work exhibited a transformation in content but not purpose, none received fair use

313. *See Kienitz*, 766 F.3d at 758; Sites, *supra* note 3, at 535.

314. 17 U.S.C. § 101 (2018).

315. *See Kienitz*, 766 F.3d at 758.

316. *See id.*

317. Authors Guild v. Google, Inc., 804 F.3d 202, 215 (2d Cir. 2015) (emphasis in original).

318. SunTrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1270 (11th Cir. 2001). The fact that primary works are rarely, if ever, intended to criticize themselves may be what makes criticism and parody such strong bases for findings of transformative use and fair use.

319. Reese, *supra* note 142, at 492–94.

protection.[320] This suggests that, at least at that time, transformative purpose was effectively a threshold requirement for transformative use, though this requirement was unstated.[321]

One example of a court using transformative purpose to distinguish fair uses from derivative works is found in *Warner Bros. Entertainment v. RDR Books*.[322] That case involved an unlicensed encyclopedia of the *Harry Potter* universe. Warner Brothers, which owns the rights to the *Harry Potter* movies, claimed the encyclopedia infringed on its right to derivative works.[323] The publisher of the encyclopedia asserted the defense of fair use.

The court began by considering whether the encyclopedia was a derivative work.[324] Though the encyclopedia used material from the *Harry Potter* books, the court found that it was not a derivative work because

> the material is not merely "transformed from one medium to another," . . . . [T]he [encyclopedia] does not recast the material in another medium to retell the story of *Harry Potter*, but instead gives the copyrighted material *another purpose* . . . [which is to] give the reader a ready understanding of individual elements in the elaborate world of *Harry Potter* that appear in voluminous and diverse sources.[325]

In other words, the encyclopedia's transformation of the *purpose* of the *Harry Potter* books is not the kind of transformation that gives rise to a derivative work.

After establishing that the work was not a derivative work, the court began its fair use analysis. It held that the encyclopedia was a transformative use for the same reason that it was not a derivative work: the encyclopedia transformed the *purpose* of the original work.[326] In its factor one analysis, the court again explained that the encyclopedia transformed the storytelling purpose of the *Harry Potter* books into a "reference guide" that "extracts and synthesizes fictional facts related to each element from all seven novels."[327] This analysis demonstrates that transformative purpose is an effective basis upon which to separate transformations that constitute derivative works from

320. *Id.* at 493.

321. *See* Sites, *supra* note 3, at 535 ("The new transformative of *Cariou* and *Seltzer*, though within the technical phrasing of *Campbell*, is not consistent with the way courts have applied the subfactor in the decades following *Campbell*'s issuance.").

322. Warner Bros. Entm't v. RDR Books, 575 F. Supp. 2d 513 (S.D.N.Y. 2008).

323. *Id.* at 518–21, 538.

324. *See id.* at 538–39.

325. *Id.* at 539 (emphasis added).

326. *Id.* at 541.

327. *Id.*

transformations that suggest fair use.

RDR Books also shows that a finding of transformative purpose does not necessarily mean that authors will lose rights to the secondary work. Although the encyclopedia was not a derivative work, it was not found to be a fair use either.[328] As a result, the encyclopedia was permanently enjoined from publication.[329] This shows that a finding of transformative purpose does not have to determine the outcome of the fair use test.

RDR Books exemplifies the unspoken rule that transformative purpose is a threshold requirement for transformative use, a rule that courts adhered to through at least 2008.[330] It also demonstrates that this rule was effective in separating derivative works from potential fair uses while protecting the author's rights.[331] In 2013, however, the court in *Cariou* broke this implicit rule by finding transformative use on the basis of transformations in content alone without a strong finding of transformative purpose.[332] This resulted in Judge Easterbrook and others criticizing transformative use for endangering authors' rights to derivative works.[333] The criticism of *Cariou* shows the importance of making explicit the unspoken rule that a finding of transformative purpose is a threshold requirement for a transformative use.

i. Answering Critiques of the Transformative Purpose Requirement

Some may argue that this threshold approach is a poor fortification against transformative use's invasion of the derivative works right. A requirement of purposive transformation may appear to have little bite if courts have few standards to follow in determining what the purpose of a work is.

This criticism provides its own solution: such a standard should be

328. *Id.* at 551.

329. *Id.* at 554. The court found that the encyclopedia was not a fair use because the other three factors weighed against fair use, especially factor three, the amount of the primary work used. *See id.* at 551. The encyclopedia's portrayal of the fictional "facts" of *Harry Potter* closely mimicked, and even copied verbatim, J.K. Rowling's original expression of those facts in her novels. *Id.* at 547. This constituted copyright infringement even though the encyclopedia was not a derivative work. *See id.* at 551.

330. *See* Reese, *supra* note 142, at 484; *see* Sites, *supra* note 3, at 535.

331. *See* Reese, *supra* note 142, at 484 (noting in 2008, before *Cariou* was decided, that courts "treat the question of transformativeness for fair use as separate and distinct from the question of transformation in the preparation of derivative works. The concern expressed by commentators that considering transformativeness in fair use might affect the scope of the derivative work right appears *so far* not to have materialized." (emphasis added)).

332. *See* Sites, *supra* note 3, at 530–31 (describing *Cariou* as "charting new territory" in the application of transformative use).

333. *See id.* at 533–34.

implemented. The analytical process proposed by Brian Sites in his article "Fair Use and the New Transformative"[334] would serve this function well. Sites's approach would require the author who claims fair use to identify the intended purpose of the use and let the court evaluate whether this purpose would have been perceived by an ordinary person.[335] Although Sites admits this test is not perfect, it at least limits the purposes that a court could find to the perspective of an ordinary person, and to those that the author identifies.[336]

Some may argue that a transformative purpose is easy for authors to invent after the fact. But in practice, courts are capable of determining whether a purported purpose is authentic. For instance, the purpose can be verified by simply examining the work.[337] When a transformative purpose exists, it can be spotted by simply comparing the secondary and primary works side-by-side.[338] This was the case in *Brownmark Films, LLC v. Comedy Partners*, where the parodic purpose of an animated reproduction of the live-action music video "What What (In the Butt)" on the television show *South Park* was facially evident from a side-by-side comparison.[339] Courts have also been able to tell when a claimed transformative purpose is inconsistent with the secondary work. In *Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc.*, the Second Circuit rejected the argument that the purpose of a book of quiz questions about the TV show *Seinfeld* was to criticize or comment on the show, finding instead that it simply "repackage[d] *Seinfeld* to entertain *Seinfeld* viewers."[340] These cases demonstrate that courts are capable of separating alleged purposes of a secondary work that are authentic from those that are not.

However, even with such a standard, making transformative purpose a threshold requirement will not solve all of fair use's problems. Purposive

334. *Id.* at 548.

335. *Id.*

336. *Id.*

337. *See* Brownmark Films, LLC v. Comedy Partners, 682 F.3d 687, 692 (7th Cir. 2012).

338. *Id.*

339. *Id.* It is significant to note that *Brownmark* used side-by-side comparison to find that the two works had differing *purposes*, not just that the secondary work was transformative in general. *Id.* The court in *Cariou* would later adopt this side-by-side methodology, but use it to find fair use on the basis of a transformation in form, even though it was not clear the two works had a different purpose. Cariou v. Prince, 714 F.3d 694, 707–08 (2d Cir. 2013). This is the exact opposite of the approach in *Brownmark*, where it was clear that the works were quite different in form (one featured animated characters, the other did not) so the decision hinged on the difference in purpose of the two works (one parodied the other), not their forms. *See Brownmark*, 682 F.3d at 692. Had the court in *Brownmark* not found this difference in purpose, it seems likely that they would not have found a fair use despite the fact that the works were very different in form, whereas in *Cariou* form was dispositive.

340. Castle Rock Entm't v. Carol Publ'g Grp., Inc., 150 F.3d 132, 142 (2d Cir. 1998).

transformation "suffers from [an] absence of rules for how broad the categories of [such] expressive uses should be."[341] Even so, requiring purposive transformation is a worthwhile step in the right direction. As shown in the discussion of *Kienitz* above, abandoning transformative use and instead trying to analyze facts that suggest transformativeness under factor three can destroy the fair use test altogether. The approach proposed in this Note addresses Judge Easterbrook's concerns with transformative use by creating a principled distinction between transformations relevant to factor one, and those that are derivative works. Though not perfect, it is superior to the alternatives of either allowing transformative use to continue to expand unchecked or abandoning the doctrine all together.

2. The Role of Content Transformation

Making transformative purpose a threshold requirement in the transformative use inquiry does not diminish the importance of content transformation. Showing content transformation remains critical to strengthening a showing of transformativeness once the threshold of transformative purpose is crossed.[342] For example, in *RDR Books*, discussed above, even though the *Harry Potter* encyclopedia had a transformative purpose, it did little to transform the content of the books, often copying the language of the novels verbatim.[343] Without a strong showing of content transformation, factor one weighed less heavily in favor of fair use than it may have otherwise.[344] This was a consequential finding, tipping the balance of factors against fair use. As a result, the encyclopedia was permanently enjoined from publication.[345]

Courts should follow the approach of *RDR Books* by allowing transformation of content to increase the weight of factor one. By requiring a showing of transformative purpose at the outset, courts can continue to consider this significant aspect of a secondary work without endangering the derivative works right.

341. 4 NIMMER & NIMMER, *supra* note 60, § 13.05[A][1][b].

342. *See, e.g.*, Arrow Prods., Ltd. v. Weinstein Co., 44 F. Supp. 3d 359, 368–70 (S.D.N.Y. 2014) (finding a biographical film that recreated scenes from the movie *Deep Throat* was a fair use, in part because it transformed the original by reshooting it from a behind-the-scenes perspective and using "completely different" sets and dialogue).

343. Warner Bros. Entm't v. RDR Books, 575 F. Supp. 2d 513, 544 (S.D.N.Y. 2008) (using the term "not consistently transformative" to convey the idea of a lack of transformation).

344. *Id.*

345. *See supra* note 329. The holding in RDR Books also illustrates that works like the Harry Potter encyclopedia can be neither a derivative work, nor a fair use. Thus, even if a secondary work is found to have a transformative purpose, the author of the primary work may still have a copyright claim to the secondary work.

3. Applying Transformative Use to *Kienitz*

In *Kienitz*, Judge Easterbook eschewed transformative use and considered Sconnie Nation's alterations to the photograph under factor three.[346] These changes are clearly significant to fair use, but, as discussed above, analyzing them under factor three was problematic because it undercut the fair use test.[347] Considering such changes under factor one using transformative use avoids these problems.

As explained *supra* Section III.C.1, the first step in transformative use analysis should be to determine whether the secondary work—in this case, the T-shirt—has a transformative purpose. Unless Sconnie Nation's T-shirt has a transformatively different purpose from that of the original photograph it used, the T-shirt cannot be a transformative use.

Here, the purpose of Sconnie Nation's T-shirt is transformatively different from the purpose of Kienitz's photograph. To show this, the original purpose of the work must first be identified. Conveniently, the analysis of factor two, conducted above, provides a starting point.[348] As shown under factor two, Kienitz's photograph did little more than convey the fact of Mr. Soglin's countenance as he smiled.[349] The fact that the photograph is close to the edge of copyright, coupled with its use as the Mayor's official photograph, suggests that the purpose of the original photograph was to convey an accurate portrayal of Mayor Soglin's appearance and promote him to the public in a positive light. In contrast, the purpose of Sconnie Nation's T-shirt was to criticize the Mayor, specifically his opposition to the Mifflin Street Block Party.[350] Thus, Sconnie Nation transformed the promotional purpose of the original photograph into a critical purpose on the T-shirt.

Since the T-shirt has a transformative purpose, it is beyond the scope of Kienitz's right to derivative works based on the photo.[351] However, this is not sufficient to show that the T-shirt is a fair use.[352] Thus, the fair use analysis must continue.

346. *See supra* Section II.B.

347. *See supra* Section II.B.

348. This is another reason why it is best to analyze factor two before turning to factor one. This Note's analysis of factor two in *Kienitz* can be found *supra* Section III.A.2.

349. *Supra* Section III.A.2.

350. Kienitz v. Sconnie Nation LLC, 965 F. Supp. 2d 1042, 1050 (W.D. Wis. 2013), *aff'd*, 766 F.3d 756 (7th Cir. 2014).

351. See *supra* Section III.C.1 discussing *Warner Bros. Entertainment v. RDR Books*, 575 F. Supp. 2d 513 (S.D.N.Y. 2008).

352. *See supra* Section III.C.1.

Having established that the T-shirt has met the threshold requirement of transformative purpose, transformations in the content of the photograph can be considered without the possibility that doing so will encroach on Kienitz's derivative works right. As Judge Easterbrook observed in his factor three analysis, the T-shirt dramatically transformed the content of the photograph.[353] The posterization process that Sconnie Nation used eliminated many of the photograph's unique aspects: "the original's background is gone; its colors and shading are gone," as are the original lighting and the expression in Soglin's eyes.[354] All that is left of the original photograph, "besides a hint of Soglin's smile, is the outline of his face."[355]

Since the T-shirt extensively transformed both the purpose and content of the photograph, it is a highly transformative use. This high level of transformativeness outweighs the T-shirt's commercial nature.[356] Therefore, factor one weighs strongly in favor of fair use.

D. THE SECONDARY WORK'S EFFECT ON THE MARKET FOR THE PRIMARY WORK (FACTOR FOUR)

Finally, factor four examines the secondary work's effect on the market for the primary work.[357] Most courts divide this market into two segments: the direct market for the primary work, and the market for derivative works that authors may exploit on their own or with the help of others through licensing.[358] Included in this analysis are the market effects directly attributable to the secondary work as well as those that would theoretically result from the production of many similar works.[359]

Evaluating market effect under factor four may be difficult, if not impossible to do without having analyzed factor one.[360] Courts agree that if a secondary work is transformative it is less likely to have an effect on the primary work's market.[361] Moreover, since market harms caused by

353. *See* Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 759 (7th Cir. 2014).

354. *Id.*

355. *Id.*

356. Kienitz v. Sconnie Nation LLC, 965 F. Supp. 2d 1042, 1050 (W.D. Wis. 2013), *aff'd*, 766 F.3d 756 (7th Cir. 2014).

357. 17 U.S.C. § 107 (2018); Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 590 (1994).

358. *See, e.g.*, *id.*; *see also* 4 NIMMER & NIMMER, *supra* note 60, § 13.05[A][4].

359. *Campbell*, 510 U.S. at 590.

360. *See, e.g.*, *id.* at 592 (undertaking a complex analysis of market effect).

361. The Second and Seventh Circuits agree on this point. *Compare* Authors Guild v. Google, Inc., 804 F.3d 202, 223 (2d Cir. 2015) (noting the "close linkage between the first and fourth factors"), *with* FameFlynet, Inc. v. Jasmine Enters., 344 F. Supp. 3d 906, 914 (N.D. Ill. 2018) ("[T]he dichotomy at the heart of the first factor between new works that transform and complement the original versus new works that serve as a substitute for and supersede the original is best understood in terms of the fourth

derivative works are excluded from factor four analysis, it is necessary to use factor one to determine whether the secondary work is a derivative work before analyzing factor four.[362]

The facts of *Kienitz* highlight the close relationship between factors one and four as well as the principle that the more transformative a secondary work is, the less likely it is to have an effect on the primary work's direct and derivative markets. The factor four analysis of these facts begins by examining the effect on the direct market. Sconnie Nation's extensive content transformation of Kienitz's photograph makes it extremely unlikely that the T-shirt will be an adequate substitute for those looking to purchase the original.[363] Therefore, the T-shirt likely has no effect on the direct market for the photograph.

Next, the effect on the derivative market is analyzed. The transformative purpose of the T-shirt places it outside the scope of Kienitz's exclusive right to create and license derivative works.[364] Because the T-shirt is not a derivative work, it cannot cause harm to the derivative market for the photograph.

The absence of market harm is especially clear in *Kienitz* because the T-shirt's transformative purpose is criticism. "[T]he law recognizes no derivative market for critical works," because if it did, authors could prevent their work from being criticized by refusing to license their work, impinging on a critic's freedom of speech.[365] This proposition is usually limited to secondary works that criticize the primary work (as in parody) and does not extend to secondary works that use the primary work to criticize other things (as in satire). But the reasoning behind this proposition applies equally to the facts in *Kienitz*. Kienitz admitted that he would "never license his photograph of Mayor Soglin for the purpose of criticizing, mocking, parodying or satirizing Mayor Soglin."[366] Even worse, the fact that Kienitz began the process of suing Sconnie Nation by filing for a copyright just one week after Mayor Soglin contacted him suggests that he may have launched this copyright suit at the Mayor's urging.[367] Just as authors should not be allowed

factor . . . ." (quoting Leveyfilm, Inc. v. Fox Sports Interactive Media, LLC, No. 13 C 4664, 2014 U.S. Dist. LEXIS 92809, at *33 (N.D. Ill. July 8, 2014))).

362. *See Campbell*, 510 U.S. at 592.

363. *See* Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 759 (7th Cir. 2014).

364. *See id.*

365. *Campbell*, 510 U.S. at 592. As the Court pointed out, "People ask . . . for criticism, but they only want praise." *Id.* (quoting W. SOMERSET MAUGHAM, OF HUMAN BONDAGE 241 (Penguin ed. 1992)).

366. Kienitz v. Sconnie Nation LLC, 965 F. Supp. 2d 1042, 1054 (W.D. Wis. 2013), *aff'd*, 766 F.3d 756 (7th Cir. 2014).

367. *See id.* at 1048.

to use copyright to stifle criticism of their work, the subjects of that work should not be allowed to enlist authors to use copyright to stifle criticism of themselves.[368] This is especially true when political speech, a particularly valuable form of speech,[369] is at issue.

Applying this conclusion to *Kienitz*, Sconnie Nation's T-shirt should not be considered a derivative work of the photograph because it constitutes political criticism of the subject of the photograph, Mayor Soglin. Consequently, the T-shirt's effect on the photograph's derivative market is zero.[370] It is important to note, however, that this conclusion hinges on the finding that the T-shirt had a transformative purpose and therefore is not a derivative work. T-shirts featuring the photograph of the Mayor without the purpose of criticism would probably be within the realm of the Kienitz's derivative right, even if the photograph was significantly altered so that its content was transformed.[371] If this were the case, factor four would weigh against fair use because it is likely to cause harm to Kienitz's rightful claim to the derivative market for T-shirts that feature his unaltered photograph.

Since Sconnie Nation's T-shirt is unlikely to have any effect on the primary market or the derivative market for Kienitz's photograph, factor four weighs strongly in favor of fair use.

E. BALANCING THE FACTORS

After exploring all four factors, "the results [are] weighed together, in light of the purposes of copyright."[372] In this proposed analysis of *Kienitz*, factor two (the nature of the primary work) weighs at least slightly in favor of fair use because the photograph sits close to the edge of copyright

368. This is only a small addition to the criticism limit on the derivative works right because it would only apply where a secondary work uses a primary work to criticize the subject of the primary work. Satire that criticizes subjects that are not addressed in, or are unrelated to, the primary work would still be part of the author's derivative works right under this standard. In fact, the existing criticism limit on derivative works may already include works that criticize the subject of the primary work, not just the primary work itself. In *Campbell*, 2 Live Crew's parody of "Oh, Pretty Woman" was held to be criticism that was outside of Roy Orbison's derivative works right, even though the parodic elements were primarily directed at the subject of the work, "the romantic musings of a man whose fantasy comes true," not its aesthetics. *Campbell*, 510 U.S. at 583. Just as the subject of "Oh, Pretty Woman" was a man's romantic musings, the subject of Kienitz's photograph is Mayor Soglin. It follows that if criticism of the fictional man in "Oh, Pretty Woman" should be outside Orbison's derivative works right, criticism of Mayor Soglin should be outside Kientiz's derivative works right.

369. 2 RODNEY A. SMOLLA, SMOLLA & NIMMER ON FREEDOM OF SPEECH § 16:1 (Thomson Reuters rev. ed. 2020) ("There is no dispute over the high place 'political speech' occupies in First Amendment jurisprudence.").

370. *See Campbell*, 510 U.S. at 592.

371. *See supra* Section III.C.2.

372. *Campbell*, 510 U.S. at 578.

protection.[373] The only factor that weighs against fair use is factor three (the amount of the primary work used).[374] Although Sconnie Nation used the entirety of Kienitz's photograph to make its T-shirt, this is mitigated by the finding under factor two that Kientiz's photograph was close to the edge of copyright.[375] Therefore, factor three weighs only slightly against fair use. Factor one (the purpose of the secondary work) weighs strongly in favor of fair use because the T-shirt is transformative both with respect to purpose and content.[376] Finally, factor four (market effect) also weighs strongly in favor of fair use because the T-shirt is unlikely to affect the direct or derivative markets for the original work.[377]

In this case, the majority of factors weigh in favor of fair use. But ultimately the question is not the *number* of factors that weigh in favor of or against fair use but the *balance* between them.[378] Factors one and four weigh strongly, and factor two weighs at least slightly, in favor of fair use. Since the balance of factors weighs in favor of fair use, Sconnie Nation's T-shirt is a fair use of Kienitz's photograph.

CONCLUSION

In the end, this Note's proposed analysis reaches the same result as *Kienitz*. But the problem with *Kienitz* is not its result, but its reasoning and the potential for that reasoning to serve as a precedent that could exacerbate the problems Judge Easterbrook identified with fair use. This Note's proposed fair use analysis, outlined and demonstrated in Part III, shows that *Kienitz* would serve as better precedent if Judge Easterbrook had analyzed all the factors in detail and employed the transformative use subfactor.[379] Factors one and two, which were all but ignored in *Kienitz*, ended up playing significant roles in this Note's proposed analysis.[380] Reincorporating transformative use allowed the photograph's alterations to be analyzed

373. *See supra* Section III.A.2.

374. *See supra* Section III.B.3.

375. *See supra* Section III.B.2.

376. *See supra* Section III.C.3.

377. *See supra* Section III.D.

378. *See, e.g.*, Warner Bros. Entm't v. RDR Books, 575 F. Supp. 2d 513, 551 (S.D.N.Y. 2008) (concluding that even though factor one weighed in favor of fair use and factor three weighed against fair use, factor three outweighed factor one, so the secondary work was not a fair use even though a majority of the factors did not weigh against fair use); Dr. Seuss Enters. v. ComicMix LLC, 372 F. Supp. 3d 1101, 1125 (S.D. Cal. 2019) (finding fair use when only factor one weighed in favor of defendants, factor two weighed "slightly" in favor of the plaintiff, and factors three and four were neutral).

379. *Compare supra* Part III, *with supra* Part II.

380. *See supra* Sections III.A and III.C.

without undermining the fair use test.[381] Considering factor two first was useful because findings under that factor later informed the analysis of factors one and three.[382] Although factor two appears less significant in the final balance, it still played an important role in informing the analysis of weightier factors, especially factor one.[383] This demonstrates the importance of carefully and fully analyzing all four factors.

A robust analysis also provides better guidance for future courts on how to apply the fair use factors and how to structure the interactions between them. As this analysis shows, the order in which the factors are considered can have a significant impact on how they interact.[384] This Note provides a model for how to structure these factors that adds specificity to the general guidance offered in *Campbell* to not consider the four factors in isolation.[385]

Although the changes proposed above might help improve fair use jurisprudence, it is also important to put them, and the fair use test itself, into perspective. Even if a secondary work is vindicated as a fair use as the doctrine currently exists, it is questionable whether such a finding effectively promotes copyright's goal "to promote the Progress of Science and useful Arts."[386] Sconnie Nation does not intend to ever reprint the T-shirt that the Seventh Circuit ruled was a fair use for fear that doing so could continue to result in "IP issues."[387] And twelve years after *RDR Books* denied fair use protection to an unlicensed *Harry Potter* encyclopedia, J.K. Rowling has yet to release her own.[388] Our intellectual world is poorer for the lack of these works and others that were never created because their would-be authors were discouraged by the unpredictability of fair use doctrine.[389]

381. *Supra* Section III.C.3.

382. *See supra* Part III.

383. *See supra* Section III.C.

384. *See supra* Part III.

385. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578 (1994).

386. U.S. CONST. art. I, § 8, cl. 8; *see also* Sites, *supra* note 3, at 515 (reporting that "a significant portion of the art community, broadly defined, has avoided or abandoned works because of copyright concerns").

387. E-mail from Chris, Sales Representative, Sconnie Nation, to author (Feb. 26, 2020) (on file with author).

388. *See* Warner Bros. Entm't v. RDR Books, 575 F. Supp. 2d 513, 519 (S.D.N.Y. 2008); Andrew Sims, *The Harry Potter Encyclopedia Was Announced by J.K. Rowling in 2012, so Where Is It?*, HYPABLE (June 18, 2020, 11:15 AM), https://www.hypable.com/harry-potter-encyclopedia-update [https://web.archive.org/save/https://www.hypable.com/harry-potter-encyclopedia-update] ("The hypothetical Harry Potter Encyclopedia has been haunting the fandom for well over a decade.").

389. *See generally* LAWRENCE LESSIG, FREE CULTURE: HOW BIG MEDIA USES TECHNOLOGY AND THE LAW TO LOCK DOWN CULTURE AND CONTROL CREATIVITY (2004) (lamenting various examples of copyright law failing to fulfill its constitutional mandate to promote creative progress, including that fair use fails to protect most creators due to the enormous expense involved in putting this defense forward).

In the short term, the recommendations outlined above are important incremental steps to improve the fair use doctrine as it currently exists. Some of these issues may be addressed by the Supreme Court in the pending case, *Google v. Oracle*.[390] But even if this Note's recommendations were fully implemented, they would not be enough to realize the purpose of fair use: promoting creative progress and minimizing the creative costs of copyright law. So much of our culture, from memes to music sampling, is based on what has come before. Further research is needed to find better, more efficient ways to apply the principles that underlie fair use doctrine, ones that will incentivize and inspire everyone to be creative.

390. Oracle Am., Inc. v. Google LLC, 886 F.3d 1179, 1186 (Fed. Cir. 2018), *cert. granted*, 140 S. Ct. 520 (2019), *argued*, (Oct. 7, 2020); *see also Google LLC v. Oracle America Inc.*, SCOTUSBLOG, https://www.scotusblog.com/case-files/cases/google-llc-v-oracle-america-inc [https://perma.cc/WN7Q-WVTD].