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Fixing Fair Use

Michael W. Carroll

Villanova University School of Law, mcarroll@wcl.american.edu

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FIXING FAIR USE*

MICHAEL W. CARROLL**

The fair use doctrine in copyright law balances expressive freedoms by permitting one to use another's copyrighted expression under certain circumstances. The doctrine's context sensitivity renders it of little value to those who require reasonable ex ante certainty about the legality of a proposed use. This Article advances a legislative proposal to create a Fair Use Board in the U.S. Copyright Office that would have the power to declare a proposed use of another's copyrighted work to be a fair use. Like a private letter ruling from the IRS or a "no-action" letter from the SEC, a favorable opinion would immunize only the petitioner from copyright liability for the proposed use, leaving the copyright owner free to challenge the same or similar uses by other parties. The copyright owner would receive notice and have an opportunity to challenge a petition. Fair use rulings would be subject to administrative review in the Copyright Office and to judicial review by the federal courts of appeals. The Article closes with a discussion of alternative approaches to fixing fair use.

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** Associate Professor of Law, Villanova University School of Law. I am grateful to participants in the Penn-Temple-Wharton Colloquium at the Wharton School, University of Pennsylvania, the Fifth Annual Intellectual Property Scholars Conference at Cardozo Law School, and the Creative Processes and the Public Domain Symposium at John Marshall Law School for their insightful comments. Thanks also to Barry Brewer, Kelly Kindig, and Erin O'Brien for first-rate research assistance.

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What is [f]air [u]se? We would all appreciate a clear, crisp answer. . . . [F]ar from clear and crisp, fair use is better described as a shadowy territory whose boundaries are disputed, more so now that it includes cyberspace than ever before. . . . [M]any legal scholars, politicians, copyright owners and users and their lawyers agree that fair use is so hard to understand that it fails to provide effective guidance for the use of others' works today. But the fact is, we really must understand and rely on it.¹

1. Office of General Counsel, University of Texas, Fair Use of Copyrighted Materials, <http://www.utsystem.edu/OGC/intellectualProperty/copypol2.htm> (last visited Feb. 25, 2007) (emphasis omitted).

INTRODUCTION

Copyright law grants broad exclusive rights to encourage authors to create and to distribute new expressive works. These rights are powerful. Using copyright, a sculptor can halt distribution of a major motion picture because a scene includes the image of his sculpture without authorization,² the heir of a famous author can threaten to halt publication of unfavorable scholarship,³ and a songwriter can restrain distribution of a song that borrows three words and a portion of the melody from his song.⁴ While this power may render the author's expression marketable,⁵ it is also subject to abuse.⁶

When fashioning modern copyright law, Congress recognized that circumstances would arise in which the broad sweep of copyright would be socially undesirable, and it responded by codifying a series of limitations on copyright's scope.⁷ Fair use is the first and most general of these limitations.⁸ It renders unauthorized use of a

2. Sculptor Frederick E. Hart brought suit to enjoin distribution of the film, *Devil's Advocate*, which included a scene in which Hart's bas-relief sculpture, *Ex Nihilo*, at the entrance to the Washington National Cathedral, comes to life. See Brooke A. Masters, *Va. Judge Tells Filmmaker To Settle Suit or Halt Video*, WASH. POST, Feb. 11, 1998, at B2. Warner Brothers studio asserted that, if issued, the injunction would cost the studio \$14 million to \$23.4 million. See Jonathan Groner, *Hart et al. v. Warner Bros. et al.*, LEGAL TIMES, Mar. 2, 1998, at 17; see also K.J. Greene, *Motion Picture Copyright Infringement and the Presumption of Irreparable Harm: Toward a Reevaluation of the Standard for Preliminary Injunctive Relief*, 31 RUTGERS L.J. 173, 188–90 (2000) (describing this and similar cases).

3. See, e.g., D.T. Max, *The Injustice Collector*, NEW YORKER, June 19, 2006, at 34–43 (describing the use of copyright law by James Joyce's grandson to threaten scholars).

4. See *Grand Upright Music Ltd. v. Warner Bros. Records, Inc.*, 780 F. Supp. 182, 183 (S.D.N.Y. 1991) (enjoining distribution of a song by rapper Biz Markie that sampled Gilbert O'Sullivan's *Alone Again (Naturally)*).

5. See *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 558 (1985) (“By establishing a marketable right to the use of one’s expression, copyright supplies the economic incentive to create and disseminate ideas.”).

6. See, e.g., *West Publ’g Co. v. Mead Data Cent., Inc.*, 799 F.2d 1219, 1229 (8th Cir. 1986) (affirming a preliminary injunction against Lexis for distributing public domain judicial opinions marked up with West’s allegedly copyrighted page numbers). *But see* *Matthew Bender & Co. v. West Publ’g Co.*, 158 F.3d 693, 699 (2d Cir. 1998) (holding that West’s star pagination feature was not protected by copyright). West’s assertion that page numbers constituted copyrightable expression because the numbers reflected West’s effort in arranging cases in its reports was quite dubious at the time it was asserted, and the claim became untenable after the Supreme Court made clear that copyrightable expression requires originality rather than mere effort. See generally *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 346 (1991) (holding that the Constitution requires “independent creation plus a modicum of creativity”).

7. See 17 U.S.C. § 102(b) (2000) (defining limitations on copyrightable subject matter); *id.* §§ 107–22 (imposing limitations on the scope of exclusive rights).

8. See *id.* § 107.

copyrighted work noninfringing if the balance of a set of context-specific factors favors such use.⁹

While the doctrine's attention to context has many salutary attributes, it is so case-specific that it offers precious little guidance about its scope to artists, educators, journalists, Internet users, and others who require use of another's copyrighted expression in order to communicate effectively.¹⁰ The conventional wisdom is that this *ex ante* uncertainty is simply the price that policymakers must accept for choosing a standard over a rule.¹¹ By this logic, if legal uncertainty about copyright law's scope has become more troubling in the digital era—and it has—Congress should clarify fair use by rendering it more rule-like, as has been done through the fair dealing privilege found in English, Canadian, and Australian law.¹²

This Article intervenes in the general rules/standards discourse by showing that the law can have its context-sensitive standards and use them, too, by coupling standards with an advisory opinion mechanism that provides *ex ante* certainty in specific cases. Such a mechanism already has been deployed in a variety of branches of federal law, such as federal regulation of income taxation,¹³ sale of securities,¹⁴ and subsidized health care.¹⁵ In operation, the advisory opinion provides guidance in particular situations without creating a thick body of binding precedent that ossifies the regulatory system.

This Article applies this insight by advancing a legislative proposal to create a Fair Use Board in the Copyright Office that would have authority to adjudicate fair use petitions and, subject to judicial review, issue fair use rulings. The effect of such a ruling, if favorable, would be roughly analogous to a private letter ruling from the Internal Revenue Service¹⁶ or a “no-action” letter from the Securities and Exchange Commission¹⁷—the individual user would be

9. *Id.*

10. *See infra* notes 32–37 and accompanying text (documenting agreement concerning fair use uncertainty).

11. *See infra* note 63 (citing to the rules/standards literature).

12. *See infra* Part III.B (discussing possibility of fair use rules, including fair dealing).

13. *See* 26 U.S.C. § 7805; Rev. Proc. 2004-1, 2004-1 C.B. 1, § 2.01.

14. *See* 17 C.F.R. § 202.1(d) (2006) (authorizing “No-Action Letter”).

15. *See* 42 C.F.R. §§ 411.370–.389 (authorizing advisory opinions regarding Medicare statute).

16. *See* 26 U.S.C. § 7805; Rev. Proc. 2004-1, 2004-1 C.B. 1, § 2.01 (“A ‘letter ruling’ is a written determination issued to a taxpayer by the Associate office that interprets and applies the tax laws to the taxpayer’s specific set of facts.”).

17. *See* 17 C.F.R. § 202.1–.2. No-action letters represent the position of the SEC’s enforcement staff with respect to a proposed transaction, and the Commission is not bound by that position. *See id.* However, these appear to be treated as binding *de facto*.

immune from copyright liability for the proposed use, but the ruling would be nonprecedential. Under the proposal, the fair use petitioner would be obliged to serve notice on the copyright owner, who would have an opportunity to contest the petition. Either party could appeal an unfavorable ruling administratively and then to any federal circuit court of appeals with personal jurisdiction over the parties.

The proposal is fair use-neutral because it would not change the substantive entitlements granted by the Copyright Act. Rather, it would simply give fair use a fair chance. Copyright owners would have a full opportunity to assert their rights and would be no more prejudiced by choosing not to contest particular petitions than they currently are when they choose not to pursue action against uses they deem infringing.

The problems caused by fair use uncertainty are sufficiently urgent that I also endorse two less attractive proposals in the event that the primary proposal is ahead of its time. These alternatives focus on a different approach to fixing fair use—reducing the risks of relying on fair use by limiting the remedies available against a user who misinterprets the doctrine’s scope in good faith. Under the first alternative, Congress would still create a Fair Use Board, but the Board would serve only in an advisory capacity. A favorable fair use opinion would limit a user’s liability in the event that a court subsequently determined that the subject use was infringing.¹⁸ Under the second alternative, Congress would extend to all potential fair users a limit on statutory damages currently available only to libraries, archives, colleges, universities, and public broadcasters.¹⁹

Finally, this Article analyzes why attempts to fix fair use by rendering it more rule-like would be normatively unattractive and

See Donna M. Nagy, *Judicial Reliance on Regulatory Interpretations in SEC No-Action Letters: Current Problems and a Proposed Framework*, 83 CORNELL L. REV. 921, 943 (1998) (“[R]ecipients highly value no-action letters, undoubtedly because the Commission appears to have never proceeded against the recipient of a no-action letter who acted in good faith on the letter’s advice.”).

18. This proposal could be implemented in conjunction with the current legislative process concerning orphan works. See The Orphan Works Act of 2006, H.R. 5439, 109th Cong. (2d Sess. 2006), available at <http://thomas.loc.gov/cgi-bin/query/z?c109:H.R.5439>. See generally U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS (2006), available at <http://www.copyright.gov/orphan/orphan-report-full.pdf> (suggesting proposals for limiting liability of a user who made a good faith effort to find an untraceable copyright owner).

19. See 17 U.S.C. § 504(c)(2). This limitation applies when one of these privileged users infringes copyright with a mistaken but good faith belief that the use was a fair use. In addition, this alternative proposal would limit the availability of injunctive relief in the case of users acting in good faith.

would be ineffective in any case. Congress correctly rejected rule-like proposals when it codified fair use in the Copyright Act of 1976²⁰ because rules would be significantly over- and under-inclusive. The expressive interests of authors and potential fair users are of constitutional import and should be balanced with a degree of context sensitivity that rules cannot supply.

I. FAIR USE UNCERTAINTY

The fair use doctrine is rooted in the truth that we sometimes must use the expression of another to express ourselves effectively.²¹ Fair use protects a zone of expressive opportunity for criticism, comment, parody, education, and other socially beneficial forms of communication that might not occur if copyright owners were given complete control over how their works were used.²² Fair use functions effectively only when users are reasonably confident in the legality of their use or when they are willing to adopt and defend a fair use position in the face of an uncertain legal standard.

This Part demonstrates that ascertaining the scope of fair use *ex ante* is sufficiently uncertain that the doctrine is not effectively fulfilling its important function. After highlighting the constitutional dimension of fair use analysis, this Part explores the doctrinal sources of uncertainty. It then shows that litigation over certain types of use in which the issue of fair use recurs generally has not served to clarify the scope of fair use. Finally, this Part explains why potential fair users who seek *ex ante* certainty through a declaratory judgment proceeding rarely can do so.

20. Pub. L. No. 94-553, 90 Stat. 2541 (codified as amended in scattered sections of 17 U.S.C.).

21. *See, e.g.*, *Emerson v. Davies*, 8 F. Cas. 615, 619 (D. Mass. 1845) (No. 4436) (principal judicial architect of fair use doctrine recognizing that “[e]very book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before”). Some may be inclined to contest the truth of this claim. But, in its most limited form, the claim holds that we must be able to quote one another to communicate effectively, and I am aware of no legislator, judicial officer, or copyright scholar who contests the value of copyright law’s privilege for unauthorized quotation. *See* Berne Convention for the Protection of Literary and Artistic Works art. 10(1), Sept. 9, 1886, *as last revised* July 24, 1971, 25 U.S.T. 1341, 828 U.N.T.S. 221 (“It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries.”).

22. *See, e.g.*, Paul Goldstein, *Fair Use in a Changing World*, 50 J. COPYRIGHT SOC’Y U.S.A. 133, 141 (2003) (“Some copyright bargains will fail because the copyright owner refuses to license a proposed use on any terms at all.”).

A. Overview

Concerns about the problem of fair use uncertainty have intensified recently because fair use has been called upon in a variety of new situations. Wide distribution of digital technologies has greatly increased copyright law's domain while also giving rise to a significantly larger pool of potential fair users attracted to the remarkable reproductive and adaptive power of these new technologies. The dispute over Google's digitization of large library collections is one of many signs demonstrating that, in the digital age, questions of fair use have taken on greater urgency.²³

The Supreme Court has further fueled this urgency by recognizing, without describing, the constitutional substrate undergirding the fair use doctrine. In *Eldred v. Ashcroft*,²⁴ the Court took up a claim that the First Amendment also directly secures a speaker's right to use the copyrighted expression of another under certain circumstances. Writing for the Court, Justice Ginsburg responded:

The First Amendment securely protects the freedom to make—or decline to make—one's own speech; it bears less heavily when speakers assert the right to make other people's speeches. To the extent such assertions raise First Amendment concerns, copyright's built-in free speech safeguards are generally adequate to address them. We recognize that the D.C. Circuit spoke too broadly when it declared copyrights “categorically immune from challenges under the First Amendment.” But when, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.²⁵

This holding follows from *Harper & Row, Publishers, Inc. v. Nation Enterprises*,²⁶ in which the Court held that because the fair use doctrine serves as one of copyright law's two free speech safeguards,

23. See, e.g., Complaint at 2, *Authors Guild v. Google, Inc.*, No. 05-CV-8136 (S.D.N.Y. Sept. 20, 2005), available at <http://www.unc.edu/courses/2006spring/law/357c/001/projects/jsieman/authorsguild.pdf> (alleging that large-scale intermediate digitization of libraries' book collections infringes copyright); Jonathan Band, *The Google Print Library Project: A Copyright Analysis*, <http://www.policybandwidth.com/doc/googleprint.pdf> (last visited Apr. 15, 2007) (analyzing Google's fair use argument in response to *The Authors Guild* suit).

24. 537 U.S. 186 (2003).

25. *Id.* at 221.

26. 471 U.S. 539 (1985).

there was no need to expand its scope in order to save it from running afoul of the First Amendment.²⁷

To be clear, neither *Eldred* nor *Harper & Row* holds that the fair use doctrine as currently interpreted is constitutionally required. But, by rejecting the D.C. Circuit's categorical immunity for copyright in *Eldred*, the Court held, a fortiori, that at least some uses of another's copyrighted expression qualify as speech protected by the First Amendment. Thus, the holding in *Eldred* is that the fair use doctrine as currently interpreted usually provides a defense to infringement at least as robust as the one the First Amendment would require and therefore this First Amendment defense requires no further specification at this time. From the free speech perspective, then, fair use is no constitutional understudy—it is the starring attraction.

Regrettably, the “built-in free speech safeguards”²⁸ of copyright law lack important procedural protections for potential fair users that the First Amendment provides for those who utter other forms of protected speech. In particular, the Court, having recognized that the risk of legal uncertainty is of particular concern when the law regulates speech, has determined that the First Amendment requires the safeguards of the overbreadth and vagueness doctrines to contain such uncertainty.²⁹ By contrast, the substantive context sensitivity of the fair use doctrine often fails to rein in the vague and sometimes overly broad scope of copyright law.³⁰

A fair user's uncertainty about the scope of her rights stems not only from the fair use doctrine's case specificity but also from its codification in a nonexclusive four-factor test set forth in § 107 of the Copyright Act.³¹ Those familiar with copyright law are well acquainted with the difficulties courts face in providing guidance under § 107. Judge Posner, for example, has candidly admitted that only minimal guidance can be drawn from the four factors,³² and Judge Leval has succinctly described the problem:

27. *See id.* at 560 (“In view of the First Amendment protections already embodied in the Copyright Act's distinction between copyrightable expression and uncopyrightable facts and ideas, and the latitude for scholarship and comment traditionally afforded by fair use, we see no warrant for expanding the doctrine of fair use to create what amounts to a public figure exception to copyright.”).

28. *Eldred*, 537 U.S. at 221.

29. *See infra* note 227 (describing First Amendment overbreadth and vagueness).

30. *See* James Gibson, *Risk Aversion and Rights Accretion in Intellectual Property Law*, 116 *YALE L.J.* 882, 884–86 (2007) (describing a feedback loop in which fair use uncertainty leads to licensing that serves to reduce the scope of fair use in future cases).

31. 17 U.S.C. § 107 (2000).

32. *See* *Ty, Inc. v. Publ'ns Int'l Ltd.*, 292 F.3d 512, 522 (7th Cir. 2002) (“The important point is simply that, as the Supreme Court made clear . . . the four factors are a checklist of

Judges do not share a consensus on the meaning of fair use. Earlier decisions provide little basis for predicting later ones. Reversals and divided courts are commonplace. . . . Confusion has not been confined to judges. Writers, historians, publishers, and their legal advisers can only guess and pray as to how courts will resolve copyright disputes.³³

The treatise writers are in accord that the fair use doctrine produces significant *ex ante* uncertainty.³⁴ Indeed, when writing more pointedly in a legal periodical, treatise author David Nimmer examined many fair use cases and the findings on each of the factors and concluded that “had Congress legislated a dartboard rather than the particular four fair use factors . . . it appears that the upshot would be the same.”³⁵ That is to say, “the four factors fail to drive the analysis, but rather serve as convenient pegs on which to hang antecedent conclusions.”³⁶ Other legal scholars also have expressed concern about fair use uncertainty, and have suggested a variety of other approaches to reduce it.³⁷

things to be considered rather than a formula for decision; and likewise the list of statutory purposes.”); *see also* William F. Patry & Richard A. Posner, *Fair Use and Statutory Reform in the Wake of Eldred*, 92 CAL. L. REV. 1639, 1645 (2004) (“All section 107 really amounts to in practical terms is confirmation that the courts are entitled to allow in the name of fair use a certain undefined amount of unauthorized copying from copyrighted works. This may seem an unsatisfactory solution to the problem of defining fair use, and indeed the uncertain contours of the defense raise serious problems . . .”).

33. Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1106–07 (1990).

34. *See* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05[A][1][b] (citing *Castle Rock Entm’t, Inc. v. Carol Publ’g Group, Inc.*, 150 F.3d 132, 142 (2d Cir. 1998)); 2 PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 12.2.2, at 12:34 (3d ed. 2005); WILLIAM F. PATRY, THE FAIR USE PRIVILEGE IN COPYRIGHT LAW 45 (2d ed. 1995); *see also* The Patry Copyright Blog, http://williampatry.blogspot.com/2005_05_01_williampatry_archive.html (May 3, 2005, 08:30 EST).

35. David Nimmer, “*Fairest of Them All*” and *Other Fairy Tales of Fair Use*, LAW & CONTEMP. PROBS., Winter/Spring 2003, at 263, 280.

36. *Id.* at 281. Professor Barton Beebe’s statistical analysis of more than 200 fair use opinions is consistent with this conclusion. *See* Barton Beebe, *An Empirical Study of the U.S. Copyright Fair Use Cases, 1978–2005: A Quick Report of Initial Findings for IPSC 2006*, at 7–8 n.24 (Aug. 10, 2006) (unpublished manuscript, on filed with the North Carolina Law Review) (“While I know of no statistical way to show that courts are indeed putting the cart before the horse when they engage in a Section 107 analysis, the strong evidence of stampeding is at least consistent with Nimmer’s description.”).

37. For example, Professor Jessica Litman would rein in the initial grant of rights to render users’ rights more ascertainable. *See* JESSICA LITMAN, DIGITAL COPYRIGHT 166–86 (2001) (proposing an unfair competition standard for infringement). Professor Michael Madison argues for a pattern-oriented approach to fair use and would amend § 107 to give courts greater freedom to identify the social practices that should inform fair use analysis. *See* Michael J. Madison, *Rewriting Fair Use and the Future of Copyright Reform*, 23 CARDOZO ARTS & ENT. L.J. 391 (2005) [hereinafter Madison, *Rewriting Fair Use*];

As one might expect, potential fair users who seek to make public use of another's work often are deterred from engaging in a desired use by the uncertain scope of the fair use doctrine coupled with the high costs of litigation and the potentially enormous statutory damages that a court could award if it disagreed with the user's fair use judgment.³⁸ Even when a creator is satisfied that a contemplated use is legally fair, many media gatekeepers, such as television broadcasters, film distributors, and book publishers, will not accept such fair use determinations, nor will they rely on their own fair use analysis.³⁹ Instead, in many cases these gatekeepers require copyright clearance any time an artist seeks to express herself with the speech of another through fair use quotation, incidental use, or even *de minimis* use. These institutional practices and expectations are congealing into a "clearance culture" that circumscribes or nullifies the rights that copyright law expressly grants users to use another's work without clearance.

B. *Doctrinal Causes of Uncertainty*

If uncertainty about copyright's scope chills expression, surely there must be doctrinal responses that would provide greater clarity. There has been no shortage of scholarly commentary directed at

Michael J. Madison, *A Pattern-Oriented Approach to Fair Use*, 45 WM. & MARY L. REV. 1525 (2004) [hereinafter Madison, *A Pattern-Oriented Approach*]. Separately, rather than seeking a legislative response to fair use uncertainty, Professor Peter Jaszi, along with the Center for Social Media, has been working with documentary filmmakers to generate negotiated fair use norms that would be instantiated in a set of "best practices" adopted by content industries, particularly the film industry. See CTR. FOR SOC. MEDIA, AM. UNIV. SCH. OF COMM'N, DOCUMENTARY FILMMAKERS' STATEMENT OF BEST PRACTICES IN FAIR USE (2005), available at http://www.centerforsocialmedia.org/files/pdf/fair_use_final.pdf. The proposals advanced in this Article could work in conjunction with any of these approaches.

38. See MARJORIE HEINS & TRICIA BECKLES, BRENNAN CTR. FOR JUSTICE, N.Y. UNIV. SCH. OF LAW, WILL FAIR USE SURVIVE: FREE EXPRESSION IN THE AGE OF COPYRIGHT CONTROL 5–6 (2005), available at <http://www.fepproject.org/policyreports/WillFairUseSurvive.pdf> (summarizing gatekeeping institutions that require copyright clearance for even very small uses of copyrighted works, such as the quotation of one or two sentences); R. Polk Wagner, *The Perfect Storm: Intellectual Property and Public Values*, 74 FORDHAM L. REV. 423, 429 (2005) (discussing growing uncertainty concerning the scope of fair use and the "truly pernicious effects" of such uncertainty); Gibson, *supra* note 30, at 884; see also Rebecca Tushnet, *Copyright as a Model for Free Speech Law: What Copyright Has in Common with Anti-Pornography Laws, Campaign Finance Reform, and Telecommunications Regulation*, 42 B.C. L. REV. 1, 20–21, 24 (2000) (describing the chilling effects of copyright law's vague scope).

39. See *infra* notes 166–69 and accompanying text.

providing a fair use theory that would lead to such clarity.⁴⁰ To date, however, Congress and the courts have resisted attempts to clarify fair use. The remainder of this Part explains why. Readers already familiar with the doctrinal causes of fair use uncertainty may wish to proceed directly to the proposal in Part II.

1. Copyright Infringement

Copyright applies to any “original work of authorship” at the moment it is “fixed in a tangible medium of expression.”⁴¹ Originality is a very low standard that requires only a minimal spark of creativity.⁴² As a consequence, copyright applies to a broad range of works, including shampoo bottle labels,⁴³ technical manuals,⁴⁴ county tax maps,⁴⁵ commercial photographs of products,⁴⁶ and some blank forms.⁴⁷

40. A sample of this extensive literature includes Laura R. Bradford, *Parody and Perception: Using Cognitive Research To Expand Fair Use in Copyright*, 46 B.C. L. REV. 705 (2005); William W. Fisher III, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV. 1659 (1988); Jane C. Ginsburg, *Putting Cars on the “Information Superhighway”:* *Authors, Exploiters, and Copyright in Cyberspace*, 95 COLUM. L. REV. 1466 (1995); Goldstein, *supra* note 22; Wendy Gordon, *Excuse and Justification in the Law of Fair Use: Transaction Costs Have Always Been Only Part of the Story*, 50 J. COPYRIGHT SOC’Y U.S.A. 149 (2003); Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors*, 82 COLUM. L. REV. 1600 (1982); Justin Hughes, *Fair Use Across Time*, 50 UCLA L. REV. 775 (2003); Raymond Shih Ray Ku, *Consumers and Creative Destruction: Fair Use Beyond Market Failure*, 18 BERKELEY TECH. L.J. 539 (2003); Leval, *supra* note 33; Glynn S. Lunney, Jr., *Fair Use and Market Failure: Sony Revisited*, 82 B.U. L. REV. 975 (2002); Madison, *Rewriting Fair Use*, *supra* note 37; Nimmer, *supra* note 35; Ruth Okediji, *Givers, Takers, and Other Kinds of Users: A Fair Use Doctrine for Cyberspace*, 53 FLA. L. REV. 107 (2001); Patry & Posner, *supra* note 32; L. Ray Patterson, *Understanding Fair Use*, LAW & CONTEMP. PROBS., Spring 1992, at 249; Symposium, *Copyright and Personal Copying: Sony v. Universal Studios Twenty-One Years Later*, 55 CASE W. RES. L. REV. 749 (2005); Rebecca Tushnet, *Copy This Essay: How Fair Use Doctrine Harms Free Speech and How Copying Serves It*, 114 YALE L.J. 535 (2004); Lloyd L. Weinreb, *Fair Use*, 67 FORDHAM L. REV. 1291 (1999); Diane Leenheer Zimmerman, *The More Things Change the Less They Seem “Transformed”:* *Some Reflections on Fair Use*, 46 J. COPYRIGHT SOC’Y U.S.A. 251 (1998).

41. 17 U.S.C. §§ 102(a), 201(a) (2000).

42. See *Feist Publ’ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345–46 (1991).

43. See, e.g., *Quality King Distribs., Inc. v. L’anza Research Int’l, Inc.*, 523 U.S. 135, 135 (1998).

44. See, e.g., *Highland Tank & Mfg. Co. v. PS Int’l, Inc.*, 393 F. Supp. 2d 348, 360–61 (W.D. Pa. 2005).

45. See, e.g., *County of Suffolk v. First Am. Real Estate Solutions*, 261 F.3d 179, 195 (2d Cir. 2001).

46. See *Ets-Hokin v. Skyy Spirits, Inc.*, 225 F.3d 1068, 1073 (9th Cir. 2000).

47. See *Bucklew v. Hawkins, Ash, Baptie & Co., LLP*, 329 F.3d 923, 929 (7th Cir. 2003).

The Copyright Act grants authors the exclusive rights to reproduce, to publicly distribute, to publicly perform, to publicly display, and to adapt their copyrighted works.⁴⁸ The copyright owner's right to control reproduction of the work extends to partial borrowings and to adaptations so long as a user had access to the owner's work and the user's work "has 'substantial similarity'" to the copyright owner's in the eyes of an ordinary observer.⁴⁹ The copyright owner's rights are limited to her original expression and do not encompass any idea, procedure, process, system, method of operation, concept, principle, or discovery.⁵⁰

Liability for copyright infringement is strict. Under the current interpretation of the Copyright Act, members of the public who exercise any of the copyright owner's rights without authorization are prima facie infringers regardless of their intent or knowledge.⁵¹ In this environment, producers, distributors, readers, viewers, and all other users have a strong interest in distinguishing between infringing events and noninfringing events.⁵²

This is particularly true because the consequences of infringement can be quite severe. Courts may enjoin the continued distribution of an infringing work and can order the destruction of all infringing copies.⁵³ In addition, the copyright owner may elect at any time before final judgment is rendered to receive actual damages, including the infringer's profits attributable to infringement, or statutory damages.⁵⁴ The range for statutory damages is between \$750 and \$30,000 per infringed work, and this amount can be increased to \$150,000 per work if willful infringement is proven.⁵⁵ In

48. See 17 U.S.C. § 106 (2000) (granting rights to reproduce the work in copies, prepare derivative works, distribute the work in copies, publicly perform the work, or publicly display the work).

49. See *Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 70 (2d Cir. 1999).

50. 17 U.S.C. § 102(b). Line-drawing difficulties under the idea/expression dichotomy frequently arise in cases such as narrative works in which plot lines and characters resemble one another. Does, for example, *West Side Story* borrow Shakespeare's expression in *Romeo and Juliet* or merely his idea? This particular difficulty is not the focus of our present concern, but fair use determinations are analogously difficult. Logically, fair use does not arise as an issue until after the plaintiff establishes that the defendant used the plaintiff's expression.

51. See *Marder v. Lopez*, 450 F.3d 445, 453 (9th Cir. 2006).

52. See Office of General Counsel, *supra* note 1 (expressing desire for better guidance from the law as to the distinction between infringing conduct and noninfringing fair use).

53. See 17 U.S.C. §§ 502, 503(b).

54. See *id.* § 504.

55. *Id.* It is for this reason that the Recording Industry Association of America has threatened individuals hosting music files on peer-to-peer networks with the prospect of

many cases, the real threat is the fee-shifting provision by which defendants can be made to pay the copyright owner's attorney's fees, which can exceed the amount of damages.⁵⁶

2. Fair Use

In the language of the Copyright Act, fair use is a "limitation" on the exclusive rights granted to the copyright owner.⁵⁷ One could reasonably read the statutory language to require the copyright owner to prove that the defendant's use exceeded the bounds of fair use in order to show infringement.⁵⁸ Under current law, however, the copyright owner need prove only ownership of a valid copyright and that the defendant exercised one of the exclusive rights with respect to the registered work.⁵⁹ The defendant must prove fair use as an affirmative defense.⁶⁰

The scope of the fair use defense is sufficiently uncertain in light of the potential penalties to scare away a sizeable portion of potential users whose proposed use of a copyrighted work would be fair if the matter were litigated to judgment.⁶¹ To see why, begin with § 107:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies

hundreds of millions of dollars in potential damages: \$150,000 x number of songs hosted = potential statutory damages. See Reuters, *RIAA Threatens Orgy of Lawsuits*, WIRED, June 25, 2003, available at <http://www.wired.com/news/digiwood/0,1412,59391,00.html>.

56. See 17 U.S.C. § 505; see also *Wall Data Inc. v. L.A. County Sheriff's Dep't*, 447 F.3d 769, 776, 787 (9th Cir. 2006) (rejecting a fair use defense and awarding the copyright owner \$210,000 in damages and \$516,271 for attorneys' fees); *Schiffer Publ'g, Ltd. v. Chronicle Books, LLC*, No. Civ.A.0003-44444962, 2005 WL 1244923, at *1 (E.D. Pa. May 24, 2005) (same with \$150,000 in statutory damages and \$205,586.67 for attorneys' fees); *Marshall & Swift v. BS & A Software*, 871 F. Supp. 952, 954 (W.D. Mich. 1994) (same with \$9,450 in damages and \$38,713 for attorneys' fees); Peter Jaszi, *505 and All That—The Defendant's Dilemma*, LAW & CONTEMP. PROBS., Spring 1992, at 107, 107 ("It seems likely that, over the years, no provision of the American copyright law has exceeded that now codified as 17 U.S.C. section 505 in influencing the actual conduct of infringement litigation.").

57. See 17 U.S.C. § 107.

58. Cf. *Quality King Distribs., Inc. v. L'Anza Research Int'l, Inc.*, 523 U.S. 135, 144–45 (1998) (emphasizing that § 106 rights are limited by §§ 107 through 120).

59. See *Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.*, 150 F.3d 132, 137 (2d Cir. 1998).

60. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 590 (1994); *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 561 (1985); *Video Pipeline, Inc. v. Buena Vista Home Entm't, Inc.*, 342 F.3d 191, 197 (3d Cir. 2003).

61. See *supra* note 34.

for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.⁶²

Within the literature on rules and standards,⁶³ fair use is a quintessential standard.⁶⁴ It is well established that standards trade off greater ex ante certainty for greater ex post context sensitivity unless cultural or other contextual factors function to cabin a decisionmaker's discretion.⁶⁵ One strategy for improving the ex ante certainty of a legal standard's application is to subject its application to evidentiary presumptions, which limit the range of relevant evidence. However, Congress and the courts have resisted attempts

62. 17 U.S.C. § 107.

63. The rules/standards literature is substantial. See, e.g., MARK KELMAN, A GUIDE TO CRITICAL LEGAL STUDIES 15–63 (1987); FREDERICK SCHAUER, PLAYING BY THE RULES: A PHILOSOPHICAL EXAMINATION OF RULE-BASED DECISIONMAKING IN LAW AND IN LIFE 104 (1991); Louis Kaplow, *Rules Versus Standards: An Economic Analysis*, 42 DUKE L.J. 557 (1992); Duncan Kennedy, *Form and Substance in Private Law Adjudication*, 89 HARV. L. REV. 1685, 1687–1713 (1976); Eric A. Posner, *Standards, Rules, and Social Norms*, 21 HARV. J.L. & PUB. POL'Y 101 (1997); Margaret Jane Radin, *Reconsidering the Rule of Law*, 69 B.U. L. REV. 781, 783–91 (1989); Carol M. Rose, *Crystals and Mud in Property Law*, 40 STAN. L. REV. 577, 592–93 (1988); Pierre Schlag, *Rules and Standards*, 33 UCLA L. REV. 379, 379–430 (1985); Cass R. Sunstein, *Problems with Rules*, 83 CAL. L. REV. 953 (1995).

64. The terms “rules” and “standards” are at this point used as shorthand to differentiate degrees of ex post discretion enjoyed by those who apply the law, and it is in that sense that fair use is a standard. But commentators have laid out more complex taxonomies according to which standards are differentiated from other provisions, such as multifactor tests, which also provide significant ex post discretion. See, e.g., Sunstein, *supra* note 63, at 963–65. For those for whom this is a distinction with a difference, I mean to say that fair use is a multifactor test rather than a standard.

65. See *id.* (acknowledging that ex post discretion conferred by standards and factors is subject to cabining by interpretive practices); Kaplow, *supra* note 63, at 559–60.

to deploy this strategy in order to clarify the scope of fair use.⁶⁶ Here is a quick summary of why this resistance has resulted in significant *ex ante* uncertainty.⁶⁷

Preamble. Section 107 identifies types of unauthorized uses of a copyrighted work that might be deemed fair—criticism, comment, news reporting, teaching, scholarship, or research. This list could serve to clarify the scope of a fair user’s rights in two ways: the list could be construed as exclusive and/or the listed uses could be deemed presumptively fair. Courts have resisted both approaches. The listed uses are illustrative only,⁶⁸ and they are not entitled to a presumption of fairness.⁶⁹ Consequently, the language of the preamble does little work in the judicial application of fair use. The application of the factors leads to similar results.

Purpose and Character of the Use. Under the first factor, courts focus on whether the use should be characterized as commercial and whether it should be deemed transformative.⁷⁰ The defendant’s good faith has been added, or perhaps recognized, as a material sub-factor.⁷¹ A commercial use may threaten the copyright owner’s core economic incentive and therefore is less likely to be fair. The Supreme Court initially favored a presumption against commercial use, defined broadly,⁷² but it soon recognized an overbreadth problem

66. See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577–78 (1994) (“The task is not to be simplified with bright-line rules, for the statute, like the doctrine it recognizes, calls for case-by-case analysis. . . . Nor may the four statutory factors be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright.”).

67. For a more detailed analysis of the language, see Madison, *A Pattern-Oriented Approach*, *supra* note 37, at 1550–66.

68. See *Campbell*, 510 U.S. at 578–79 (describing the preamble as containing examples that may guide analysis); *Ringgold v. Black Entm’t Television, Inc.*, 126 F.3d 70, 78 (2d Cir. 1997) (stating that the examples in the preamble should not be completely ignored); *Pac. & S. Co., Inc. v. Duncan*, 744 F.2d 1490, 1494–95 (11th Cir. 1984) (stating that the preamble is illustrative and holding that the trial court erred in treating the uses listed in the preamble as establishing a threshold to be cleared before applying the four factors).

69. See *Campbell*, 510 U.S. at 584 (stating that an educational purpose is not guaranteed to be a fair use); *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 561 (1985) (stating that the statute was not intended to create any presumption of fairness).

70. See, e.g., *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608–09 (2d Cir. 2006); *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 800–01 (9th Cir. 2003).

71. See, e.g., *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 479 (2d Cir. 2004); *Nunez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 23 (1st Cir. 2000); Beebe, *supra* note 36, at 12 (finding that 13% of opinions reviewed explicitly considered whether defendant’s use was in good or bad faith).

72. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984) (“Thus, although every commercial use of copyrighted material is presumptively an unfair

with such an approach.⁷³ Under current law, all of the factors must be examined in evaluating a claim of fair use.⁷⁴

In contrast to the concerns for copyright owners engendered by commercial use, focus on transformative use emphasizes the public's perspective by asking whether the user's work supplants the original, "or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message."⁷⁵ The doctrine of transformative use⁷⁶ is a frequently litigated, though indeterminate subfactor.⁷⁷

Evidence of a defendant's commercial exploitation, good faith, or expressive transformation of the plaintiff's work will always be relevant to fair use analysis, but these considerations offset one another in any given case, and so the law provides little *ex ante* guidance about the weight a court will assign to such evidence.⁷⁸

Nature of the Copyrighted Work. The second factor focuses on whether the work is factual rather than fictional and whether the work is published or unpublished.⁷⁹ One function of this factor is to guard against enlarging the scope of rights in a factual compilation

exploitation of the monopoly privilege that belongs to the owner of the copyright, noncommercial uses are a different matter."). The Court defined commercial use as "not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price." *Harper & Row*, 471 U.S. at 562 (holding that publishing an excerpt from a biography of President Ford in advance of publication by another who had the exclusive right was not fair use).

73. See *Campbell*, 510 U.S. at 579, 584–85; see also Pierre N. Leval, *Fair Use Rescued*, 44 UCLA L. REV. 1449, 1456 (1997) ("[T]he proposition that commercial uses are unfair is extraordinarily inappropriate and harmful. The heart of fair use lies in commercial activity.").

74. See, e.g., *Sundeman v. Seajay Soc'y, Inc.*, 142 F.3d 194, 202–03 (4th Cir. 1998).

75. *Campbell*, 510 U.S. at 579 (citing Leval, *supra* note 33, at 1111).

76. See Leval, *supra* note 33, at 1111 (coining the term "transformative use" and defining it as a productive use of the material for a different purpose).

77. *Id.* But see Tushnet, *supra* note 40, at 559–60 (arguing that the doctrine of transformative use leads courts to undervalue the expressive importance of copying).

78. See, e.g., *Compaq Computer Corp. v. Ergonome Inc.*, 387 F.3d 403, 411 (5th Cir. 2004) (finding that the evidence supported the jury's determination of fair use with respect to a computer manufacturer's unauthorized commercial use of photographs of proper hand position to avoid repetitive stress injury in a computer user's manual); *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 479 (2d Cir. 2004) (finding that the transformative nature of defendant's work tipped the first factor in its favor even though the use was commercial and the copy of plaintiff's unpublished work was assumed to have been acquired in bad faith); *L.A. News Serv. v. CBS Broad., Inc.*, 305 F.3d 924, 939–40 (9th Cir. 2002) (describing uses as having offsetting commercial and transformative properties and concluding that the first factor "weakly" favors fair use).

79. See, e.g., *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 612 (2d Cir. 2006).

beyond the copyrighted selection or arrangement to cover the uncopyrightable facts.⁸⁰ Generally, however, this factor serves as a thumb on the scale in favor of the copyright owner because most works are deemed creative.⁸¹ Even in cases involving factual works, this factor does little work if the court finds substantial creativity in the use of facts.⁸²

With respect to publication status, the Supreme Court in *Harper & Row* emphasized that the author should retain control over the initial dissemination of a work, and therefore, unauthorized uses of unpublished works are less likely to be deemed fair.⁸³ The Court appeared to have created a presumption against fair use in the case of unpublished works, and some lower courts appeared to have rendered this consideration outcome-determinative.⁸⁴ In 1992, Congress responded to concerns expressed by the publishing industry by overruling any interpretations that treated unpublished works as entitled to a conclusive presumption against fair use.⁸⁵ Consequently, the second factor tends to do little work in swaying the outcome of any fair use inquiry.⁸⁶

Amount and Substantiality of the Portion Used. Copyright law excuses de minimis unauthorized exercise of a copyright owner's

80. See *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 548 (1985) (stating that the creative element in even factual works has left the law "unsettled" with regard to the scope of protection for factual works); see also *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 496–97 (1984) (Blackmun, J., dissenting) (stating that factual works lend themselves more to productive use by others).

81. See *Wall Data Inc. v. L.A. County Sheriff's Dep't*, 447 F.3d 769, 780 (9th Cir. 2006); *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 803 (9th Cir. 2003); *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1402 (9th Cir. 1997).

82. *Compare Monster Commc'ns, Inc. v. Turner Broad. Sys., Inc.*, 935 F. Supp. 490, 495 (S.D.N.Y. 1996) (finding that a film about Muhammad Ali was historical and not particularly creatively rendered), and *Robinson v. Random House, Inc.*, 877 F. Supp. 830, 841 (S.D.N.Y. 1995) (finding that factor two favored the infringer, though the historical work contained creativity), with *Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 72–73 (2d Cir. 1999) (finding the second factor at best neutral because the work was a creatively expressed news article).

83. See *Harper & Row*, 471 U.S. at 553 (citations omitted).

84. See *Wright v. Warner Books, Inc.*, 953 F.2d 731, 737 (2d Cir. 1991); *New Era Publ'g Int'l, ApS v. Henry Holt & Co., Inc.*, 873 F.2d 576, 583 (2d Cir. 1989) (stating that an unpublished work is usually completely protected); *Salinger v. Random House, Inc.*, 811 F.2d 90, 95 (2d Cir. 1987) (same); *Sinkler v. Goldsmith*, 623 F. Supp. 727, 732 (D. Ariz. 1985) (stating that fair use generally only applies to published works).

85. See Act of Oct. 24, 1992, Pub. L. No. 102-492, 106 Stat. 3145 (codified at 17 U.S.C. § 107 (2000)).

86. See, e.g., *Bill Graham Archives v. Dorling Kinderley Ltd.*, 448 F.3d 605, 612 (2d Cir. 2006) ("We recognize, however, that the second factor may be of limited usefulness where the creative work of art is being used for a transformative purpose."); *Bond v. Blum*, 317 F.3d 385, 395–96 (4th Cir. 2003).

exclusive rights.⁸⁷ For purposes of the fair use inquiry, then, the third factor establishes a sliding scale above the de minimis threshold.⁸⁸ The focus of the inquiry is on what was taken from the plaintiff's work, not on how much of the defendant's work is comprised of copied material.⁸⁹ Theoretically, this factor should weigh increasingly against the plaintiff as the quantitative amount taken increases. However, this does not always follow. The third factor must be weighed with the purpose and character of the use in mind, which can render even quantitatively large borrowings fair.⁹⁰ In contrast, the *Harper & Row* Court focused on qualitative analysis—whether the copied portion was the “heart” of the work—which can tip this factor in the plaintiff's favor even when the amount taken was quantitatively insubstantial.⁹¹

Effect upon the Potential Market. If copyright is to supply authors with an economic incentive to create, unauthorized uses that undermine the incentive by sufficiently reducing the copyright owner's ability to profit from the work will be deemed unfair. This factor will be determinative in rendering run-of-the-mill infringements, such as the sale of “bootlegged” CDs or DVDs, unfair.⁹² However, the analysis under this factor extends beyond the

87. See, e.g., *Sandoval v. New Line Cinema Corp.*, 147 F.3d 215, 217 (2d Cir. 1998); *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 75–77 (2d Cir. 1997); *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 267–68 (5th Cir. 1988).

88. See *Gordon v. Nextel Commc'ns*, 345 F.3d 922, 924 (6th Cir. 2003) (“A court will examine the fair use defense only if the de minimis threshold for actionable copying has been exceeded.”).

89. See *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 565 (1985) (quoting *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (2d Cir. 1936)). However, if a large portion of the infringing work is copied material, the court may infer that the copied work is qualitatively substantial. *Id.*

90. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580, 586–87 (1994) (stating that the definition of parody requires imitation of the original work to comment upon it). Compare *L.A. News Serv. v. KCAL-TV Channel 9*, 108 F.3d 1119, 1122–23 (9th Cir. 1997) (finding that though KCAL took only a small amount of news footage, it was “all that mattered”), *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 925–26 (2d Cir. 1994) (finding that each article within a larger periodical was a separate copyrightable work, rather than a small portion of one work), and *Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.*, 150 F.3d 132, 144 (2d Cir. 1998) (finding that making a *Seinfeld* quiz book was entertainment, not criticism, so the amount taken was substantial), with *Sundeman v. Seajay Soc'y, Inc.*, 142 F.3d 194, 205–06 (4th Cir. 1998) (finding that a substantial portion of the copyrighted work was not the “heart” of the work, nor was it quantitatively large in light of the educational purpose).

91. See *Harper & Row*, 471 U.S. at 564–65 (quoting *Harper & Row, Publishers, Inc. v. Nation Enters.*, 557 F. Supp. 1067, 1072 (S.D.N.Y. 1983)).

92. See, e.g., *United States v. Slater*, 348 F.3d 666, 669 (7th Cir. 2003) (finding no abuse of discretion in refusing a fair use instruction in a criminal trial concerning the unauthorized distribution of software).

defendant's use and beyond the plaintiff's existing sales and licensing markets. Instead, the fourth factor can weigh against a finding of fair use if the use were to become widespread or were to affect the plaintiff's potential markets.⁹³

The Court has held that there must be a distinction between suppressing demand and usurping it.⁹⁴ Destruction of demand for a work in the absence of replacing it with copied material is not a cognizable loss.⁹⁵ The hard evidentiary questions for courts concern the likelihood that the defendant's use might become widespread and the likelihood that a market will emerge to supply a license or sale for such use.⁹⁶

As a doctrinal matter, the status of the fourth factor is contested. In *Harper & Row*, the Supreme Court pronounced this factor to be "undoubtedly the single most important element of fair use."⁹⁷ The Court subsequently retreated, emphasizing again the case-specific nature of the doctrine and holding that no factor is entitled to privileged status in fair use analysis.⁹⁸ Nonetheless, some lower courts continue to follow the *Harper & Row* dictum.⁹⁹

Summary. The broad legal standard set forth in § 107 grants courts considerable interpretive discretion, and lawmakers have resisted attempts to cabin this discretion through the use of

93. See *Campbell*, 510 U.S. at 568 (quoting *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984)); see also *Castle Rock*, 150 F.3d at 145–46 (finding that even if the copyright owner would not take advantage of that market, the fact that he could weighs against fair use); *Am. Geophysical*, 60 F.3d at 930–31 (finding that since the licensing of individual articles had become available in the industry, the potential license fees could be evidence of market harm).

94. See *Campbell*, 510 U.S. at 592; see also *Castle Rock*, 150 F.3d at 145 (making the distinction between parody, which would not be the owner's market, and tribute, which would).

95. See *Campbell*, 510 U.S. at 591–92.

96. *Nunez v. Caribbean Int'l News Corp.*, 235 F.3d 18, 25 (1st Cir. 2000) ("Surely the market for professional photographs of models publishable only due to the controversy of the photograph itself is small or nonexistent.").

97. *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985).

98. *Campbell*, 510 U.S. at 577–78.

99. See, e.g., *Mulcahy v. Cheetah Learning LLC*, 386 F.3d 849, 854 (8th Cir. 2004); *Bond v. Blum*, 317 F.3d 385, 396 (4th Cir. 2003); *Sundeman v. Seajay Soc'y, Inc.*, 142 F.3d 194, 206 (4th Cir. 1998); *Gulfstream Aerospace Corp. v. Camp Sys. Int'l, Inc.*, 428 F. Supp. 2d 1369, 1379 (S.D. Ga. 2006); *Hofheinz v. A & E Television Networks*, 146 F. Supp. 2d 442, 448 (S.D.N.Y. 2001); *Dahlen v. Mich. Licensed Beverage Ass'n*, 132 F. Supp. 2d 574, 587 (E.D. Mich. 2001); see also *Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104, 110 (2d Cir. 1998) (noting post-*Campbell* lower court inconsistency in treatment of the fourth factor); *Beebe*, *supra* note 36, at 12 ("The data suggest, however, that the factor is nearly decisive whether it tilts in favor of the plaintiff or the defendant—though, admittedly, slightly more so when it tilts in favor of the former.").

evidentiary presumptions. While this interpretation of fair use leaves courts free to be sensitive to the nuances of any given case, leading courts and commentators generally acknowledge that the four-factor test as interpreted provides very little guidance for predicting whether a particular use will be deemed fair.¹⁰⁰

C. Judicial Application Adds Little Certainty

Even when courts resist using heuristics such as evidentiary presumptions to identify fair uses, judicial application of an uncertain legal standard over time can lead to some predictability for at least a subset of cases. The conundrum is that most defendants lack incentives to defend novel fair use interpretations. Indeed, in the face of the case-specific fair use doctrine and its accompanying uncertainty, it is reasonable to imagine that users will hesitate to rely on fair use unless the risk of enforcement appears low. Moreover, because the penalties for erroneously relying on fair use can be quite severe,¹⁰¹ even if users adopt a very conservative interpretation of the doctrine, we should expect that primarily well-resourced users would be willing to assert fair use rights in litigation. Evidence of how fair use currently functions supports this view.

There are a range of cases in which the question of fair use recurs. In a few settings, litigation has provided *ex ante* certainty through the emergence of soft fair use rules. The first use is reverse engineering of software through decompilation or disassembly of object code for purposes of developing competing or complementary entertainment products or platforms. The courts have held that making an intermediate copy of a competitor's software for purposes of gaining access to uncopyrightable elements is a fair use so long as the final product is not substantially similar to the competitor's.¹⁰²

100. See 4 NIMMER & NIMMER, *supra* note 34, § 13.05[A][5].

101. See *supra* notes 53–56 and accompanying text (discussing magnitude of penalties for copyright infringement).

102. See *Sony Computer Entm't, Inc. v. Connectix Corp.*, 203 F.3d 596, 599 (9th Cir. 2000) (holding that intermediate copying for the purpose of reverse engineering Playstation was a fair use); *DSC Commc'n Corp. v. DGI Techs., Inc.*, 81 F.3d 597, 601 (5th Cir. 1996); *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1539 n.18 (11th Cir. 1996); *Sega Enters. Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1511 (9th Cir. 1992) (original opinion issuing fair use rule); *Mitel, Inc. v. Iqtel, Inc.*, 896 F. Supp. 1050, 1050–57 (D. Colo. 1995), *aff'd on other grounds*, 124 F.3d 1366 (10th Cir. 1997); see also Pamela Samuelson & Suzanne Scotchmer, *The Law and Economics of Reverse Engineering*, 111 YALE L.J. 1575, 1607–30 (2002) (justifying this fair use rule in terms of economics of reverse engineering in the software industry).

This, however, is a narrow rule. In related settings, fair use remains as uncertain as ever.¹⁰³

A second soft fair use rule is that personal copying for purposes of “time shifting” is fair.¹⁰⁴ The rationale for this rule would extend to other forms of private copying, but litigation in relation to these uses is too sparse to declare the emergence of a soft rule.¹⁰⁵ Similarly, it is probably the case that an Internet search engine’s copying of web pages for purposes of indexing is either implicitly licensed or is categorically fair,¹⁰⁶ but the case law is not sufficient to declare it so. Finally, the other clarifying rule is that commercial piracy—wholesale commercial duplication of a copyrighted work for nonexpressive purposes—is not a fair use.¹⁰⁷ These fair use rules, however, are too narrow to provide a model for fair use clarification in other settings.

Instead, in order to evaluate whether traditional litigation has been able to clarify the scope of fair use in the nearly thirty years since the 1976 Act took effect, this Article considers examples of each of the favored uses called out in § 107’s preamble beginning with one of the most frequently litigated fair uses: parody.¹⁰⁸

1. Comment or Criticism

As a general matter, using another’s expression for purposes of comment or criticism often is considered a paradigmatic fair use,¹⁰⁹

103. See *DSC Commc’n Corp. v. Pulse Commc’n, Inc.*, 170 F.3d 1354, 1363 (Fed. Cir. 1999) (distinguishing *Sega* and rejecting fair use defense because “[r]ather than being part of an attempt at reverse engineering, the copying appears to have been done after Pulsecom had determined how the system functioned and merely to demonstrate the interchangeability of the Pulsecom POTS cards with those made and sold by DSC holding”); *Compaq Computer Corp. v. Procom Tech., Inc.*, 908 F. Supp. 1409, 1421 (S.D. Tex. 1995) (holding that copying software to duplicate pre-failure warning on its compatible hard drives was not fair use).

104. See Pamela Samuelson, *The Generativity of Sony v. Universal: The Intellectual Property Legacy of Justice Stevens*, 74 *FORDHAM L. REV.* 1831, 1863–65 (2006).

105. See *id.* at 1865–68.

106. Cf. *Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th Cir. 2003) (holding that an Internet search engine’s display of results as “thumbnail” pictures is fair use).

107. See *United States v. Slater*, 348 F.3d 666, 669 (7th Cir. 2003) (finding no abuse of discretion in refusing fair use instruction in criminal trial concerning unauthorized distribution of software); *Weissmann v. Freeman*, 868 F.2d 1313, 1324 (2d Cir. 1989) (“[W]here, as here, [defendant’s] use is for the same intrinsic purpose as [plaintiff’s], . . . such use seriously weakens a claimed fair use.”).

108. See PATRY, *supra* note 34, at 162–202 (discussing leading parody cases); see also Beebe, *supra* note 36, at 5 (showing that almost 10% of district court opinions examined involved a claim of parody).

109. See, e.g., Julie E. Cohen, *The Place of the User in Copyright Law*, 74 *FORDHAM L. REV.* 347, 366 (2005) (identifying parody and print-based criticism as paradigmatic fair uses).

particularly when the commentary is directed at the borrowed work.¹¹⁰ In addition, in cultural conversation, poking fun at, or criticizing, dominant discourse is commonplace.¹¹¹ One means of exercising this freedom is through parody and satire. These forms of dissent implicate copyright law because they require borrowing dominant expression in order to be effective.¹¹² Not surprisingly, copyright owners frequently take offense at parodic borrowings, and defendants frequently respond that their expression is quintessentially a fair use.

Some professional parodists appear comfortable relying on fair use, even with its context-dependent character. For example, those who produce and distribute comedic television programming such as *Saturday Night Live*, *South Park*, *The Simpsons*, *The Daily Show*, and *The Colbert Report*, routinely rely on fair use's protection for parody. In the case of *Saturday Night Live*, for example, NBC appears willing to litigate the occasional legal challenge.¹¹³ In contrast, the recording company that represents "Weird Al" Yankovic, whose profession is to record parodies of popular songs along with some original compositions, has chosen to seek licenses and to avoid any reliance on fair use.¹¹⁴

For those potential fair users who do not make parody a daily part of their business, the parody cases that have been litigated to judgment do not supply much in the way of general guidance. To greatly simplify matters, the essential tension that arises in parody cases pits the defendant's creativity in transforming the plaintiff's work against the commercial nature of the defendant's use. If ex ante clarity could be had in this context, it might be supplied by a definitive ruling by the highest court in the land. When the Supreme Court handed down its opinion in *Campbell v. Acuff-Rose Music*,

110. Some such uses, such as quotations in book reviews, are recognized as fair uses and are therefore infrequently litigated. There are, however, quantitative and qualitative limitations to this principle, as *Harper & Row* demonstrates.

111. See, e.g., *Chi. Bd. of Educ. v. Substance, Inc.*, 354 F.3d 624, 631 (7th Cir. 2003).

112. See, e.g., *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580–81 (1994); *SunTrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1268 (11th Cir. 2001).

113. See, e.g., *Elsmere Music, Inc. v. Nat'l Broad. Co.*, 623 F.2d 252, 253 (2d Cir. 1980) (per curiam) (holding that *Saturday Night Live* skit parodying *I Love New York* advertising jingle was fair use).

114. See "Weird Al" Yankovic, The Official Website, FAQ, <http://www.weirdal.com/faq.htm> (last visited Feb. 25, 2007) ("Al does get permission from the original writers of the songs that he parodies. While the law supports his ability to parody without permission, he feels it's important to maintain the relationships that he's built with artists and writers over the years.").

Inc.,¹¹⁵ some commentators argued that such clarity had been delivered.¹¹⁶

In 1989, the rap group 2 Live Crew transformed Roy Orbison's "Oh, Pretty Woman" into "Big Hairy Woman," delivering new lyrics in rap style over the essential musical elements of Orbison's composition.¹¹⁷ The group's manager requested permission to release the song from Acuff-Rose Music, owner of the copyright in Orbison's musical work.¹¹⁸ Acuff-Rose refused permission, and 2 Live Crew released the song anyway.¹¹⁹ Acuff-Rose filed suit.¹²⁰

In its opinion, the Court rebuffed attempts to clarify the fair use inquiry in parody cases through evidentiary presumptions. On the one hand, the Court declared that a commercial use could not be deemed presumptively unfair.¹²¹ On the other hand, the Court refused to grant parody a presumption of fairness, while recognizing that parody requires some use of its target to be effective.¹²² Moreover, the opinion introduced a material distinction between parody and satire for fair use purposes.¹²³ Since the song in this case fell on the parody side of the divide, the case was settled on terms largely favorable to the parodists after remand.¹²⁴

For future cases, the Court's emphasis on context-sensitivity and the interdependence of the four factors provide little hope for any certainty. But one could read the Court's opinion to have created a reasonably predictable safe harbor for parody applicable at least

115. 510 U.S. 569 (1994).

116. *See, e.g.,* Leval, *supra* note 73, at 1465–66 (extolling the virtues of *Campbell* in paring back harmful dicta and refocusing the inquiry in parody cases on whether the defendant's parody supersedes or transforms the plaintiff's work).

117. *See* Acuff-Rose Music, Inc. v. Campbell, 754 F. Supp. 1150, 1158–59 (M.D. Tenn. 1991), *rev'd*, 972 F.2d 1429 (6th Cir. 1992), *rev'd*, Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994).

118. *See Campbell*, 510 U.S. at 572.

119. *Id.* at 573. 2 Live Crew did credit the songwriters and the publisher. *Id.*

120. *See id.*

121. *See id.* at 584–85.

122. *See id.* at 581 ("The Act has no hint of an evidentiary preference for parodists over their victims, and no workable presumption for parody could take account of the fact that parody often shades into satire when society is lampooned through its creative artifacts, or that a work may contain both parodic and nonparodic elements. Accordingly, parody, like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law.").

123. *See id.* at 580–81 ("Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim's (or collective victims') imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.").

124. *See* Associated Press, *Acuff-Rose Settles Suit with Rap Group*, MEMPHIS COM. APPEAL, June 5, 1996, at A14.

when the target of the parody is the copyrighted work and when the parodist has not taken “too much.”¹²⁵ Although each of these elements also has fuzzy boundaries, this rule of thumb would seem to make it easier to conduct ex ante fair use analysis.

To test this hypothesis, consider how you, as legal adviser, would apply fair use under the following circumstances taken from two actual cases. Unlike the actual users, however, in this hypothetical your client is an academic press that is willing to publish the following two books only if, in your opinion as counsel, there is a seventy-five percent or better chance that a court would grant summary judgment in favor of fair use in the event that the publisher were sued. In each case, parody would be your best argument.

Book 1. The story, *The Wind Done Gone*, appropriates the characters, plot and major scenes from Margaret Mitchell’s iconic novel *Gone with the Wind*. In *The Wind Done Gone*, the author, an African-American woman, tells the story of the antebellum South through the eyes of Cyanara, who is Scarlett O’Hara’s mixed-race half-sister and full-time lover of Rhett Butler.¹²⁶ The significant narrative elements from *Gone with the Wind* are all transformed to dramatically alter the relative strengths and nuances of the African-American and white characters, and a number of relationships from the original have been reimagined. For example, the character Ashley Wilkes is rendered as a gay man. For this reason, among others, there is no chance that the Mitchell estate would grant a license to publish this work.¹²⁷ Is fair use as applied to parody sufficiently clear that you would advise your client to publish the book?

Book 2. The author has written a book entitled *The Cat NOT in the Hat: A Parody by Dr. Juice*, which tells the tale of the O.J. Simpson trial (noncopyrightable facts) in the style of Theodor Geisel’s (a.k.a. Dr. Seuss’s) *Cat in the Hat*. Recall that the Seuss original is a morality tale about a brother and sister’s mishaps when visited by the Cat in the Hat while their mother is away. In the *Cat NOT in the Hat*, the graphic elements of the original are borrowed and samples of the text are as follows:

125. See *Campbell*, 510 U.S. at 589 (suggesting that if a substantial portion of a parody is composed of verbatim copying, the parody will have borrowed too much to be fair use).

126. See *SunTrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1267 (11th Cir. 2001).

127. See *id.* at 1270 & n.26 (“[I]t is evident from the record evidence that SunTrust makes a practice of requiring authors of its licensed derivatives to make no references to homosexuality.”); see also *id.* at 1282 (Marcus, J., concurring) (arguing that unwillingness to license should influence the fourth fair use factor).

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FIXING FAIR USE

1111

A happy town
Inside L.A.
Where rich folks play
The day away.
But under the moon
The 12th of June.
Two victims flail
Assault! Assail!
Somebody will go to jail!
Who will it be?
Oh my! Oh me!¹²⁸

and the tale ends:

JUICE
+ST
JUSTICE
Hmm . . . take the word JUICE.
Then add ST.
Between the U and I, you see.
And then you have JUSTICE.
Or maybe you don't.
Maybe we will.
And maybe we won't.
'Cause if the Cat didn't do it?
Then who? Then who?
Was it him?
Was it her?
Was it me?
Was it you?
Oh me! Oh my!
Oh my! Oh me!
The murderer is running free.¹²⁹

Assume again the same conditions. Is the parody defense sufficiently strong to advise publication?

Most readers probably feel ill-equipped to answer these questions without seeing the entirety of the works in question—raising the costs of your legal advice. After reading the full works, many copyright lawyers would probably conclude that the case for fair use is stronger for Book 1 than it is for Book 2. But, when faced with the risk-averse conditions posed in the hypothetical questions,

128. Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1401 (9th Cir. 1997) (quoting *Cat in the Hat*).

129. *Id.* at 1402.

many copyright lawyers probably would be unwilling to give the client sufficient assurance for publication to go forward even after the Supreme Court's *Campbell* opinion was handed down.

If one reads *Campbell* to have provided a parody safe harbor, in each case, arguments can be made about both the targeting and the amount of borrowing. For the first book, the case for targeting of Mitchell's original is clearer, but the amount borrowed is also quite extensive. In the second book, the argument for targeting is more strained, but one can make the case that the narrative contrasts the relative harmlessness of Geisel's trickster figure with a presumed guilty Simpson.¹³⁰ In addition, the amount borrowed is relatively small. The graphic character of the cat is the most significant borrowing because the story is comprised of public domain facts, and Geisel's estate does not own a copyright in the meter of his rhymes. Moreover, in each of these cases, and in *Campbell* itself, the relationship between white and black Americans lurks as a relevant but ambiguous consideration.¹³¹

Litigation of parody cases provides some ex ante guidance about fair use, and it arguably has created a simplified safe harbor analysis for the parody context. Even with these benefits, uncertainty remains a problem sufficient to chill risk-averse users such as our hypothetical academic press. Indeed, we have these examples only because they are drawn from actual post-*Campbell* cases that involved commercial publishers with a greater tolerance for risk than was posed in the hypothetical.

In the first case, *SunTrust Bank v. Houghton Mifflin Co.*,¹³² the Eleventh Circuit reversed a preliminary injunction that would have prohibited publication of *The Wind Done Gone*.¹³³ The appellate court did not rule on the merits, but remanded with extensive analysis leaning notably in favor of defendant's fair use defense.¹³⁴ With the

130. Although Simpson was acquitted of criminal charges for the murder of his wife, a civil jury found by a preponderance of the evidence that he was guilty. See Todd S. Purdum, *The Simpson Verdict: The Reaction; Simpson Verdict Confronts a Public Seemingly Numbed*, N.Y. TIMES, Feb. 6, 1997, at A1.

131. The role that race relations plays in these cases is difficult to parse. One senses a certain degree of solicitude from the courts in *Campbell* and *SunTrust Bank* toward the African-American defendants' respective motivations for commenting on or criticizing iconically "white" works. In contrast, in *Dr. Seuss*, the court did not fully disguise its distaste for the intermingling of an iconic children's book with the racially charged Simpson case.

132. 268 F.3d 1257 (11th Cir. 2001).

133. See *SunTrust Bank v. Houghton Mifflin Co.*, 136 F. Supp. 2d 1357, 1386 (N.D. Ga. 2001), *rev'd*, 268 F.3d 1257 (11th Cir. 2001).

134. See *SunTrust Bank*, 268 F.3d at 1260-77.

writing on the wall, the Mitchell estate later settled.¹³⁵ In the second case, *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*,¹³⁶ the Ninth Circuit upheld a preliminary injunction on the grounds that the work fell on the wrong side of *Campbell's* parody/satire distinction because the book did not aim its commentary or ridicule at the Dr. Seuss original.¹³⁷

As one might imagine, potential fair users with fewer resources and/or greater risk aversion than the defendants in these two cases would be far more likely to forgo a fair use in the face of potential litigation. We have some evidence to support this theory. In the mid-1990s, the growth of the world wide web opened the gates to poorly financed speakers to publish parodies cheaply and easily. However, legal uncertainty surrounding fair use, coupled with the Copyright Act's so-called notice-and-takedown regime,¹³⁸ led to a retreat from reliance on fair use in a number of cases. The most notable of these may be Mark Napier's *Distorted Barbie* site in which he sought to subvert the cultural meaning associated with Mattel's doll.¹³⁹ Mattel responded aggressively, and Napier relented.¹⁴⁰ The evidence concerning the social costs of fair use uncertainty in the parody context is mixed, however, because other parodists have been willing to litigate to resist Mattel's unreasonably aggressive copyright claims in relation to Barbie.¹⁴¹ Nonetheless, to the extent that the parody cases provide any guidance, it does not carry over to related forms of commentary. For example, if the parody cases demonstrate the

135. See David D. Kirkpatrick, *Mitchell Estate Settles "Gone With the Wind" Suit*, N.Y. TIMES, May 10, 2002, at C6 (reporting the settlement and summarizing the case).

136. 109 F.3d 1394 (9th Cir. 1997).

137. See *id.* at 1403.

138. See 17 U.S.C. § 512 (2000) (providing safe harbor to online service providers who store infringing material at the direction of a user subject to the condition that the provider remove material alleged to be infringing when given proper notice).

139. See *The Distorted Barbie*, <http://users.rcn.com/napier.interport/barbie/barbie.html> (last visited Mar. 26, 2007) (telling the story of *Distorted Barbie*).

140. See *id.*

141. See *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 805–06 (9th Cir. 2003) (affirming summary judgment of fair use to photographer who depicted nude Barbies imperiled by household appliances); *Mattel, Inc. v. Walking Mountain Prods.*, No. CV99-8543RSWL (RSX), 2004 WL 1454100, at *2 (C.D. Cal. June 21, 2004) (on remand, awarding defendant photographer attorneys' fees because Mattel's copyright infringement claim was objectively unreasonable and was brought to force defendant into costly litigation in order to dissuade him from lawful use of Barbie's image); see also *Mattel, Inc. v. Pitt*, 229 F. Supp. 2d 315, 324–25 (S.D.N.Y. 2002) (denying Mattel's motion for summary judgment because of defendant's fair use defense).

protection fair use supplies when one talks back to culture, the doctrine is far less reliable for those who talk about culture.¹⁴²

2. Educational Uses

If the oft-litigated issue of parody remains uncertain *ex ante*, a second candidate for fair use clarity might be educational uses. Even with the courts' well-established allergy to fair use presumptions, one might give some weight to the fact that half of the purposes that Congress identified as signaling a fair use in § 107 are education-related: "teaching (including multiple copies for classroom use), scholarship, or research."¹⁴³ However, although educational purposes gain favor in the analysis under the first fair use factor (nature and purpose of use), the situation is complicated under the fourth factor (harm to the market) because educational publishers have developed markets for many educational uses of copyrighted works.¹⁴⁴ Courts faced with educational fair use cases have thus been conflicted about whether the educator's favored purpose or the publisher's market interest should prevail.¹⁴⁵

142. In a number of cases, defendants who have created derivative works based on culturally iconic works erroneously relied on fair use, notwithstanding the transformative nature of their works. See *Ty, Inc. v. Publ'ns Int'l, Ltd.*, 81 F. Supp. 2d 899, 906–07 (N.D. Ill. 2000) (holding that books about Beanie Babies that used descriptions and photos were not a fair use), *rev'd*, 292 F.3d 512 (7th Cir. 2002); see also *Toho Co., Ltd. v. William Morrow & Co., Inc.*, 33 F. Supp. 2d 1206, 1217 (C.D. Cal. 1998) (holding that a book chronicling Godzilla movies was not a fair use); *Paramount Pictures Corp. v. Carol Publ'g Group, Inc.*, 11 F. Supp. 2d 329, 337 (S.D.N.Y. 1998) (holding that a book about *Star Trek* with episode summaries and other material was not a fair use), *aff'd*, 181 F.3d 83 (2d Cir. 1999); *Castle Rock Entm't v. Carol Publ'g Group*, 955 F. Supp. 260, 274 (S.D.N.Y. 1997) (finding that a quiz book about the *Seinfeld* television program was not a fair use), *aff'd*, 150 F.3d 132 (2d Cir. 1998); *Twin Peaks Prods., Inc. v. Publ'ns Int'l*, 778 F. Supp. 1247, 1251 (S.D.N.Y. 1991) (holding that a book about the television program *Twin Peaks* was not a fair use), *aff'd in part*, 996 F.2d 1366 (2d Cir. 1993).

The courts found each of these books to endanger the copyright holder's market for similar tributes to their popular characters. See *Ty*, 81 F. Supp. 2d at 906; *Toho*, 33 F. Supp. 2d at 1217–18; *Paramount*, 11 F. Supp. 2d at 336; *Castle Rock*, 955 F. Supp. at 272; *Twin Peaks Prods.*, 778 F. Supp. at 1251.

143. 17 U.S.C. § 107 (2000); see also Fisher, *supra* note 40, at 1770 (noting that "a suspicion persists among many students of the [fair use] doctrine that educational activities should stand on a somewhat different footing from other kinds of uses").

144. See, e.g., *Princeton Univ. Press v. Mich. Document Servs., Inc.*, 99 F.3d 1381, 1384 (6th Cir. 1996) (en banc) (describing part of the academic publishing market).

145. For example, in the "copy shop" cases two courts have held that a copy shop that makes "multiple copies for classroom use" for profit is not making a fair use of the work. See *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522 (S.D.N.Y. 1991). However, an educational institution that produces course packs and sells them at cost may well be engaged in fair use, depending upon the regularity of the use and the amount copied from each work.

Nevertheless, because educators and students must use a wide range of resources that lie within copyright law's domain, educational institutions have a strong interest in fair use clarification. In response to the uncertainty this section is documenting, these institutions have resorted to a patchwork of strategies. For example, in the course of codifying fair use in the 1976 Copyright Act and subsequently, educational institutions negotiated with copyright owners, at times under the urging of Congress, to set forth rule-like guidelines that would establish safe harbors.¹⁴⁶ These guidelines do provide clarity for a subset of educational uses, but, because these guidelines serve only as a floor,¹⁴⁷ many colorable fair uses fall outside their ambit and remain subject to the standard four-factor uncertainty.

Consequently, in higher education, university counsel and university librarians often must field a dizzying array of fair use inquiries. Some counsel's offices or libraries have responded with fairly detailed guidance available on the web.¹⁴⁸ Notable among these

146. See generally Kenneth D. Crews, *The Law of Fair Use and the Illusion of Fair-Use Guidelines*, 62 OHIO ST. L.J. 599 (2001) (discussing these attempts and their drawbacks). Most of these attempts have resulted in fair use "guidelines." The most prominent of these have been:

- (1) H.R. REP. NO. 94-1476, at 68–70 (1976), as reprinted in 1976 U.S.C.C.A.N. 5659, 5681–83; see also PATRY, *supra* note 34, at 344–59 (providing draft materials leading up to guidelines).
- (2) H.R. REP. NO. 94-1476, at 70–71 (1976), as reprinted in 1976 U.S.C.C.A.N. 5659, 5683–84.
- (3) H.R. REP. NO. 97-495, at 8–9 (1982). These guidelines first appeared in 127 CONG. REC. 24,048, 24,048–49 (1981).
- (4) CONTU Guidelines on Photocopying Under Interlibrary Loan Arrangements, in FINAL REPORT OF THE NATIONAL COMMISSION ON NEW TECHNOLOGICAL USES OF COPYRIGHTED WORKS 54–55 (1978).
- (5) Bruce A. Lehman, Information Infrastructure Task Force, Proposal for Educational Fair Use Guidelines for Digital Images, in CONFERENCE ON FAIR USE: FINAL REPORT TO THE COMMISSIONER ON THE CONCLUSION OF THE CONFERENCE ON FAIR USE 33–41 (1998) [hereinafter CONFU FINAL REPORT].
- (6) Proposal for Educational Fair Use Guidelines for Distance Learning, in CONFU FINAL REPORT, *supra*, at 43–48.
- (7) Proposal for Fair Use Guidelines for Educational Multimedia, in CONFU FINAL REPORT, *supra*, at 49–59; see also STAFF OF H. SUBCOMM. ON COURTS & INTELLECTUAL PROPERTY OF THE H. COMM. ON THE JUDICIARY, 104TH CONG., FAIR USE GUIDELINES FOR EDUCATIONAL MULTIMEDIA (Comm. Print 1996). For a discussion of the origins of this Multimedia Committee Print and its relation to the CONFU Final Report, see Crews, *supra*, at 638 nn.215–16, 676 n.431.

147. See Crews, *supra* note 146, at 668–69.

148. See, e.g., American Association of Law Libraries, AALL Guidelines on the Fair Use of Copyrighted Works by Law Libraries, http://www.aallnet.org/about/policy_fair.asp (last visited Feb. 25, 2007); Copyright Management Center, Fair Use Issues, <http://copyright.iupui.edu/fairuse.htm> (last visited Feb. 25, 2007); Stanford University Libraries,

responses is the position adopted by the Office of General Counsel at the University of Texas, which has issued its own fair use rules of thumb.¹⁴⁹ In addition, the American Library Association employs a specialist responsible for fielding fair use inquiries and for providing general responses. Examples of the myriad endeavors plagued by fair use uncertainty to which she has responded include whether creating a computer program that explains the answers to math book problems is allowed;¹⁵⁰ whether a student's freehand drawings of copyrighted characters can be put into a school magazine;¹⁵¹ whether student-made videos containing commercial music and video clips may be shown on the school's closed-circuit television station,¹⁵² and whether a library can put images of covers of recommended books on its children's website.¹⁵³

These issues highlight the run-of-the-mill fair use uncertainty that darkens campuses across the country on a daily basis. The transition to a digital environment manifestly increases the expressive costs of this uncertainty, which now touches upon systematic uses of

Copyright & Fair Use, <http://fairuse.stanford.edu/> (last visited Feb. 25, 2007); University of Maryland University College, Copyright and Fair Use in the Classroom, on the Internet, and the World Wide Web, <http://www.umuc.edu/library/copy.shtml> (last visited Feb. 25, 2007); see also North Carolina Department of Public Instruction, Copyright in an Electronic Environment, <http://www.dpi.state.nc.us/copyright1.html> (last visited Feb. 25, 2007) (providing guidelines for K-12 setting).

149. See Office of General Counsel, *supra* note 1. The Office of General Counsel's website describes the decision to draft the guidelines:

We have reviewed all the [negotiated] Guidelines and have decided to take a different approach to protecting our component institutions and our faculty, staff and students from the dangers of the no-man's land while supporting our exercise of fair use rights. We call our approach "Rules of Thumb" for the Fair Use of Copyrighted Materials. Like the Guidelines from which they are in some cases derived, the Rules of Thumb are tailored to different uses of others' works. But unlike the Guidelines, they are short, concise, and easy to read. And they are part of a larger strategy to meet our needs for permission when fair use is not enough; to reduce our need for permission in the future by licensing comprehensive access to works; and to take a more active role in the management of the copyrighted works created on our campuses for the benefit of our university community.

Id.

150. See Carrie Russell, *Carrie on Copyright: A Tale of Two Textbooks*, SCH. LIBR. J., June 1, 2003, at 41 (Carrie Russell, the American Library Association's copyright expert answers questions on fair use, but states that her opinions should not be taken as legal advice).

151. See Carrie Russell, *Carrie on Copyright: Imitating the Masters*, SCH. LIBR. J., Sept. 1, 2002, at 39.

152. See Carrie Russell, *Carrie on Copyright: Television Test*, SCH. LIBR. J., Apr. 1, 2002, at 43.

153. See Carrie Russell, *Carrie on Copyright: Is It a Crime To Copy?*, SCH. LIBR. J., Jan. 1, 2002, at 41.

copyrighted works. A harbinger for this development is the controversy that has emerged between the Association of American Publishers and the University of California at San Diego over the university's "electronic reserve system."¹⁵⁴ The school has developed a new system through which students acquire required reserve materials online with a password rather than by going to the library to read books held on reserve.¹⁵⁵

The publishers believe that this practice more closely resembles commercial "course packs," which courts have found not to be a fair use.¹⁵⁶ The university believes that this use is the functional equivalent of a lawful analog use¹⁵⁷ and that any suit by publishers would be futile and a public relations disaster.¹⁵⁸ However, other institutions are less willing to rely on fair use for fear of litigation costs.¹⁵⁹ A range of other educational fair use disputes that have arisen, or are likely to arise, in the digital transition are further highlighted in a recently released white paper, *The Digital Learning Challenge: Obstacles to Educational Uses of Copyrighted Material in the Digital Age*.¹⁶⁰ As these emerge, demand for a procedure to clarify fair use will intensify.

3. News Reporting

Finally, those engaged in news reporting face as much or more uncertainty as do social commentators and educational users. News reporting is not entitled to a presumption of fairness, of course.¹⁶¹ As is the case with educational uses, fair use analysis must mitigate the tension between promoting favored uses while limiting the deleterious effects of such uses on markets for news items. Whereas

154. See Scott Carlson, *Legal Battle Brews over Availability of Texts on Online Reserve at U. of California Library*, CHRON. HIGHER EDUC., Apr. 22, 2005, at A36.

155. See *id.*

156. See *supra* note 145.

157. Traditional course reserves rely upon the first sale doctrine, see 17 U.S.C. § 109 (2000), and/or fair use to make materials available to students. The ways in which fair use must substitute for first sale in the digital age is an important subject that lies beyond the scope of this Article.

158. See Carlson, *supra* note 154, at A36.

159. See *id.* (quoting Jonathan Franklin, fair use scholar and associate law librarian at the University of Washington).

160. WILLIAM W. FISHER & WILLIAM MCGEVERAN, BERKMAN CTR. FOR INTERNET & SOC'Y, HARVARD LAW SCH., *THE DIGITAL LEARNING CHALLENGE: OBSTACLES TO EDUCATIONAL USES OF COPYRIGHTED MATERIAL IN THE DIGITAL AGE* (2006), <http://cyber.law.harvard.edu/media/projects/education>. Disclosure: I was a consultant for the project that produced this paper.

161. See, e.g., *Nunez v. Caribbean Int'l News Corp.*, 235 F.3d 18, 22–23 (1st Cir. 2000) (finding no presumption in favor of news reporting).

most educational institutions are organized on a not-for-profit basis, most news gathering and news reporting organizations are for profit. This distinction at times further complicates fair use analysis in news reporting cases.

Journalists and documentary filmmakers who have been brave enough to rely on fair use face sparse and somewhat inconsistent precedent. To be sure, courts have been willing on occasion to find a journalistic use to be fair as a matter of law, particularly when the plaintiff seeks to use copyright law to squelch negative publicity rather than to directly protect an economic interest.¹⁶² On the other hand, in several cases, courts have found that using copyrighted material in news reports or articles is not fair use, finding that news organizations are commercial entities that have harmed the copyright holder's market for the material.¹⁶³

For example, the odd copyright career of the videotaped beating of Reginald Denny during the Los Angeles riots of 1992 highlights the uncertainty that fair use poses for television news. The fair use defense failed for use of the video clip without permission for purposes of news reporting of the event by competing news outlets.¹⁶⁴ However, use of the video in connection with news reporting of the attackers' trial was deemed fair.¹⁶⁵

162. See, e.g., *Payne v. Courier-Journal*, Nos. 05-5942, 05-6066, 2006 WL 2075345, at *1-3 (6th Cir. July 25, 2006) (unpublished opinion affirming that the newspaper's quotations from an unpublished children's book in connection with the author's subsequent imprisonment for rape was fair use).

163. See *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 562 (1985) (holding that *The Nation's* "scooping" of *Time* magazine's exclusive right to first publish President Ford's memoir was not a fair use); *Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 72-73 (2d Cir. 1999) (holding that translating Japanese news articles into "abstracts" that were then sold was not a fair use); *Iowa State Univ. Research Found., Inc. v. Am. Broad. Cos.*, 621 F.2d 57, 61-62 (2d Cir. 1980) (finding ABC's purpose in airing a biography of an Olympic athlete to be commercial and to have harmed a significant potential market); *Richard Feiner & Co., Inc. v. H.R. Indus., Inc.*, 10 F. Supp. 2d 310, 314 (S.D.N.Y. 1998) (finding the use of a single still of a copyrighted movie in an article was not fair use), *rev'd on other grounds*, 182 F.3d 901 (2d Cir. 1999).

164. *L.A. News Serv. v. Reuters Television Int'l, Ltd.*, 149 F.3d 987, 992-94 (9th Cir. 1998) (holding that Reuters distribution of copies of copyrighted Reginald Denny beating video to subscribers was not fair use); *L.A. News Serv. v. KCAL-TV Channel 9*, 108 F.3d 1119, 1120-22 (9th Cir. 1997) (holding that showing Reginald Denny video on the news without license was not fair use).

165. See *L.A. News Serv. v. CBS Broad., Inc.*, 305 F.3d 924, 938-42 (9th Cir. 2002) (holding that use of brief Denny beating clips to promote coverage of attackers' trial was a fair use). Postings of the video on the YouTube website have drawn a new lawsuit, but this issue of fair use is unlikely to be litigated. See Greg Sandoval, *YouTube Sued over Copyright Infringement*, CNET NEWS, July 18, 2006, http://news.com.com/YouTube+sued+over+copyright+infringement/2100-1030_3-6095736.html?tag=nl. Although YouTube could conceivably raise a fair use defense, almost certainly the primary issue will be

Documentary film can also be a form of news reporting. Broadcasters and film distributors have greater lead time to evaluate fair use with this form of reportage than do those who report the daily news. This lead time appears to work against the role of fair use, however, because gatekeepers routinely demand clearance for most or all uses of copyrighted works without engaging in fair use analysis.¹⁶⁶

Professors Pat Aufderheide and Peter Jaszi report in *Untold Stories: Creative Consequences of the Rights Clearance Culture for Documentary Filmmakers*,¹⁶⁷ that a number of documentary filmmakers have been chilled in their expressive choices by an inability to rely upon their fair use rights. A few samples include the following fair use quotations from their report:

When Linda Goode Bryant was working on *Flag Wars*, a documentary chronicling conflict between African-Americans and newly-arrived gay and lesbians in a gentrifying area, she had to sacrifice a scene involving a principal character, Linda Mitchell. Mitchell was singing along with the radio while painting her front porch. . . . After consulting with public TV documentary series POV staffers and Sony, the music publisher, the consensus was that ultimately the musician/songwriter would be uncooperative and to just cut the scene. “It was a shame, because it was a moment which really showed an aspect of her character which was important.”¹⁶⁸

. . . .

“I haven’t used fair use in the last ten years, because from the point of view of any broadcast or cable network, there is no such thing as fair use,” said Jeffrey Tuchman. “I’m not speaking here of news networks. Every headline I use, even historical headline, even without news photographs, even without the masthead, every magazine cover, I have to get the

whether YouTube fits within the remedial safe harbor set forth in 17 U.S.C. § 512(c) (2000) for online service providers that store copyrighted material at the direction of a user.

166. See generally KEITH AOKI ET AL., *BOUND BY LAW* (2006), available at <http://www.law.duke.edu/cspd/comics/digital.html> (using the format of graphic novels to explain difficulties faced by documentarians in clearing rights and obstacles to exercising fair use rights).

167. PATRICIA AUFDERHEIDE & PETER JASZI, *CTR. FOR SOC. MEDIA, UNTOLD STORIES: CREATIVE CONSEQUENCES OF THE RIGHTS CLEARANCE CULTURE FOR DOCUMENTARY FILMMAKERS* (2006), available at http://www.centerforsocialmedia.org/files/pdf/UNTOLDSTORIES_Report.pdf.

168. *Id.* at 18.

rights to. . . . Everyone is fearful of rights issues on every level.”¹⁶⁹

D. Absence of Procedures To Clarify Fair Use

The uncertainty that prevails even in litigated settings makes the costs and risks associated with relying on the fair use doctrine problematic for many users. Enforcement strategies have intensified the pressure.¹⁷⁰ For example, in some industries, customs and trade practices once recognized certain kinds of uses as fair, supplying sufficient certainty to exercise fair use rights for commercial works.¹⁷¹ That has now changed. Legal departments and licensing agents in companies with large portfolios of copyrighted works have been less willing to acknowledge fair uses in the atmosphere of fear and greed that the advent of new production and distribution technologies has bred.¹⁷² Nowhere has this trend been more noticeable than in the music and film industries.¹⁷³

From the perspective of expressive freedom, the response to this new aggression has not been encouraging. In a few cases, strong lawyers are willing to advise that a contemplated use is likely to be judged fair, or artists are willing to proceed from a fair use position.¹⁷⁴ In the main, however, lawyers are unwilling or unable to provide sufficient assurance, or clients are unwilling or financially unable to risk proceeding from a fair use position. Making matters worse is a situation roughly analogous to that posed by Arrow’s information paradox:¹⁷⁵ a potential fair user who seeks to acquire better information about the risks of relying on fair use by asking the

169. *Id.* at 25.

170. See Patry & Posner, *supra* note 32, at 1654–59 (describing incidents of copyright overclaiming).

171. See AUFDERHEIDE & JASZI, *supra* note 167, at 24; HEINS & BECKLES, *supra* note 38, at 5–6.

172. See HEINS & BECKLES, *supra* note 38, at 5–6; Wagner, *supra* note 38, at 427–31 (describing why increased fair use uncertainty prompted by technological change has caused copyright owners to adopt a more hostile stance toward fair use).

173. See HEINS & BECKLES, *supra* note 38, at 5 (describing the rise of a clearance culture in the music and film industries).

174. See, e.g., *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608–15 (2d Cir. 2006) (successfully relying on fair use for unauthorized reproduction of concert posters); *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 799–806 (9th Cir. 2003) (successfully relying on fair use for transformative uses of Barbie dolls).

175. Arrow’s information paradox is that information cannot be evaluated by a potential buyer until it is disclosed, but disclosure destroys the buyer’s motivation to pay because he or she already has acquired it. See Kenneth J. Arrow, *Economic Welfare and the Allocation of Resources for Invention*, in *THE RATE AND DIRECTION OF INVENTIVE ACTIVITY: ECONOMIC AND SOCIAL FACTORS* 609, 614–16 (Richard R. Nelson ed., 1962).

copyright owner whether it would be willing to grant permission or a royalty-based license for the contemplated use thereby compromises his or her fair use position.¹⁷⁶ As a result, potential fair users generally choose between suffering expressive harms by forgoing their desired uses or acquiescing in licensing demands that further goad aggressive legal and licensing departments into making license demands for fair uses.

If post hoc litigation is too risky, one might ask whether some form of anticipatory adjudication might be available to a determined fair user. In contemporary copyright law, the principal procedure available is a suit for a declaratory judgment. This option is subject to stringent limitations. The federal courts have exclusive jurisdiction over copyright claims.¹⁷⁷ Article III of the U.S. Constitution¹⁷⁸ and the federal Declaratory Judgment Act¹⁷⁹ require a case or controversy to have arisen for the court to have subject matter jurisdiction. As a

176. The fair use conundrum is only a rough analogy because asking for a license prejudices, but does not destroy, the user's fair use case. *Cf.* Gibson, *supra* note 30, at 884–86 (reviewing law and commentary on when a foregone license counts as harm to market). The prejudice to the fair use case may not be self-evident. If the copyright owner refuses categorically to negotiate a license, the case for fair use may be strengthened. *See* SunTrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1282 (11th Cir. 2001) (Marcus, J., concurring) (arguing that unwillingness to license should influence the fourth fair use factor).

However, if the copyright owner is willing to quote a price or at least enter into negotiations, this fact could influence a court's harm-to-the-market inquiry. *See, e.g.,* Am. Geophysical Union v. Texaco Inc., 60 F.3d 913, 926–32 (2d Cir. 1994) (rejecting fair use defense for selective photocopying of science journal articles on grounds that journal publishers had created a licensing market for such photocopying); OFFICE OF LEGAL COUNSEL, U.S. DEPT OF JUSTICE, WHETHER AND UNDER WHAT CIRCUMSTANCES GOVERNMENT REPRODUCTION OF COPYRIGHTED MATERIALS IS A NONINFRINGING "FAIR USE" UNDER SECTION 107 OF THE COPYRIGHT ACT OF 1976 (1999), *available at* <http://usdoj.gov/olc/pincusfinal430.htm> ("[I]f government agencies routinely agree to pay licensing fees to engage in photocopying practices that were fair uses at the time, there is a chance some courts may conclude that a growing or longstanding custom of paying such fees weighs against a finding that such photocopying practices are fair uses when unlicensed. Thus, an agency that decides to negotiate a photocopying license should seek to limit the scope of the licensing agreement so as not to cover those photocopying practices that the agency, in good faith, concludes are not infringing."). Moreover, although intent is not formally an element of fair use analysis, as a practical matter, it often is. *See* NXIVM Corp. v. Ross Inst., 364 F.3d 471, 478–79 (2d Cir. 2004); *Rogers v. Koons*, 960 F.2d 301, 309 (2d Cir. 1992); *Fisher v. Dees*, 794 F.2d 432, 436–38 (9th Cir. 1986); *Religious Tech. Ctr. v. Netcom On-Line Commc'n Servs., Inc.*, 923 F. Supp. 1231, 1244 n.14 (N.D. Cal. 1995); *Shady Records, Inc. v. Source Enters., Inc.*, No. 03 Civ. 9944 (GEL), 2004 U.S. Dist. LEXIS 26143, at *60–62 (S.D.N.Y. Jan. 3, 2005).

177. *See* 28 U.S.C. § 1338 (2000).

178. U.S. CONST. art. III, § 2 (extending federal judicial power to a range of cases and controversies).

179. Declaratory Judgment Act, ch. 512, 48 Stat. 955 (1934) (codified as amended at 28 U.S.C. §§ 2201–02 (2000)).

practical matter, the declaratory judgment route is available to a fair user only after a user has made an investment in use of the copyrighted work and is preparing to distribute it publicly, and when a copyright owner has made a sufficiently specific and credible threat of litigation.¹⁸⁰

Potential fair users who seek *ex ante* guidance through a declaratory judgment proceeding are likely to find this approach unavailing. For example, a group calling itself the Ad-Hoc Committee for the Investigation and Exposé of Multiculturalism sought to publish and distribute a parody of a group of works by author and poet Haki Madhubuti.¹⁸¹ The Committee sent letters of inquiry along with a copy of its parody to Madhubuti and to publishers of the relevant works seeking their acknowledgement that the contemplated parody would be a fair use or would otherwise be permissible. The recipients did not respond. The Committee filed for a declaratory judgment arguing that silence was an intentional act “to exploit the chilling effect of the Copyright Act.”¹⁸² Unsurprisingly, the court dismissed the case for lack of jurisdiction.¹⁸³

In sum, as a matter of doctrine, fair use plays an essential role in brokering expressive freedoms among first-generation authors and their successors. In practice, however, fair use uncertainty undermines the doctrine’s ability to function as advertised. The high costs associated with interpreting standards and the financial risks associated with relying on fair use greatly limit the degree to which those who produce works for public consumption are willing to rely on fair use.

II. FIXING FAIR USE: A PROPOSAL

Copyright law must supply copyright owners with sufficient means to enforce their rights against commercial piracy while securing to users their necessary freedoms to use the copyrighted works of others under certain circumstances. Regrettably, copyright law currently is not up to the task. The time has come to fix fair use.

180. See *Diagnostic Unit Inmate Council v. Films Inc.*, 88 F.3d 651, 653 (8th Cir. 1996) (setting forth declaratory judgment standard for copyright cases); see also *Clean Flicks of Colo., LLC v. Soderbergh*, 433 F. Supp. 2d 1236, 1238–40 (D. Colo. 2006) (declaratory judgment case involving works already created and distributed).

181. See *Ad-Hoc Comm. for the Investigation & Exposé of Multiculturalism v. Madhubuti*, No. 93 C 1354, 1993 WL 75103, at *1–2 (N.D. Ill. Mar. 15, 1993).

182. *Id.* at *2 (quoting complaint).

183. *Id.*

There are four options for overcoming the problems caused by fair use uncertainty: (1) reduce the costs of obtaining a fair use determination ex ante under the current legal standard; (2) reduce the ex post penalties for misjudging fair use in good faith; (3) sharpen the fuzzy edges of the doctrine by establishing clearly delineated safe harbors or by making the entire doctrine more rule-like; or (4) implement a combination of these measures.

This Article argues that the first approach is best, and this Part advances a legislative proposal to achieve ex ante fair use clarification through administrative adjudication. After introducing the proposal, this Part shows how it would greatly improve the functioning of copyright law and then responds to the likely legal and policy arguments that would be advanced in opposition.

A. Description of the Proposal

Congress should extend the advisory opinion function available in other bodies of federal law to copyright law by amending the Copyright Act to create a Fair Use Board in the U.S. Copyright Office. Fair use judges would have the authority and the obligation to consider petitions for a fair use ruling on a contemplated or actual use of a copyrighted work. The copyright owner would receive notice of the petition and would have the opportunity to participate in the proceeding.

If the fair use judge determines that such a use is or would be a fair use, the petitioner and the petitioner's heirs or assigns would be immune from liability for copyright infringement for such use. Such a ruling would not affect the copyright owner's rights and remedies with respect to any other parties or any other uses of the copyrighted work by the petitioner. If the judge rules that such use is not, or would not be, a fair use, the petitioner retains all other defenses to copyright infringement. In either case, the judge's determination would be administratively reviewable by the Register of Copyrights. The Register's decisions would be reviewable de novo in the federal circuit courts of appeals.

1. The Fair Use Board

a. Selection and Composition

The Fair Use Board would be an analog to the recently created Copyright Royalty Board.¹⁸⁴ The Fair Use Board initially should be comprised of a chief judge and two associate judges. The Board's composition could then be adjusted with experience. As is the case with copyright royalty judges, members of the Fair Use Board should be appointed by the Librarian of Congress in consultation with the Register of Copyrights. Ideally, fair use judges would be impartial, efficient, and wise. However, impartiality would be difficult to achieve. As a practical matter, members of the Fair Use Board should be lawyers with demonstrated experience in copyright law. This requirement is likely to skew the applicant pool toward applicants that have represented primarily copyright owners, which, in turn, is likely to skew their understanding of the scope of fair use.

This is an unavoidable feature of this proposal. Even with a cramped understanding of fair use, members of the Fair Use Board would be obliged to rule against blatant overreaching by copyright owners. A related risk is the potential careerist bias judges are likely to exhibit. Fair use judges with an eye toward returning to practice would have strong incentives to render rulings favorable to copyright owners. To minimize this risk, I propose that fair use judges agree to serve for six-year renewable terms subject to review. Fair use judges would be subject to dismissal only for cause. As part of the renewal procedure, the public would be invited by notice to comment on a judge's impartiality and productivity. Given the experimental nature

184. See Copyright Royalty and Distribution Reform Act of 2004, Pub. L. No. 108-419, 118 Stat. 2341 (codified at 17 U.S.C. §§ 801-05 (Supp. IV 2004)). Under the Act, the copyright royalty judges will conduct proceedings to "make determinations and adjustments of reasonable terms and rates of royalty payments as provided in [Copyright Act] sections 112(e), 114, 115, 116, 118, 119 and 1004," "to make determinations concerning the adjustment of the copyright royalty rates under [Copyright Act] section 111," to authorize distributions under sections 111, 119, and 1007 of the Act, and "[t]o determine the status of a digital audio recording device or a digital audio interface device under sections 1002 and 1003, as provided in section 1010." *Id.* § 3 (codified at 17 U.S.C. § 801(b) (Supp. IV 2004)).

Under the Reform Act, three permanent copyright royalty judges are to be appointed by the Librarian of Congress to encourage settlements and, when necessary, resolve statutory license disputes. "The expectation is that the copyright royalty judges, appointed to staggered, six-year terms, will provide greater decisional stability, yielding the advantages of the former Copyright Royalty Tribunal, but with greater efficiency and expertise." Procedural Regulations for the Copyright Royalty Board, 70 Fed. Reg. 30,901, 30,901 (May 31, 2005).

of this proposal, Congress should include a sunset provision to induce legislative review at the end of the first decade.¹⁸⁵

b. Administrative Procedures

Congress should delegate to the Copyright Office authority to establish such procedures as it sees fit, subject to relatively brief legislative guidance. This guidance should contain three essential requirements. First, a fair use petitioner should be required to serve notice on the copyright owner, if the owner can be found by a good-faith search. Second, the copyright owner should have a full opportunity to participate and to contest the petition. Third, the record of a proceeding before the Fair Use Board should be restricted to a written record,¹⁸⁶ analogous to that used by ICANN's Uniform Dispute Resolution Policy for trademark disputes concerning domain names.¹⁸⁷ Subject to these conditions, and with the benefit of notice and comment, the Copyright Office would be tasked to balance substantive and procedural fairness with efficiency.

I suggest the following procedural outline to give the reader a sense for how this proposal might be implemented. A proceeding would commence when a potential fair user files a Fair Use Petition with the Copyright Office and certifies that such petition has been served upon the copyright owner(s), if known.¹⁸⁸ Close attention should be paid to the appropriate filing fee, which would serve as a measure of the option value of a fair use ruling.¹⁸⁹ Ideally, this system

185. I was persuaded to add this provision to the proposal by Jessica Litman. *See also* Jacob E. Gersen, *Temporary Legislation*, 74 U. CHI. L. REV. (forthcoming Winter 2007) (arguing in favor of sunset provisions).

186. The record would be restricted to written submissions from the participants in the proceeding. No hearings would be held nor would there be any pre-submission discovery permitted.

187. *See* INTERNET CORP. FOR ASSIGNED NAMES AND NOS., RULES FOR UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY (1999), <http://www.icann.org/udrp/udrp-rules-24oct99.htm> (see in particular ¶ 13, prescribing process for creating paper record).

188. In the event that the petitioner cannot identify or locate the copyright owner(s), the petitioner would be required to describe in detail the efforts made to find the copyright owner(s). The current process concerning "orphan works," *see supra* note 18 and accompanying text, likely will result in procedures along these lines and should be incorporated into the proposed procedure as appropriate.

In addition, it might be wise to require the petitioner to certify that he or she has contacted the copyright owner to seek acquiescence, permission, or a license prior to filing with the Copyright Office. Such a requirement could help avert needless litigation but could also open the opportunity for undesirable strategic behaviors. I propose not making this a requirement initially, but this possibility should be the subject of study by the Copyright Office.

189. *See* Michael W. Carroll, *One for All: The Problem of Uniformity Cost in Intellectual Property Law*, 55 AM. U. L. REV. 845, 886 (2006) (discussing the ways in which

would be self-funding, but it would also be critical to ensure equitable access for poorly-resourced petitioners. Price discrimination in the form of either a sliding scale or some form of *in forma pauperis* filing would be a desirable means to achieve this end.

The copyright owner would have a choice of two procedural responses. Under the first, the owner could terminate the administrative process by filing suit for declaratory judgment in the case of a proposed use or for copyright infringement in the case of an existing use. Certain safeguards surrounding the timing of such filing and conditions under which such a suit should be dismissed without prejudice would be put in place to penalize use of the option in bad faith.

Alternatively, under the administrative process, the copyright owner would have ten working days to give notice of intent to participate, and another twenty days to file any such response. The petitioner would be given the option to reply within seven days. The fair use judge would have discretion to grant reasonable extensions. Of course, the absence of the copyright owner would not result in a default judgment. The fair use judge would be obliged to make an independent fair use assessment. The fair use judge would have a deadline, perhaps forty-five days after the petition and any response from the copyright owner has been filed, to issue a brief, written decision.

This decision would be nonprecedential in that a favorable fair use ruling would insulate only the petitioner from liability for the use described in the petition. However, the fair use judge's decision would be published on the Copyright Office website to assist the public in monitoring the Fair Use Board's performance. The petitioner or the copyright owner would have a right to seek review from the Register of Copyrights, who would have ten days to decide whether to review the decision.¹⁹⁰ If the Register declines review, the fair use judge's decision would become final agency action. If the

filing fees and eligibility requirements serve as real options that filter the allocation of intellectual property rights); *see also* WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 235 (2003) (discussing filtering effects of copyright registration fees, which climbed from \$10 to \$20 in 1991, and to \$30 in 2000); U.S. Copyright Office, *Current Fees*, <http://www.copyright.gov/docs/fees.html> (last visited Mar. 26, 2007) (noting that copyright registration fees are now \$45).

190. *Cf.* 17 U.S.C. § 802(f)(1)(D) (Supp. IV 2004) (providing that the Register "may review for legal error the resolution by the copyright royalty judges of a material question of substantive law under this title that underlies or is contained in a final determination of the Copyright Royalty Judges").

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Register grants review, she would have thirty days in which to issue a decision.

In my view, the goal should be a procedure that would not require a petitioner or a copyright owner to be represented by counsel to achieve substantively just outcomes. Because both petitioners and copyright owners may have an interest in being represented, however, I would propose that in addition to counsel the Copyright Office permit registered “copyright agents,” analogous to patent agents, to represent parties before the agency. I envision that these agents would be paraprofessionals who are or have become familiar with fair use analysis. Such agents could be required to pass a competence examination or they could self-certify under oath that they possess minimum competence and character qualifications.

c. Administrative Record

The petition would consist of a copy of the copyright owner’s work and either a copy of the petitioner’s work, if already created, or a detailed description of the petitioner’s proposed fair use. Any testimony would be in affidavit form, including any expert testimony on the effect on the copyright owner’s market under the fourth fair use factor.¹⁹¹ Although one can imagine a number of reasons why a live evidentiary hearing with cross-examination would be desirable, the stakes are limited enough that the benefits of a streamlined procedure outweigh the costs of any erroneous determinations that the streamlined procedures cause.¹⁹²

2. Judicial Review

Judicial review of the Copyright Office’s fair use determinations would serve as an important check on legal errors. Under this proposal, a fair use ruling would be subject to review in any federal circuit court of appeals. The court’s standard of review should be de novo for three reasons. First, the record before the court would be identical to that before the Board. Under such circumstances, the court would be the more appropriate body to determine which inferences may be drawn from the record and to resolve any credibility issues raised by the parties.¹⁹³ Second, deference to the

191. See *supra* notes 92–99 and accompanying text (discussing factor four).

192. See *infra* note 223 and accompanying text (discussing why the Due Process Clause would not require an evidentiary hearing).

193. Cf. *Wall Data Inc. v. L.A. County Sheriff’s Dep’t*, 447 F.3d 769, 777 (9th Cir. 2006) (providing that the standard of review is de novo when reviewing a summary judgment ruling on fair use).

agency's expertise would be inappropriate in these circumstances. The proposal would be a limited delegation from Congress to the Copyright Office to make individual fair use determinations, but the power to make generally binding interpretations of the law would remain with the federal courts.¹⁹⁴ Indeed, the Fair Use Board would be obliged to apply judicial fair use precedent to the extent that it can be applied.¹⁹⁵ It would therefore be inappropriate for an appellate court to defer to the agency's interpretation of judicial precedent. Finally, as has been observed, fair use now serves as one of copyright law's "built-in free speech safeguards."¹⁹⁶ The Supreme Court has noted in analogous circumstances that *de novo* appellate review is appropriate when constitutional interests are at stake.¹⁹⁷

B. Benefits of the Proposal

This proposal would fix fair use in three ways. First, fair use would become available to users for whom it is currently not an option. This group includes poorly financed potential fair users who currently must sacrifice their expressive freedom in the face of increasingly aggressive and unreasonable demands from powerful copyright owners.¹⁹⁸ This group also includes creators such as literary authors, illustrators, and filmmakers whose opportunities to exercise their fair use rights are overly circumscribed by the clearance culture that predominates among risk-averse intermediaries.

For example, under this proposal, documentary filmmakers would be able to rely upon fair use so long as their production schedule permits the time necessary for the process envisioned herein to run. The reason that the proposal would come to these creators' aid is that intermediaries should accord a favorable fair use ruling the

194. *Cf.* *Bonneville Int'l Corp. v. Peters*, 347 F.3d 485, 490 n.9 (3d Cir. 2003) (two judges on panel would have ruled that Copyright Office interpretation of a sound recording statutory license was not entitled to substantial deference because Congress had not shifted interpretive authority from the courts to the agency).

195. *See supra* Part I (describing the difficulty of acquiring guidance from fair use precedent).

196. *See* *Eldred v. Ashcroft*, 537 U.S. 186, 221 (2003).

197. *Cf.* *Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S. 485, 514 (1984) (holding that independent appellate review is necessary when the issue is a mixed question of fact and law regarding the availability of a First Amendment privilege); Brett McDonnell & Eugene Volokh, *Freedom of Speech and Independent Judgment Review in Copyright Cases*, 107 *YALE L.J.* 2431, 2439–41 (1998) (arguing that *Bose* requires independent appellate review in copyright cases that turn on substantial similarity between the plaintiff's and defendant's works).

198. *See supra* notes 170–74 and accompanying text (describing the increase in copyright owner aggression).

same weight as a license from the copyright owner.¹⁹⁹ Even if they do not—because there may be a legally significant gap between the proposed and actual use—the added certainty of a fair use ruling ought to be sufficient to make reliance upon it an insurable risk. The benefits of enabling fair use flow not only to the creators but also to their audiences.

Moreover, as the body of nonprecedential, but educational, fair use rulings grows, relying on fair use may become an insurable risk in related circumstances. A strong impetus toward a permission culture is the absence of insurance for commercial distributors who may otherwise be inclined to rely on a creator's fair use judgment or to make their own.²⁰⁰ In many, but not all, cases, that position is a reasonable response to the legal uncertainty that fair use poses in its currently enfeebled state. To the extent that fair use rulings, and judicial review thereof, would improve legal certainty, as has happened with reverse engineering of software for purposes of interoperability, it would be reasonable to expect to see insurance companies offer fair use riders to standard errors and omissions policies.²⁰¹ The availability of such insurance should lead the legal departments of large commercial distributors to take a more pragmatic approach to whether reliance on fair use would be acceptable.

Finally, it is important to anticipate likely dynamic consequences that would follow from creation of a Fair Use Board. Two consequences are likely to be particularly beneficial. First, licensing discussions should become more productive. The threat of administrative fair use adjudication would redistribute the balance of bargaining power in some measure, and this should increase the range of an aggressive copyright owner's zone of possible agreement. Relatedly, when a potential fair user evaluates whether to seek a license or to pursue a fair use ruling, the user would still face some uncertainty about whether his or her desired use would be judged a fair use. This would lead the user to be interested in a license to

199. See *supra* Part I.C.1 (describing the copyright clearance culture in film and music industries).

200. See *supra* Part I.C (explaining reasons for the rise of a clearance culture); see also AOKI ET AL., *supra* note 166, at 52–55 (observing that insurance companies “may require clearances well beyond those required by law”).

201. See HEINS & BECKLES, *supra* note 38, at 5 (describing one insurance broker's view of conditions for a fair use rider).

resolve that uncertainty and, possibly, to acquire a degree of freedom in altering the scope of a proposed use.²⁰²

If implemented, the proposal also would provide a focal point for public discussion of the critical role that fair use plays in the creative spheres. Through such discussion, certain members of the public would be surprised to learn about the limits of their fair use rights and the reasons therefore. To the extent that there are infringing uses thought to be fair by some user groups, educating those users about the limited scope of fair use would force them and the public to confront why copyright policy is what it is. If the absence of fair use is materially deleterious, these users may be inspired to seek legislative change.²⁰³

Fair use rulings also are likely to increase public awareness of increasing aggression of some copyright owners. It would be particularly beneficial for appellate courts to have access to this information, because currently they rarely hear cases involving gross overreaching due to the limited resources and limited political will of the victims of such aggression.²⁰⁴ It is my prediction that appeals from adverse fair use rulings would reaffirm for the appellate courts the importance of striking the appropriate balance between copyright owners and those who seek to express themselves with the aid of words, images, melodies, or sounds created by others.

C. *On the Legality and Desirability of the Proposal*

Implementing the proposal would benefit fair users, copyright owners interested in legal certainty, and the general public, but some interested parties and commentators are likely to raise legal and policy objections. This Section anticipates and responds to the most likely of these.

1. Constitutional Challenges to the Fair Use Board

Opponents of this proposal are likely to challenge its lawfulness, arguing that it violates three provisions of constitutional law: (1) the

202. Recall that a favorable fair use ruling would insulate the petitioner from liability only for the proposed use as detailed in the petition.

203. Cf. Wendy J. Gordon, *Fair Use: Threat or Threatened?*, 55 CASE W. RES. L. REV. 903, 904 (2005) (“In the legislative domain, conceivably fair use is a false promise that keeps the public from demanding, or Congress from providing, limits on copyright.”).

204. Cf. Noam Scheiber, *The Hustler: Meet Tommy Goldstein*, NEW REPUBLIC, Apr. 10, 2006, available at http://www.tnr.com/doc_posts.mhtml?i=20060410&s=scheiber041006 (describing how Thomas Goldstein’s appellate advocacy has persuaded the Supreme Court to hear an increasing number of cases involving less wealthy parties).

doctrine of separation of powers; (2) the Fifth Amendment's Due Process Clause;²⁰⁵ and (3) the Article III case or controversy requirement.²⁰⁶ It is beyond the scope of this Article to fully brief each of these issues. Instead, this subsection identifies the key points that must be addressed, and sketches in the reasons why each of these challenges should fail.

a. Separation of Powers

In any other context, this proposal to extend the institutional straddle of anticipatory adjudication already implemented in a number of areas of federal law would raise no constitutional flags. It would be treated as a standard matter of administrative law. However, this proposal could well draw a constitutional challenge because of the status of the Copyright Office.

The proposal would permit officers employed by an arm of Congress to have the power to declare the rights of two or more private parties under the Copyright Act, subject to review by an Article III court. The Copyright Office is part of the Library of Congress.²⁰⁷ The Register of Copyrights is appointed by the Librarian of Congress and is under the Librarian's supervision.²⁰⁸ While the Librarian of Congress is appointed by the President with the advice and consent of the Senate,²⁰⁹ the Library, as its name suggests, is organized under title 2 of the United States Code, which governs Congress.²¹⁰

An opponent would argue that the proposal violates the doctrine of separation of powers by granting an arm of Congress the right to exercise executive power reserved to the President. According to this argument, Article I of the Constitution grants Congress the power only to legislate, with certain explicit exceptions, and legislation requires bicameralism and presentment.²¹¹ Relatedly, the power to

205. U.S. CONST. amend. V.

206. U.S. CONST. art. III, § 2.

207. *See* 17 U.S.C. § 701 (2000).

208. *Id.* § 701(a).

209. 2 U.S.C. § 136.

210. *See* 2 U.S.C. §§ 131–85 (describing the organization of the Library of Congress).

211. *See* *INS v. Chadha*, 462 U.S. 919, 954–55 (1983) (quoting U.S. CONST. art. I, § 2, cl. 5 (House power to initiate impeachment), U.S. CONST. art. I, § 3, cl. 6 (detailing Senate power to conduct impeachment trials), and U.S. CONST. art. II, § 2, cl. 2 (detailing Senate power to approve presidential appointments, and to ratify treaties)).

execute the laws cannot be exercised by either Congress or an officer under its control.²¹²

The short response is that this argument has force only to the extent that a court would be attracted to deploy formalist rather than functionalist separation of powers analysis with respect to this proposal.²¹³ One cannot completely discount this risk because some jurists are ideologically disposed toward formalist constitutional interpretation as a general principle. But in the main this proposal differs materially from the kinds of legislation that have attracted a formalist response from the Court.²¹⁴ Unlike cases that prompt such a response, this proposal does not have any feature that could be characterized as a legislative usurpation of executive or judicial power. No executive agency is charged with the duty of implementing the Copyright Act, and Congress has not sought to insulate Copyright Office decisions from judicial review.

Moreover, in recent years, Congress has delegated increasing authority to the Copyright Office. Most notably, the Librarian of Congress has power to declare certain provisions of the Digital Millennium Copyright Act inapplicable to classes of work so designated by the Librarian after notice and comment rulemaking.²¹⁵ Although commentators have flagged the risk, the constitutionality of the provision has not been challenged.²¹⁶ Indeed, when courts have reviewed Copyright Office interpretations of the Copyright Act, they have applied standard administrative law principles as if the Office were an executive agency.²¹⁷ Consequently, there is little judicial

212. See *Bowsher v. Synar*, 478 U.S. 714, 736 (1986) (invalidating the portion of the Gramm-Rudman-Hollings Act which delegated supervisory duties to the Comptroller General, a congressional officer).

213. See, e.g., Mark Tushnet, *The Sentencing Commission and Constitutional Theory: Bowls and Plateaus in Separation of Powers Theory*, 66 S. CAL. L. REV. 581, 582–85 (1992) (describing and analyzing the standard account of formalist and functionalist approaches to separation of powers disputes).

214. See, e.g., *Chadha*, 462 U.S. at 944–59 (using formalist analysis to strike down a provision that allowed members of Congress to veto executive decisions made by an executive officer).

215. See 17 U.S.C. § 1201(a)(1)(D) (2000).

216. See Julie E. Cohen, *WIPO Copyright Treaty Implementation in the United States: Will Fair Use Survive?*, 21 EUR. INTEL. PROP. REV. 236, 238 (1999).

217. See, e.g., *Universal City Studios LLLP v. Peters*, 402 F.3d 1238, 1242 (D.C. Cir. 2005) (applying the rule that “an agency’s interpretation of its own rules is entitled to ‘substantial deference’ ”); *Bonneville Int’l Corp. v. Peters*, 347 F.3d 485, 490 (3d Cir. 2003) (choosing not to decide what level of deference is appropriate under standard administrative law principles concerning the scope of legislative delegation); *Satellite Broad. & Commc’ns Ass’n of Am. v. Oman*, 17 F.3d 344, 347 (11th Cir. 1994) (“The

precedent to support the separation of powers challenge to this proposal, and no feature of it is likely to cause a moderate jurist concern for the integrity of the constitutional scheme.

b. Due Process

Some critics might argue that the proposal would deny the copyright owner due process in violation of the Fifth Amendment. These critics would have to concede that the proposal provides the standard due process components: notice, an opportunity to be heard, an unbiased decisionmaker,²¹⁸ and a written decision on the record. Their argument would be limited to whether the opportunity to be heard is adequate because the question of fair use would be determined in the absence of a full evidentiary hearing.

A court would assess whether due process requires an evidentiary hearing for nonprecedential, anticipatory adjudication of fair use by applying the balancing framework established by *Mathews v. Eldridge*.²¹⁹

First, the private interest that will be affected by the official action; second, the risk of an erroneous deprivation of such interest through the procedures used, and the probable value, if any, of additional or substitute procedural safeguards; and finally, the Government's interest, including the function involved and the fiscal and administrative burdens that the additional or substitute procedural requirement would entail.²²⁰

Under each factor, the balance favors the proposal. First, the private interest at stake is narrow because the scope of a fair use ruling is limited to whether a particular user's use of the work is fair. The copyright owner retains the right to relitigate the issue against any other user.

Copyright Office is a federal agency with authority to promulgate rules concerning the meaning and application of § 111.”).

218. Although there are structural reasons to believe that members of the Fair Use Board would be predisposed against broad interpretations of fair use, *see supra* Part II.A.1.a, this form of predisposition does not amount to bias under the Due Process Clause.

219. *See Mathews v. Eldridge*, 424 U.S. 319, 332–35 (1976) (discussing the various factors and considerations relevant to ascertaining the minimum process due before government implements a decision burdening a liberty or property interest); *see also* Henry J. Friendly, *Some Kind of Hearing*, 123 U. PA. L. REV. 1267, 1279–95 (1975) (cataloguing and discussing various procedural requirements that a reviewing court might deem procedural due process to require, and engaging in a cost/benefit analysis of each procedure).

220. *Eldridge*, 424 U.S. at 335.

Second, the risk of an erroneous fair use judgment is minimal. A cynic might quip that the fair use standard is so indeterminate that one cannot identify a determination that is legally erroneous, but that argument reaches too far. Instead, while close cases will generate significant differences of opinion, there are a range of decision points that most would recognize as being within the zones of correctness and error. However, the risk of error caused by reliance on a written record is low because the most important evidence to the legal determination is the comparison of the owner's and the user's works. For that reason, fair use is frequently determined as a matter of law.²²¹

A critic might argue that witness credibility is material to determinations of the user's intent or the copyright owner's assertions regarding harm to actual or potential markets and that this credibility requires a live evidentiary hearing. However, by conditioning the Fair Use Board's decision upon the facts asserted in the written record, either the user or the copyright owner could argue that the Board decision does not apply to an actual use if the facts can be proven to be significantly different than were asserted in the administrative record. As important, the copyright owner would have the opportunity to opt out of the administrative proceeding by filing suit in federal district court, where a full evidentiary hearing would be available.²²² For this reason, little value should be assigned to a requirement of an evidentiary hearing in all cases when such a hearing is available as an option.

Finally, requiring a full evidentiary hearing would be nearly fatal to the proposal. The government's interest in giving access to fair use to those who cannot otherwise afford it for reasons of time or financial resources while preserving the copyright owner's ability to

221. See, e.g., *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608 (2d Cir. 2006) ("Although the issue of fair use is a mixed question of law and fact, the court may resolve issues of fair use at the summary judgment stage where there are no genuine issues of material fact as to such issues."); Beebe, *supra* note 36, at 1–5 (noting that fair use was decided on summary judgment in a substantial minority of cases).

222. In theory, a fair use petitioner might also be able to terminate the administrative proceeding and sue for declaratory judgment if the copyright owner files a notice of intent to participate in the administrative proceeding. The petitioner would argue that the notice of intent to participate generates a concrete case or controversy under Article III and the Declaratory Judgment Act. See *supra* text accompanying notes 178–79 (discussing the case or controversy requirement). If the courts did accept this argument, it would further bolster the case against mandating a full evidentiary hearing in the administrative process, but this is a speculative enough issue that it is not necessary to the argument.

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manage her own assets depends upon a streamlined procedure.²²³ In other procedural due process cases, the government's interest in expediency is, and should be, outweighed by the substantiality of the private interest and the risk of erroneous deprivation of that interest. Here, however, where the issue to be decided by the Fair Use Board is quite narrow, and the value of requiring an evidentiary hearing would do little to minimize the risk of erroneous deprivation while significantly undermining the government's interest in creating and administering the Fair Use Board's procedures, the balance favors the procedures as outlined in this proposal.

c. Article III

Finally, an opponent of the proposal might argue that even if the administrative process is constitutional, judicial review of a fair use ruling would not be. The strongest version of this attack would be that a federal court lacks subject matter jurisdiction in a case in which the copyright owner has chosen not to participate and in which the Fair Use Board has ruled against the petitioner because there is no cognizable case or controversy. The impulse behind this argument is understandable. Under the proposal, petitioners such as those in the declaratory judgment case described above²²⁴ who were dismissed from federal district court for lack of jurisdiction would now have direct access to a federal appellate court on exactly the same facts. How can that be?

The answer is that the constitutional posture of the case would be materially different because the proposal has inserted the Fair Use Board into the process and has granted the Board the power to determine conclusively that an individual does not commit copyright infringement under particular circumstances. The constitutional (and statutory) question in the declaratory judgment setting is whether there is a live dispute between the user and the copyright owner, and silence on the part of the owner is sufficient to render the answer negative. In contrast, under the proposal, the case would now assume a familiar posture in which the question is whether an agency exercised its power according to law, and there would be a live controversy between the Copyright Office and the user on this question.

223. Cf. *Ingraham v. Wright*, 430 U.S. 651, 680–82 (1977) (holding that requiring a full hearing before a student was subjected to corporal punishment as allowed under Florida law would be unworkable).

224. See *supra* notes 180–83 and accompanying text.

Although this should be a complete answer for Article III purposes, a critic may still regard this as bootstrapping or sleight of hand. But it is not. It is true that through *de novo* review, the court would determine the legal question as it might have in a declaratory judgment proceeding, but the concerns about advisory opinions that animate the case or controversy requirement should be assuaged in this posture. The question presented would be concrete because of the specificity of the proposed use required in the administrative proceeding, and the legal issues would be fully briefed because the Office, by having ruled against the petitioner, would present the case against fair use, and the petitioner would present the case in favor.

One other jurisdictional argument might be made that jurisdiction should be declined because the dispute should not be considered ripe. Ripeness issues arise when the agency's advisory opinion is one of many means by which an agency interprets and applies its implementing statute. Those decisions holding that an advisory opinion is not final agency action hold, by implication, that when such an opinion is final action, it is subject to review.²²⁵ Under this proposal a fair use ruling would be the Copyright Office's only means of interpreting § 107, and therefore by necessity they would be final agency action.

2. On the Merits of a Fair Use Board

Skeptics are likely to oppose this proposal with three arguments: (1) it would be unfair; (2) it would be inefficient; or (3) it would distort judicial development of the fair use doctrine. Interestingly, the proposal is likely to draw offsetting complaints on each of these grounds from some institutional copyright owners and from proponents of more vigorous user's rights. I consider these in turn.

a. Fairness

Some copyright owners are likely to complain that instituting such a procedure would unfairly diminish the value of copyright ownership. On this view, copyright owners would have to expend precious resources monitoring and litigating fair use petitions. In particular, they would be burdened to supply evidence concerning the fourth fair use factor concerning harm to the copyright owner's market because the Fair Use Board would otherwise lack sufficient information to make reasonable judgments on this score. Finally they

²²⁵ See, e.g., *U.S. Def. Comm. v. Fed. Election Comm'n*, 861 F.2d 765, 771-72 (2d Cir. 1988).

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would argue that the anticipatory nature of the adjudication would make application of the fourth factor particularly difficult to assess and would lead to a high error rate.

Undoubtedly, large copyright owners would want to devote some resources to monitoring and participating in fair use adjudication. Bearing this burden, however, would hardly be unfair. This proposal merely creates a new procedure by which the scope of copyright owners' legal entitlements can be ascertained, but it does nothing to the entitlements themselves. The volume of fair use petitions would increase or decrease in proportion to copyright owners' willingness to acknowledge users' fair use rights. If copyright owners were willing to alter their bargaining stance in the shadow of the Fair Use Board, they could exercise considerable control over the flow of petitions.

Furthermore, in the main, copyright owners would not be penalized if they chose not to participate and relied on the independent judgments of the Fair Use Board instead. As has been noted, these judgments are likely to be skewed in favor of the copyright owners. The only petitions likely to be materially affected by the copyright owner's participation are those involving uses for which the copyright owner contends there is a potential market that would be harmed under the fourth fair use factor. But, even if the copyright owner chooses to forgo submitting evidence of an emerging market, a favorable fair use ruling would be nonbinding as to any other parties and would not prejudice the copyright owner's ability to prove the emerging market in litigation or with respect to a subsequent petition.

Finally, the costs of monitoring fair use petitions would be offset in some measure by the useful data the petitions would yield concerning how a work of authorship is being used and valued. Say, for example, that the owner of a copyright in a narrative work is served with a number of petitions concerning derivative works involving a minor, quirky character in the narrative. Such petitions would send a signal about demand for further development of that character, which the copyright owner could undertake or license to others to undertake.

Users' rights advocates would likely raise a separate fairness concern. Some may argue that the availability of such a procedure would serve to prejudice users' rights because the availability of an administrative procedure could create an expectation that it be used

in all cases.²²⁶ Courts may be led to disfavor defendants who choose to rely on their own fair use judgments, and a potential fair user may, at a minimum, feel obliged to explain why he or she made a purported fair use without having first sought an advisory opinion. This concern is meritorious. However, even if the proposal were to have this prejudicial effect, the net effect of this proposal should be a greater exercise of fair use rights given the dismal state of fair use reliance in the current environment.

b. Efficiency—The Value of Fair Use

The fairness arguments may also be packaged in efficiency terms. On this view, skeptics on both sides are likely to complain that the benefits of private fair use adjudication would not be worth the price. Opponents of the proposal are likely to minimize the benefits of fair use clarification and to focus on, and perhaps exaggerate, private and public administrative costs. These opponents would then declare the proposal wasteful.

To evaluate this argument, one must make a normative judgment about the value of fair use and about the value of fair use clarification. I have argued that providing greater clarity about users' fair use rights would be extremely valuable because it broadens access to fair use and should produce positive dynamic effects. The value of fair use clarification increases to the extent one embraces fair use as a free speech safeguard. Uncertainty about the scope of speech rights leads to chilling effects. In the First Amendment context, the law has taken special measures to mitigate these effects, in particular through the doctrines of overbreadth and vagueness.²²⁷

226. Cf. Justin Hughes, *Introduction to David Nimmer's Modest Proposal*, 24 CARDOZO ARTS & ENT. L.J. 1, 5 (2006) (posing questions about potential adverse inferences in relation to David Nimmer's fair use proposal, discussed *infra* at notes 244–49 and accompanying text).

227. Professor Richard Fallon summarizes the overbreadth doctrine as follows:

Against the background of the ordinary rule that no one can challenge a statute on the ground that it would be unconstitutional as applied to someone else, a First Amendment exception has emerged. When speech or expressive activity forms a significant part of a law's target, the law is subject to facial challenge and invalidation if: (i) it is "substantially overbroad"—that is, if its illegitimate applications are too numerous "judged in relation to the statute's plainly legitimate sweep," and (ii) no constitutionally adequate narrowing construction suggests itself.

Richard H. Fallon, Jr., *Making Sense of Overbreadth*, 100 YALE L.J. 853, 863 (1991) (footnotes omitted).

The First Amendment vagueness doctrine also is animated by concerns about chilling protected speech. Rather than an exception, however, this doctrine is a more

These doctrines do not import neatly into copyright law because in the traditional First Amendment setting, the court must balance the government's interest in regulating speech against the speaker's and audience's interest in communicating. In a copyright case, courts view the government's interest in suppressing second-generation authors' speech as a means to encourage first-generation authors' speech.²²⁸ Vagueness and uncertainty in this context might then be defended as having speech-protective features.²²⁹ However, it is not vagueness and uncertainty themselves that are speech-protective, but the context-sensitive definitions of the legal entitlements that protect speech. Vagueness and uncertainty merely are byproducts of that design. This Article's proposal enables the law to maintain its context-sensitive entitlements while creating a procedure to dispel the fog of fear, uncertainty, and doubt that shrouds them, thereby achieving the ends of the vagueness and overbreadth doctrines by different means.

Users' rights advocates would not deny the importance of protecting users' freedom of expression, but some would argue that this proposal would not be effective at achieving that goal because the procedure would be too lengthy and cumbersome for most potential fair users, particularly creators seeking to make a derivative use of a copyrighted work. It is true that this proposal would not immediately solve the problems of creators who need very rapid fair use determinations. However, over time, a range of patient creators would find the process worth the wait. These could be documentary filmmakers working independently, scholarly authors, web site owners who wish to add a feature that includes a copyrighted work, et cetera. As these creators use the proposed process, an administrative and, perhaps, judicial fair use jurisprudence would emerge from the process. As has been argued above, these developments would have positive spillovers for others seeking fair use clarification. In the long run, then, the arguments concerning efficiency favor this proposal.

demanding version of its due process relation. *See, e.g.,* *Smith v. Goguen*, 415 U.S. 566, 572–73 (1974) (citing *Grayned v. City of Rockford*, 408 U.S. 104, 108 (1972)) (“Where a statute’s literal scope, unaided by a narrowing state court interpretation, is capable of reaching expression sheltered by the First Amendment, the [vagueness] doctrine demands a greater degree of specificity than in other contexts.”).

228. *See Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 558 (1985) (labeling copyright the “engine of free expression” because it makes an author’s speech marketable).

229. *See Tushnet, supra* note 38, at 70 (arguing that the case-specific nature of the fair use doctrine and the idea/expression dichotomy is more speech-protective than would be a copyright regime with rule-like definitions of users’ rights).

c. Fair Use Jurisprudence

Not all observers would agree that the spillover effects of this proposal would be positive. Indeed, the dynamic effects of the proposal may be of greatest concern to critics on both sides. The proposal would increase access to fair use. Undoubtedly, if adopted, the proposal would lead to the creation of a body of fair use rulings analogous to the body of private letter rulings by the Internal Revenue Service and no-action letters by the Enforcement Bureau of the Securities and Exchange Commission.²³⁰ As has been the case in those areas of law,²³¹ this body of nonbinding fair use rulings would be likely to influence the development of binding fair use decisions by the federal courts.

Some critics would argue that this influence would be corrosive. In their view, the Copyright Office has become a captured agency. They would argue that the Fair Use Board would also be captured and would give fair use a very cramped reading. This Article's proposal acknowledges this risk. On balance, however, the professionalism of the administrative decisionmakers should reduce the scope of this risk, and the availability of *de novo* judicial review should serve as an important corrective tool in the event that this risk is realized. For example, any self-respecting copyright lawyer would advise that an author's quotation of two lines from the lyrics of a popular song is a fair use, notwithstanding the routine practice of music publishers to quote a license fee for such a use.²³²

The argument may shift to a concern about distortions in fair use jurisprudence because fair use petitioners may not be able to adequately represent their interests before the Board or a court. This view suggests a principle by which access to adjudication should be increased only if there is a concomitant increase in access to legal representation. To my mind, this argument is too idealistic, and it should not be surprising that a pragmatic proposal such as this might

230. See *supra* notes 16–17.

231. See generally Nagy, *supra* note 17 (describing influence of SEC no-action letters on judicial interpretation).

232. See, e.g., Postings of David Sanjek to Shall IASPM Take Action?, http://www.iaspm.net/rpm/CopyRi_1.html (last visited Mar. 26, 2007) (“[If two lines of a song were quoted, a] music publisher could go after them, or the authors of the material which contains the quotes. I don’t state that to make people antsy and paranoid, but that is the reality.”); CSI-Forensics, Quoting of Copyrighted Works, <http://www.csi-forensics.com/index.php?action=newsstory&nid=18> (last visited Mar. 26, 2007) (operator of fan fiction web site analogizing quoting of song lyrics in fiction to the fan fiction equivalent of red hot chili powder because of the likelihood that such quotation will attract a copyright owner’s cease and desist letter).

be unpalatable on that view. But even for the idealist, there is some hope because pro bono assistance to some fair users might be available through committees of lawyers for the arts found in many cities.²³³ In addition, a number of law schools now offer intellectual property clinics that might be available to represent fair users.²³⁴

If the real jurisprudential argument centers on the likely outcomes of appellate litigation regardless of how well represented a petitioner may be, I am unpersuaded. In my view, the appellate courts are the best situated governmental decisionmakers to properly understand and apply the fair use doctrine's allocation of expressive freedoms.²³⁵ A more subtle critique would be that, even if appellate courts are the best situated adjudicators of fair use, they may be led astray if they receive a case in the posture of an appeal from an adverse fair use ruling. In such a case, the courts may be more likely to defer to the views of the allegedly captured Fair Use Board than the views of a district court. In this way, the mutually mediating relationship between the courts and the Board would lead to the ratification of a circumscribed view of fair use.

This critique has force. But baselines matter. Starting from the current situation, in which fair use is greatly underutilized, we already have a situation in which fair use has been greatly circumscribed de facto. Even if this proposal were to lead to a subtly more circumscribed fair use jurisprudence, the de facto scope of fair use would still have increased because of the greater security the proposal offers to fair users. Moreover, I have greater confidence in the independence of the judiciary than do these critics. Some courts certainly would be tempted to defer to rulings of the Fair Use Board, but over time stronger jurists on the appellate bench would be likely to independently evaluate the proper scope of the doctrine.

D. Good Policy, Bad Politics?

Readers who are at this point persuaded that the proposal would improve copyright law may nonetheless harbor skepticism about its

233. See, e.g., Volunteer Lawyers for the Arts, <http://www.starvingartistslaw.com/help/volunteer%20lawyers.htm> (last visited Feb. 25, 2007) (listing groups offering pro bono legal assistance to artists by state).

234. See, e.g., Glushko-Samuelsan Intellectual Property Law Clinic, <http://www.wcl.american.edu/clinical/ipclinic.cfm> (last visited Feb. 25, 2007); Samuelson Law, Technology, & Public Policy Clinic, <http://www.law.berkeley.edu/clinics/samuelsan/about.html> (last visited Feb. 25, 2007); The Berkman Center for Internet & Society at Harvard Law School, <http://cyber.law.harvard.edu/home/mission> (last visited Feb. 25, 2007).

235. See McDonnell & Volokh, *supra* note 197, at 2468–69.

political prospects. As a practical matter, for this proposal to become law, it would have to garner the support of the Copyright Office and at least avoid resistance from any of the larger organizations that represent copyright owners.²³⁶ The discussion above explains why the principal proposal is not a threat to the interests of copyright owners.²³⁷ Indeed this proposal should be even more welcome than the orphan works legislation promoted by the Copyright Office.²³⁸ The orphan works bill is analogous to this Article's principal proposal insofar as the bill is designed to promote ex ante certainty with respect to uses of expressive works whose copyright owner cannot be identified through a reasonably diligent search.

However, as of August 2006, the bill was opposed by certain copyright owner representatives, primarily photographers, who argue that the remedial relief offered by the bill merely shifts uncertainty from users to copyright owners, who would have to worry that their works might erroneously be deemed orphaned.²³⁹ In contrast, this Article's principal proposal would provide certainty on both sides because the copyright owner would receive notice and an opportunity to participate with respect to a concrete proposed or actual use. Even for copyright owners, such as photographers, who admit that they may be difficult for users to find, the Fair Use Board would still protect their interests by independently evaluating whether a proposed use was fair.

Even if the proposal gains some support from some copyright owners and avoids resistance from others, there are reasons to believe that the Copyright Office and the Librarian of Congress may not be enthusiastic supporters in the near term. Although some of the administrative law literature indicates that agencies reflexively seek self-aggrandizement, the Copyright Office generally has been cool

236. See Thomas P. Olson, *The Iron Law of Consensus: Congressional Responses to Proposed Copyright Reforms Since the 1909 Act*, 36 J. COPYRIGHT SOC'Y U.S.A. 109, 116–17 (1989) (arguing that Congress is reluctant to reform copyright law if it will exact significant losses on certain interest groups and identifying the many veto points in the legislative process).

237. See *supra* Part II.C.2.

238. The Orphan Works Act of 2006, H.R. 5439, 109th Cong. (2006), available at <http://thomas.loc.gov/cgi-bin/query/z?c109:H.R.5439>.

239. See, e.g., Daryl Lang, *Congress To Consider Softer Version of Orphan Works Bill*, PHOTO DISTRICT NEWS, May 23, 2006, http://www.pdnonline.com/pdn/search/Article_display.jsp?vnu_content_id=1002540997; Advertising Photographers of America, Urgent Message Regarding Orphan Works Bill, <http://www.apanational.com/i4a/pages/Index.cfm?pageID=3607> (last visited Mar. 3, 2007) (urging members to lobby against bill's passage).

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toward expansion of its regulatory and adjudicative functions.²⁴⁰ Creation of a Fair Use Board would place the Office in unfamiliar territory and would likely present some management, budgetary, and public relations challenges that Office personnel might just as well avoid. In my view, these concerns can be addressed and overcome in the course of deliberations over this proposal.

The prospects for this proposal, then, turn on the intensity of demand for clarification of fair use, and the Copyright Office's comfort level with the increasingly administrative character of copyright law.²⁴¹ I believe conditions are ripe for this proposal to be enacted, but inertia and intransigence in some quarters may make this idea a little ahead of its time. In the event that this is the case, I offer two less effective, but potentially more palatable, clarification proposals in Part III.

E. Summary

Creating a Fair Use Board would materially improve copyright law's ability to balance the expressive freedoms of authors, distributors, and users of copyrighted works without requiring Congress to reopen the terms of the underlying legislative entitlements. The proposal simply would extend to copyright law the benefits of anticipatory adjudication that already are enjoyed by those who must interpret and apply similarly complex statutory schemes in areas such as income taxation, securities regulation, election law, health law, and highway safety. The beneficiaries of the proposal include more than the copyright owners and petitioners who would appear before the Fair Use Board, because the Board's decisions and judicial review thereof would improve the clarity of this area of law, as has been the case in other areas of the law that employ advisory opinion procedures. Finally, the proposal is fiscally responsible and would require only a modest appropriation that could be offset through revenues generated by filing fees.

III. FIXING FAIR USE: ALTERNATIVE PROPOSALS

Part II argues that the best way to solve the problem of ex ante uncertainty in copyright law is to provide ex ante clarity through

240. See, e.g., *Remedies for Small Copyright Claims: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 47-48 (2006) (statement of Marybeth Peters, U.S. Copyright Office) (cautiously offering to study issues related to establishing a small claims tribunal for copyright cases).

241. See Joseph P. Liu, *Regulatory Copyright*, 83 N.C. L. REV. 87, 104 (2004).

anticipatory adjudication. In the event that the political tide has not risen sufficiently to make safe passage for this approach to fair use clarification, I sketch in this Part two less effective proposals to fix fair use that could be more readily steered through the legislative shoals and briefly address why proposals to fix fair use by rendering it more rule-like through legislation should be resisted.

A. Reallocating Risks of an Erroneous Fair Use Judgment

If users of copyrighted works whose proposed use is a fair use cannot be offered the prospect of *ex ante* immunity, they should at least be granted some relief by reducing the outsize threat that the remedial provisions of the Copyright Act currently impose in many cases. This is essentially the same approach as is taken in the orphan works bill.²⁴² Limits on *ex post* relief are less satisfactory than the anticipatory adjudication proposed in Part II because these limits would apply when a user has erred in her fair use judgment and has infringed a copyright owner's rights. Thus, the *ex post* approach imposes rough justice by potentially undercompensating some copyright owners in order to induce more users to exercise their rights of fair use. While not ideal, this rough justice would still improve the current situation in which uncertainty about fair use has chilled far too many users and has rendered fair use an uninsurable risk in important settings.

1. Fair Use Rulings as Limit on Liability

If Congress were unwilling to grant the Fair Use Board the power to immunize a petitioner from all liability, Congress should still create a Fair Use Board and alter the legal effect of a fair use ruling to be a limitation on liability. Under this version of the proposal, all of the procedures outlined above would stay the same. In the event that a fair use judge declared a proposed use to be fair, and the copyright owner subsequently sued for infringement, the petitioner could be held liable only for actual damages and would not be liable for the copyright owner's attorney's fees. Injunctive relief would remain available to the copyright owner.

This version of the proposal resonates with other provisions or proposals to use nonbinding adjudication as a means of clarifying the scope of intellectual property rights. For example, the United Kingdom recently amended its patent law to give the U.K. Patent Office authority to provide a nonbinding opinion concerning patent

242. See *supra* notes 18, 238–39.

validity or infringement for £200 to assist parties with licensing and litigation decisions.²⁴³

In addition, treatise author David Nimmer has advanced a proposal analogous to this alternative.²⁴⁴ Under the Nimmer proposal, Congress would provide for nonbinding fair use arbitration to be funded entirely by the parties.²⁴⁵ Although nonbinding, the arbitration decision could be used by either party to influence the remedy for infringement.²⁴⁶ An unfavorable decision would be admissible as evidence of willfulness.²⁴⁷ A favorable decision would limit the copyright owner's remedy to that proposed by the Copyright Office for infringement of an orphan work.²⁴⁸ A favorable decision also would be admissible as relevant to the question of attorney's fees.²⁴⁹

2. Broaden Relief for Good Faith

In the alternative, if Congress does not see fit to create a Fair Use Board, it should fix fair use by reducing the scope of liability for those who infringe with an erroneous but good faith belief that the infringing use was a fair use. One reason that potential fair users are unwilling to challenge overreaching by aggressive copyright owners is that the penalties for doing so can be quite severe.²⁵⁰

Under this alternative proposal, the availability of injunctive relief should be curtailed and statutory damages should be unavailable against those who use a copyrighted work in good faith

243. U.K. Patent Office, Opinions, <http://www.patent.gov.uk/patent/p-other/p-object/p-object-opinion.htm> (last visited Mar. 26, 2007) (describing the procedure for requesting an opinion); see Patents Act, 2004, c. 16, § 13, available at <http://www.opsi.gov.uk/ACTS/acts2004/40016--a.htm#13>; see also U.K. Patent Office, Request for Opinions, <http://www.patent.gov.uk/p-object-opinion-advert> (last visited Mar. 26, 2007) (describing procedures for requesting opinions).

244. See David Nimmer, *A Modest Proposal To Streamline Fair Use Determinations*, 24 CARDOZO ARTS & ENT. L.J. 11, 11 (2006) (proposing The Fair Use Determination Given Expediently Under the Statutory Indicia for Calibrating Liability and Enforcement Act ("The FUDGESICLE Act")).

245. See *id.* at 13–14. A petitioner would pay \$1,000 and the copyright owner would also have to pay \$1,000 if he, she, or it wished to participate and submit the matter to a single arbitrator. If either party preferred a panel of three arbitrators, such party could designate the matter as complex and be required to pay an additional \$9,000. *Id.*

246. See *id.* at 14–15.

247. *Id.* at 14.

248. See *id.* at 15, 21 (incorporating by reference U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS 127 (2006), which proposes adding a new remedial section to the Copyright Act).

249. See *id.* at 15.

250. See *supra* notes 51–56 and accompanying text (describing remedial provisions of the Copyright Act).

but with a mistaken belief that such a use was a fair use. If the copyright owner were limited to proving actual damages flowing from a colorable fair use, the damages would be less attractive, reducing the threat of litigation and potentially increasing the owner's willingness to offer reasonable terms to license colorable fair uses.

Section 504(c)(2) of the Copyright Act already makes some allowance for innocent infringers, by lowering the floor for statutory damages to \$200 where an "infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright."²⁵¹ However, courts do not accept this defense readily.²⁵² In addition, for members of certain privileged classes of users who prove that they made an unauthorized reproduction of a copyrighted work with a good faith belief that making such a copy or copies was a fair use, statutory damages are to be remitted.²⁵³

Under this alternative, Congress would make the defense of innocent infringement more robust and would extend the benefits currently granted to special classes of users to all users who exercise any of the copyright owner's exclusive rights with an objective and subjective good faith belief that such use was a fair use. Other commentators have proposed limited expansions of the remittance privilege under § 504(c)(2) in the field of education.²⁵⁴ For the reasons stated above, however, fixing fair use is necessary for all users.

Section 504(c)(2) should be amended to limit monetary liability, including attorneys' fees, and to limit the availability of injunctive relief to cases in which a colorable fair use would have a deleterious effect on the copyright owner's actual market from an ex post perspective, such as a use that would displace actual licensing opportunities unless enjoined. In most cases of mistaken but good faith judgments of fair use, the defendant would be liable for a reasonable royalty as actual damages for colorable fair uses that do not harm the copyright owner's existing markets.

251. 17 U.S.C. § 504(c)(2) (2000).

252. See, e.g., *L.A. News Serv. v. Reuters Television Int'l, Ltd.*, 149 F.3d 987, 992–97 (9th Cir. 1998) (upholding denial of fair use defense, denial of innocent infringement defense, and \$60,000 statutory damage award for unauthorized distribution of work containing news footage of 1992 riots in Los Angeles); *Basic Books, Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522, 1544–45 (S.D.N.Y. 1991).

253. See 17 U.S.C. § 504(c)(2).

254. See, e.g., Robert Kasunic, *Fair Use and the Educator's Right To Photocopy Copyrighted Material for Classroom Use*, 19 J.C. & U.L. 271, 291–92 (1993).

B. Fair Use Rules

A different approach to improving ex ante certainty would be to amend the Copyright Act to create a list of privileged uses or, less forcefully, to create a list of presumptively fair uses or safe harbors. Versions of this approach have been taken through the narrow privilege of “fair dealing” recognized in commonwealth countries such as the United Kingdom,²⁵⁵ Canada,²⁵⁶ and Australia.²⁵⁷

Indeed, in the United States our experience with fair use rules has been primarily in relation to the educational guidelines.²⁵⁸ These guidelines serve a useful purpose because they identify safe harbors—that is, certain uses that copyright owner representatives have indicated will not likely draw an infringement suit. As Professor Kenneth Crews correctly notes, these safe harbors reflect enforcement policies of certain groups of copyright owners rather than interpretations of the Copyright Act, and these guidelines should not be interpreted as substitutes for fair use.²⁵⁹

However, it certainly would be possible to promulgate fair use rules either directly by legislation or through rulemaking under the auspices of the Copyright Office.²⁶⁰ The principal objection to fair use rules is the general objection to rules: the costs of over- and under-inclusivity outweigh the benefits of ex ante certainty and cheaper administrability. As Congress recognized when codifying fair use, rulemakers will be unable to predict the range of uses for copyrighted works, particularly as technological evolution enables new uses and new markets for such uses.²⁶¹ Consequently, my views align with

255. Copyright, Designs and Patents Act, 1988, c. 48, §§ 28–76, available at http://www.opsi.gov.uk/acts/acts1988/Ukpga_19880048_en_4.htm#mdiv28.

256. Copyright Act, R.S.C., ch. C-42, §§ 29–29.2 (1985) (Can.), available at http://laws.justice.gc.ca/en/showdoc/cs/C-42/bo-ga:1_III-gb:s_29/en#anchorbo-ga:1_III-gb:s_29.

257. Copyright Act, 1968, c. 63, §§ 47–47J (Austl.), available at <http://www.comlaw.gov.au/ComLaw/Legislation/ActCompilation1.nsf/frameIodgmentattachments/8D4A910D452D40D4CA25725C007C61EC>.

258. See *supra* notes 146–53 and accompanying text.

259. See generally Crews, *supra* note 146 (discussing negotiations over guidelines, including those for copying for classroom use and use of broadcast media in the classroom, and identifying circumstances in which guidelines have been misunderstood or misused).

260. This is assuming that such rulemaking would be constitutional. See *supra* Part II.C.1 (discussing potential constitutional objections to rulemaking by Copyright Office). Alternatively, an executive agency such as the U.S. Department of Commerce, which houses the Patent and Trademark Office, might be granted such regulatory authority.

261. H.R. REP. NO. 94-1476, at 66 (1976), as reprinted in 1976 U.S.C.C.A.N. 5659, 5680 (“[T]he endless variety of situations and combinations of circumstances that can rise in particular cases precludes formulation of exact rules in the statute.”).

Judge Leval's²⁶² on this subject because *ex ante* rulemaking lacks the important context sensitivity that the proposals submitted above would preserve.

To be clear, the proposals above imagine the possible emergence of soft rules through repeated adjudication, and these would further improve *ex ante* certainty about fair use. The primary proposal would fix fair use for many users even if the doctrine were entirely *ad hoc* because certainty could be had for a particular use. In fact, however, uses fall into patterns, and over time, the process of adjudication can yield some certainty concerning select uses.

The principal proposal would seed the process for improved development of similar soft rules for other uses by providing a record of adjudication of a range of uses. While these adjudications would be nonprecedential, over time, if a particular use were to be the subject of numerous petitions and the outcomes were predominantly in one direction or the other, users would gain a degree of improved certainty about the legality of potential uses.²⁶³ This process would be far more flexible and fine-grained than any legislative or regulatory approaches to fair use rules would likely be and it is therefore preferable.

CONCLUSION

Copyright law must respond to the rise of copyright owner aggression and its chilling effects and respond to increasing uncertainty surrounding uses of new technologies by providing greater *ex ante* certainty about the scope of fair use or by reducing the risks of relying on fair use through *ex post* relief.

The best way to improve certainty concerning fair use would be to institute an administrative procedure to provide anticipatory,

262. See Leval, *supra* note 33, at 1135 (“A definite [fair use] standard would champion predictability at the expense of justification and would stifle intellectual activity to the detriment of the copyright objectives. We should not adopt a bright-line standard unless it were a good one—and we do not have a good one.”).

263. Arguably this is what has happened with respect to use of domain names under the Internet Corporation for Assigned Names and Numbers (“ICANN”) Uniform Domain Name Dispute Resolution Policy (“UDNDRP”). See ICANN, Uniform Domain Name Dispute Resolution Policy, <http://www.icann.org/udrp/udrp-policy-24oct99.htm> (last visited Feb. 25, 2007). An oft-litigated issue has been the use of a trademark in a domain name of the form [www.\[trademark\]sucks.com](http://www.[trademark]sucks.com). Courts routinely have held such uses to be noninfringing. Arbitrators issuing nonprecedential decisions under the UDNDRP have been less uniform. However, the pattern is now consistent enough that it is clear enough that a “[trademark]sucks” second-level domain will be noninfringing, at least if the content of the site reflects some speech critical of the trademark owner.

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nonprecedential adjudications that would offer immunity from suit. Such a procedure would maximize ex ante certainty for fair users and copyright owners in individual cases, would lead to a more robust body of fair use interpretations that others could refer to for guidance, and would reduce the frequency of the unreasonable bargaining impasse in the shadow of such a procedure.

In the alternative, Congress should fix fair use by providing ex post relief for users who erroneously rely on fair use in good faith. This can be done either through the anticipatory adjudication procedure contemplated in the primary proposal or by reducing the range of remedies in the copyright owner's arsenal that can be deployed against such users. An alternative solution, the creation of legislative or regulatory fair use rules, would improve ex ante uncertainty at the expense of the flexibility that lies at the heart of the fair use doctrine. The social costs of the under- and over-inclusivity that such rules would impose in the face of technological and expressive evolution outweigh the benefits of this approach to improved certainty in fair use law.

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APPENDIX: PROPOSED FAIR USE BOARD AMENDMENT

110TH CONGRESS

1ST SESSION

H. R. _____

To amend title 17, United States Code, to create a Fair Use Board with authority to declare individual uses of copyrighted works to be fair uses.

IN THE HOUSE OF REPRESENTATIVES

[Date]
[Sponsors]

A BILL

To amend title 17, United States Code, to create a Fair Use Board with authority to declare individual uses of copyrighted works to be fair uses.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Fixing Fair Use Act of 2007.”

SEC. 2. REFERENCE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 17, United States Code.

SEC. 3. FAIR USE JUDGE AND STAFF.

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(a) The title of Chapter 8 is amended to read as follows:

“CHAPTER 8—PROCEEDINGS BY SPECIAL PURPOSE JUDGES”

(b) In general—Chapter 8 is amended by inserting the following:

“Sec. 806. Fair Use Judges; appointment and functions.

“(a) Appointment.—The Librarian of Congress shall appoint 3 full-time Fair Use Judges, and shall appoint 1 of the 3 as the Chief Fair Use Judge. The Librarian shall make appointments to such positions after consultation with the Register of Copyrights.

“(b) Function.—Subject to the provisions of this chapter, the function of the Fair Use Judges shall be to issue written determinations of whether an actual or proposed use of an original work of authorship protected under this title is or would be a fair use under section 107. Such determinations are limited to the actual or proposed use set forth in the Fair Use Petition in section 808(b)(5) and are binding only on the petitioner, her heirs, assignees, licensees or any other successors in interest and the copyright owner and her heirs, assignees, licensees or any other successors in interest. Determinations by Fair Use Judges shall have no preclusive effect with respect to any other parties or any other uses of the work other than the use that is the subject of a determination by a Fair Use Judge.

“(c) Rulings.—The Fair Use Judges may make any necessary procedural or evidentiary rulings in any proceeding under this chapter and may, before commencing a proceeding under this chapter, make any such rulings that would apply to the proceedings conducted by the Fair Use Judges.

“(d) Administrative Support.—The Librarian of Congress shall provide the Fair Use Judges with the necessary administrative services related to proceedings under this chapter.

“(e) Location in Library of Congress.—The offices of the Fair Use Judges and staff shall be in the Library of Congress.

“Sec. 807. Fair Use Judgeships; staff.

“(a) Subsections (a)–(e) and (g)–(i) of section 802 of this chapter shall apply mutatis mutandis to the Fair Use Judges and their staff.

“(b) Independence of Fair Use Judge.—Fair Use Judges shall have full independence in making determinations concerning application of section 107 to a proposed or actual use of an original work of authorship protected under this title.

“(c) Review of legal conclusions by the register of copyrights.—The Register of Copyrights may review for legal error the resolution by the Fair Use Judges of a material question of substantive law under this title that underlies or is contained in a final determination of the Fair Use Judges. The Register shall give notice of intent to review not later than 10 business days after a Fair Use Judge has issued a determination. If the Register gives such notice, the Register shall issue a written decision correcting such legal error, which shall be made part of the record of the proceeding. The Register of Copyrights shall issue such written decision not later than 40 days after the date on which the final determination by the Fair Use Judge was issued. Additionally, the Register of Copyrights shall cause to be published in the Federal Register and on the Copyright Office web site such written decision, together with a specific identification of the legal conclusion of the Fair Use Judge that is determined to be erroneous. As to conclusions of substantive law involving an interpretation of the statutory provisions of this title, the decision of the Register of Copyrights shall not be binding as precedent upon the Fair Use Judges in subsequent proceedings under this chapter. When a decision has been rendered pursuant to this subparagraph, the Register of Copyrights may, on the basis of and in accordance with such decision, intervene as of right in any appeal of a final determination of the Fair Use Judge pursuant to section 808(b)(5). If, prior to intervening in such an appeal, the Register of Copyrights gives notification to, and undertakes to consult with the Attorney General with respect to such intervention, and the Attorney General fails, within a reasonable period after receiving such notification, to intervene in such appeal, the Register of Copyrights may intervene in such appeal in his or her own name by any attorney designated by the Register of Copyrights for such purpose. Intervention by the Register of Copyrights in his or her own name shall not preclude the Attorney General from intervening on behalf of the United States in such an appeal as may be otherwise provided or required by law.

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“(d) Effect on judicial review.—Determinations by the Fair Use Judges or by the Register of Copyrights under this section shall be reviewed de novo by the United States courts of appeals.

“Section 808. Proceedings of Fair Use Judges.

“(a) Proceedings.—

“(1) In general.—The Fair Use Judges shall act in accordance with regulations issued by the Fair Use Judges and the Librarian of Congress, and on the basis of a written record.

“(2) The Fair Use Judges shall rule on Fair Use Petitions individually.

“(b) Procedures.—

“(1) Fair Use Petition.—A proceeding under this chapter shall commence with the filing of a Fair Use Petition. The Register of Copyrights shall have authority to make such regulations as are necessary to specify the form and manner of submission of a Fair Use Petition, except that Fair Use Petitions must clearly identify:

“(A) the original work(s) of authorship that are used or are proposed to be used;

“(B) the actual or proposed use of such original work(s) of authorship;

“(C) the owner of the exclusive right(s) granted by section 106 of this title that will be exercised by the actual or proposed use of the original work(s) of authorship; and

“(D) the reasons why the actual or proposed use of the original work of authorship is or would be a fair use under section 107 of this title.

“(2) Service on Copyright Owner.—A complete copy of the Fair Use Petition must be served on the owner(s) of the exclusive right(s) granted by section 106 of this title that are or will be exercised by the actual or proposed use identified in the Fair Use Petition not later than the time the Fair Use Petition is filed with the Register of Copyrights. The Fair Use

Petition must be accompanied by a statement certifying the time and manner of such service.

“(3) Copyright Owner’s Participation.—The owner(s) of the exclusive right(s) granted by section 106 of this title that are or will be exercised by the actual or proposed use identified in the Fair Use Petition shall have not more than 10 days after the Fair Use Petition has been filed to file a notice of intent to oppose the Fair Use Petition. The statement opposing the Fair Use Petition must be filed with the Register of Copyrights not later than 20 days after the filing of the notice of intent to oppose. The statement of intent to oppose and the statement opposing the Fair Use Petition must be served upon the proponent of the Fair Use Petition accompanied by a statement certifying the time and manner of such service.

“(4) Fair Use Petitioner’s Reply.—The proponent of the Fair Use Petition may file a statement in reply to the statement opposing the Fair Use Petition described in paragraph (3) of this subsection not later than 7 days after the date such opposing statement was filed. Such reply statement must be served upon the owner(s) of the exclusive right(s) granted by section 106 of this title that are or will be exercised by the actual or proposed use identified in the Fair Use Petition accompanied by a statement certifying the time and manner of such service.

“(5) Fair Use Judge’s Determination.—The Fair Use Judge shall issue a written determination not later than 45 days after the date for filing the reply statement described in paragraph (4). The Fair Use Judge’s determination shall be made publicly available on the Internet without charge within a reasonable time after the determination has been issued.

“(c) Termination of Proceedings.—Any owner of one or more of the exclusive rights granted by section 106 of this title that are or will be exercised by the actual or proposed use identified in the Fair Use Petition may terminate the proceedings under this section by filing suit for copyright infringement or for a declaratory judgment of infringement against the proponent of the Fair Use Petition in a district court of the United States.