

# COPYRIGHT FAIR USE

Excerpted from the latest update to Chapter 4 (Copyright Protection in Cyberspace)

*E-Commerce and Internet Law: Legal Treatise with Forms 2d Edition*

A 5-volume legal treatise by Ian C. Ballon (Thomson/West Publishing, [www.IanBallon.net](http://www.IanBallon.net))

(These excerpts are unrevised page proofs for the current update and may contain errors)

## IAN BALLON'S ANNUAL INTERNET, AI & PRIVACY LAW YEAR IN REVIEW

ASSOCIATION OF CORPORATE COUNSEL

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Ian has been named by the *LA and San Francisco Daily Journal* as one of the Top 75 intellectual property litigators in California in every year that the list has been published (2009 through 2023). He has been listed in Best Lawyers in America consistently every year since 2003 and was named Lawyer of the Year for Information Technology in 2023, 2022, 2020, 2019, 2018, 2016 and 2013. In 2024, 2023, 2022, 2021, 2020, 2019 and 2018 he was recognized as one of the Top 1,000 trademark attorneys in the world for his litigation practice by *World Trademark Review*. In 2022, Ian was named to Lawdragon's list of the Top 500 Lawyers in America and he has been included on the *Daily Journal's* annual list of the Top 100 Lawyers in California. In addition, in 2019 he was named one of the top 20 Cybersecurity lawyers in California and in 2018 one of the Top Cybersecurity/Artificial Intelligence lawyers in California by the *Los Angeles and San Francisco Daily Journal*. He received the "Trailblazer" Award, Intellectual Property, 2017 from *The National Law Journal* and he has been recognized as a "Groundbreaker" in *The Recorder's* 2017 Litigation Departments of the Year Awards. He was also recognized as the 2012 [New Media Lawyer of the Year](#) by the Century City Bar Association. In 2010, he was the recipient of the California State Bar Intellectual Property Law section's [Vanguard Award for significant contributions to the development of intellectual property law](#). Ian was listed in *Variety's* "Legal Impact Report: 50 Game-Changing Attorneys" and has been named a Northern California Super Lawyer every year from 2004 through 2021 and a Southern California Super Lawyer for every year from 2007-2021. He has also been listed in Legal 500 U.S., The Best Lawyers in America (in the areas of information technology and intellectual property) and Chambers and Partners USA Guide in the areas of privacy and data security and information technology.

Ian is also the author of the leading treatise on internet and mobile law, [E-Commerce and Internet Law: Treatise with Forms 2d edition](#), the 5-volume set published by West ([www.IanBallon.net](http://www.IanBallon.net)) and available on Westlaw, which includes extensive coverage of intellectual property law issues. In addition, he is the author of *The Complete CAN-SPAM Act Handbook* (West 2008) and *The Complete State Security Breach Notification Compliance Handbook* (West 2009). In addition, he serves as [Executive Director of Stanford University Law School's Center for the Digital Economy](#). He also chairs [PLI's annual Advanced Defending Data Privacy, Security Breach and TCPA Class Action Litigation](#) conference. Ian previously served as an Advisor to ALI's Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transactional Disputes (ALI Principles of the Law 2007) and as a member of the consultative group for ALI's Principles of Data Privacy Law (ALI Principles of Law 2020).

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# **E-COMMERCE & INTERNET LAW**

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**IAN C. BALLON**

Volume 1



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under a deferred billing plan amounted to the rental of software prohibited by the Act. Under the defendant's deferred billing plan, customers paid a small "nonrefundable deposit" for the software and were not billed for the balance if they returned it within five days. Judge Wexler found that the transactions were tantamount to rentals since (1) defendant's brochures advertised the "nonrefundable deposit," not the purchase price of software, (2) nearly 100% of the software was returned, (3) the deposits were comparable to rental fees, (4) the short term of the agreements was comparable to a rental term, obviously allowing the defendant to use the same copy of software in other transactions, and (5) the customer was not given the software manufacturer's registration card unless the full purchase price was paid.

Judge Wexler also held the defendant liable for renting customers post-Dec. 1, 1990, upgrades of programs it acquired before that date. Judge Wexler held that the company's right to lawfully rent software acquired before Dec. 1, 1990, did not extend to later upgrades of the same programs.

The potential opportunities for "sham" software transactions over the Internet are even greater than through traditional channels of retail trade. This is particularly true because of the number of people who, for ideological reasons, believe that software should be freely available.

#### 4.10 Fair Use Defense and the Concept of Time in Cyberspace

##### 4.10[1] The Fair Use Defense—In General

Fair use is a complete defense to copyright infringement<sup>1</sup> (although it is not a defense to a claim brought under the anticircumvention provisions of the Digital Millennium

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##### [Section 4.10[1]]

<sup>1</sup>17 U.S.C.A. § 107. As an affirmative defense, its proponent bears the burden of proving that it applies in a given case.

Fair use is a mixed question of law and fact. The determination ultimately is a legal one, but to render the issue of law there may be "subsidiary factual questions"—such as whether there was harm to the actual or potential markets for the copyrighted work or how much of the copyrighted work—that must be addressed, depending on the facts of a given case. See *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1199-1200 (2021).

Copyright Act).<sup>2</sup> Fair use encompasses First Amendment protections in copyright cases and, coupled with “the idea/expression dichotomy . . . , present the most important limitation on copyright law.”<sup>3</sup> “In a sense, the grant to an author of copyright in a work is predicated upon a reciprocal grant to the public by the work’s author of an implied license for fair use of the work.”<sup>4</sup> Where a secondary use is fair, the new work may even be entitled to copyright protection in its own right as a derivative work.<sup>5</sup>

What constitutes fair use in practice is, in many instances, difficult to evaluate. Fair use has been characterized as an “equitable rule of reason”<sup>6</sup> and therefore must be proven on a case-by-case basis in litigation,<sup>7</sup> rather than easily determined by a bright line test. Fair use is “an open-ended and context-sensitive inquiry . . . .”<sup>8</sup> It is an exception that

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<sup>2</sup>17 U.S.C.A. §§ 1201 *et seq.*; *see generally infra* § 4.21[2].

<sup>3</sup>*Cambridge University Press v. Patton*, 769 F.3d 1232, 1256 n.18 (11th Cir. 2014); *see also Eldred v. Ashcroft*, 537 U.S. 186, 219-20 (2003) (explaining that “copyright law contains built-in First Amendment accommodations.”); *Golan v. Holder*, 565 U.S. 302, 327-29 (2012) (holding that there was no need for heightened First Amendment review in copyright cases because of “the idea/expression distinction and the fair use defense.”); *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 556 (1985) (rejecting a First Amendment claim “[i]n 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”); *New Era Publications Int’l, ApS v. Henry Holt & Co.*, 873 F.2d 576, 584 (2d Cir. 1989) (summarizing earlier case law holding that the fair use defense encapsulated First Amendment protections), *cert. denied*, 493 U.S. 1094 (1990); *Religious Technology Center v. Netcom On-Line Communication Services, Inc.*, 923 F. Supp. 1231, 1258 (N.D. Cal. 1995) (explaining, in an early internet copyright case, that the Supreme Court has recognized that the Copyright Act itself embodies a balance between the rights of copyright holders, which are guaranteed by Article I, section 8 of the Constitution, and the protections of the First Amendment).

The idea/expression dichotomy is separately analyzed in section 4.02.

<sup>4</sup>*Cambridge University Press v. Patton*, 769 F.3d 1232, 1257 (11th Cir. 2014).

<sup>5</sup>*See Keeling v. Hars*, 809 F.3d 43, 49-50 (2d Cir. 2015). Derivative works are analyzed in section 4.05[3].

<sup>6</sup>*Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 448 (1984).

<sup>7</sup>*See Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994).

<sup>8</sup>*Blanch v. Koons*, 467 F.3d 244, 251 (2d Cir. 2006).

“permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.”<sup>9</sup> As a consequence, “fair use is a context-sensitive inquiry that does not lend itself to simple bright-line rules.”<sup>10</sup>

The fair use defense generally applies where a work is used “for purposes *such as* criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship or research . . . .”<sup>11</sup>

In evaluating whether the fair use defense is available, courts may consider other factors (as discussed later in this section), but *must* consider<sup>12</sup> four statutory factors:

- the purpose and character of the use, including whether it is of a commercial nature or is for nonprofit educational purposes;<sup>13</sup>

<sup>9</sup>*Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1196 (2021), quoting *Stewart v. Abend*, 495 U.S. 207, 236 (1990) (internal quotation marks omitted).

<sup>10</sup>*Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 38 (2d Cir. 2021).

<sup>11</sup>17 U.S.C.A. § 107 (emphasis added); see also *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 561 (1985) (holding that the examples set forth in the preamble to section 107 give an idea of activities that might be regarded as fair use but are not intended to be an exhaustive list or to single out any particular use as presumptively fair).

<sup>12</sup>*Stewart v. Abend*, 495 U.S. 207, 237 (1990).

<sup>13</sup>In evaluating the purpose and character of the use, courts typically consider whether a defendant’s use is (a) commercial and (b) transformative. Of these two considerations, transformativeness is by far the more important one.

While “[t]here is no doubt that a finding that copying was not commercial in nature tips the scales in favor of fair use. . . . the inverse is not necessarily true, as many common fair uses are indisputably commercial. For instance, the text of § 107 includes examples like ‘news reporting,’ which is often done for commercial profit.” *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1204 (2021) (finding that the purpose and character of the work weighed in favor of fair use because—even though Google’s use was a commercial endeavor— it was “not dispositive of the first factor, particularly in light of the inherently transformative role that the reimplementation played in the new Android system.”); *NXIVM Corp. v. Ross Institute*, 364 F.3d 471, 477-78 (2d Cir. 2004) (“The Supreme Court in *Campbell* rejected the notion that the commercial nature of [a] use could by itself be a dispositive consideration” given that “nearly all of the illustrative uses listed in the preamble of § 107, including news reporting, comment, criticism, teaching, scholarship, and research . . . ‘are generally

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conducted for profit.’”), quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 584 (1994).

In evaluating whether a work is commercial, the issue “is 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 Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 562 (1985). In *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001), for example, the Ninth Circuit found that Napster’s peer-to-peer “file sharing” service was “commercial” even though it charged no fees for use because, among other things, it allowed users to “get for free something they would ordinarily have to buy.” The Ninth Circuit emphasized that “[d]irect economic benefit is not required to demonstrate a commercial use.” In *Napster*, there was evidence that the service, backed by venture capitalists, had hoped, like many Internet start-ups, to generate traffic and brand identity, so that it would eventually earn money. Likewise, in *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349 (S.D.N.Y. 2000), the court found defendant’s My.MP3.com service commercial because even though subscribers were “not currently charged a fee, defendant seeks to attract a sufficiently large subscription base to draw advertising and otherwise make a profit.” *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 351 (S.D.N.Y. 2000).

The central focus of the inquiry into the purpose and character of a work is whether (and to what extent) “the new work merely supersedes the objects of the original creation . . . or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning or message; . . . in other words, whether and to what extent the work is transformative.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994), quoting Pierre N. Leval, *Toward A Fair Use Standard*, 103 Harv. L. Rev. 1105, 1111 (1990). To be transformative, “[c]ommentators have put the matter more broadly, asking whether the copier’s use ‘fulfill[s] the objective of copyright law to stimulate creativity for public illumination.’” *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1202-03 (2021), quoting Leval, 103 Harv. L. Rev. at 1111. Accordingly, even copying 100% of a work could be transformative if it “adds something new and important.” See 141 S. Ct. at 1203, citing *Campbell*, 510 U.S. at 579. “An ‘artistic painting’ might, for example, fall within the scope of fair use even though it precisely replicates a copyrighted ‘advertising logo to make a comment about consumerism.’” 141 S. Ct. at 1203, citing 4 Nimmer on Copyright § 13.05[A][1][b] (quoting Netanel, *Making Sense of Fair Use*, 15 Lewis & Clark L. Rev. 715, 746 (2011)).

The evaluation of whether a work is transformative “may be guided by the examples given in the preamble to section 107, looking to whether the work is for criticism, or comment, or news reporting, and the like” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578–79 (1994). Although “transformative use is not absolutely necessary for a finding of fair use, the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works.” *Id.* at 579.

The character of a work weighs in favor of finding fair use if it “adds value to the original” or uses the original “as raw material, transformed in the creation of new information, new aesthetics, new



insights and understandings.” *Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc.*, 150 F.3d 132, 141 (2d Cir. 1998) (finding “slight to nonexistent” transformative value to a trivia quiz), *quoting* Leval, 103 Harv. L. Rev. at 1111. *Cf. Michaels v. Internet Entertainment Group Inc.*, 48 U.S.P.Q.2d 1891, 1998 WL 882848 (C.D. Cal. Sept. 10, 1998) (finding the use of twenty-seven seconds from a forty-five-minute videotape of actress Pamela Anderson Lee and a former boyfriend engaging in sexual relations (displayed in blurry two to five-second segments) transformative when used in a report aired on the television show “Hard Copy” about the plaintiff’s dispute over the pending unauthorized release of the video over the Internet).

The more transformative the new work, the less important other factors (including the commercial character of a work) become. *See, e.g., A.V. v. iParadigms, LLC*, 562 F.3d 630, 639 (4th Cir. 2009) (holding that defendants’ use of high school term papers in a database to compare and evaluate plagiarism claims was highly transformative and that the commercial aspect of the use was not significant in light of its transformative nature). Thus, even a practice that has a negative effect on the market for a genuine product may be found to be a fair use if it serves a transformative purpose. *See Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596, 607 (9th Cir.) (“some economic loss . . . does not compel a finding of no fair use.”), *cert. denied*, 531 U.S. 871 (2000); *see also Sony Computer Entertainment America, Inc. v. Bleem, LLC*, 214 F.3d 1022, 1027, (9th Cir. 2000) (holding that copying “screen shots” from Sony computer games for use in advertisements constituted a fair use under narrow circumstances in part because “comparative advertising redounds greatly to the purchasing public’s benefit with very little corresponding loss to the integrity of . . . [the] copyrighted material.”). Likewise, even an exact or complete copy of a work may be found to be a fair use if it is transformative. *See, e.g., Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1163–65 (9th Cir. 2007) (holding entire images copied in search results to be a fair use where the copying in connection with operation of a visual search engine was “highly transformative”); “As noted in *Campbell*, a ‘transformative work’ is one that alters the original work ‘with new expression, meaning, or message.’ . . . ‘A use is considered transformative only where a defendant changes a plaintiff’s copyrighted work or uses the plaintiff’s copyrighted work in a different context such that the plaintiff’s work is transformed into a new creation.’” (emphasis added, citation omitted); *Nunez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 22–23 (1st Cir. 2000) (holding republication of photos taken for a modeling portfolio in a newspaper to be transformative because the photos served to inform, as well as entertain); *Field v. Google Inc.*, 412 F. Supp. 2d 1106, 1118–22 (D. Nev. 2006) (holding Google’s practice of caching content to be a fair use because it was highly transformative and served a noncompetitive purpose by enabling users to access a site when the original page was inaccessible, allowing users to compare changes to a site over time, highlighting search terms to allow users to understand why a page was deemed responsive to a query, using various design features to underscore that the cached copy is not intended to replace the original and encouraging users to access the original, and ensuring that site owners could disable the cache functionality so that their sites would not be copied by Google).



A use “can be transformative in function or purpose without altering or actually adding to the original work.” *A.V. v. iParadigms, LLC*, 562 F.3d 630, 639 (4th Cir. 2009) (holding that making an exact digital copy of a student’s thesis for the purpose of determining whether it included plagiarism was a fair use); *Swatch Group Mgmt. Servs. v. Bloomberg LP*, 756 F.3d 73, 84 (2d Cir. 2014) (quoting *iParadigms* for this proposition in a case in which the court held that a new service’s dissemination of verbatim transcripts of plaintiff’s recorded conference calls with securities analysts was a fair use and served at least an arguably transformative purpose—namely, to publish factual information, which otherwise was restricted to narrow group of analysts, to the public); see also *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97-98 (2d Cir. 2014) (citing *iParadigms* and Ninth Circuit opinions for the proposition that copying entire books without substantive alteration nonetheless was transformative because “the creation of a full-text searchable database is a quintessentially transformative use.”); *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 609-11 (2d Cir. 2006) (holding the exact reproduction of reduced size Grateful Dead concert posters to be a fair use in connection with publication of a biography of the band; “DK’s purpose in using the copyrighted images at issue in its biography of the Grateful Dead is plainly different from the original purpose for which they were created. Originally, each of BGA’s images fulfilled the dual purposes of artistic expression and promotion. The posters were apparently widely distributed to generate public interest in the Grateful Dead and to convey information to a large number people about the band’s forthcoming concerts. In contrast, DK used each of BGA’s images as historical artifacts to document and represent the actual occurrence of Grateful Dead concert events featured on Illustrated Trip ‘s timeline.”); *Hughes v. Benjamin*, 437 F. Supp. 3d 382, 390 (S.D.N.Y. 2020) (collecting cases for the proposition that “a new work may be transformative even where it consists entirely of portions of the original work, or indeed even where it is an ‘exact replication’ of the original work.”); *Philpot v. Media Research Center Inc.*, 279 F. Supp. 3d 708, 717 (E.D. Va. 2018) (citing *iParadigms* and *Perfect 10* in holding that defendant’s use of exact copies of plaintiff’s concert photographs of Kenny Chesney and Kid Rock, on defendant’s pro-life website, to identify celebrities who support conservative political candidates, was transformative and a fair use because the images were used “in a completely different context.”). *But see Barcroft Media, Ltd. v. Coed Media Group, LLC*, 297 F. Supp. 3d 339, 351-55 (S.D.N.Y. 2017) (holding that a competing celebrity news site’s use of plaintiff’s photographs on its website was not transformative and not a fair use).

As explained by the Fourth Circuit, “even a wholesale reproduction may be transformed when placed in a ‘new context to serve a different purpose,’ but the secondary use still must generate a societal benefit by imbuing the original with new function or meaning.” *Brammer v. Violent Hues Productions, LLC*, 922 F.3d 255, 263 (4th Cir. 2019), quoting *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007). Surveying prior cases from both the Fourth Circuit and other circuits, the court in *Brammer* observed that “courts have typically found contextual changes sufficiently transformative in two recurring situations: technological uses and documentary uses.” 922 F.3d at 263-64. The panel elaborated that:

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In the first category, copyrighted works provide raw material for new technological functions. These functions are indifferent to the expressive aspects of the copied works. For example, we have held transformative the total reproduction of student essays for a plagiarism detection service because the database served an “entirely different function” that was unrelated to the expressive content of those essays. *A.V. ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630, 639 (4th Cir. 2009); accord *Google Books*, 804 F.3d at 216–17 (holding that an online book archive was “highly transformative” because it served the purpose of allowing users to search books for terms of interest); *Perfect 10*, 508 F.3d at 1165 (holding that an online image search index was “highly transformative”). This only makes sense: a contrary ruling would have risked impairing the functionality of these new information-sorting technologies.

In the second category, copyrighted works serve documentary purposes and may be important to the accurate representations of historical events. These representations often have scholarly, biographical, or journalistic value, and are frequently accompanied by commentary on the copyrighted work itself. See, e.g., *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 609 (2d Cir. 2006) (concert posters transformed when reproduced in pictorial history of the Grateful Dead); *Núñez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 23 (1st Cir. 2000) (modeling photograph transformed when published as part of newspaper coverage of a related controversy).

*Brammer v. Violent Hues Productions, LLC*, 922 F.3d 255, 264 (4th Cir. 2019); see also *id.* at 263 & n.3 (reversing the district court’s holding that use of a photo found online, in connection with information about housing in the area depicted in the photograph, for attendees of defendant’s film festival, was used in a transformational manner and was a fair use, where the district court placed undue weight on the subjective intent of the parties, given that “[t]he transformational inquiry is largely objective.”).

When a work is simply retransmitted in a different medium, it is less likely to be found to be transformative. See, e.g., *Disney Enterprises, Inc. v. VidAngel, Inc.*, 869 F.3d 848, 861 (9th Cir. 2017) (DVD to streaming not transformative); *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1015 (9th Cir. 2001) (concluding that “downloading MP3 files does not transform the copyrighted work.”); *Infinity Broadcast Corp. v. Kirkwood*, 150 F.3d 104, 108 & n.2 (2d Cir. 1998) (holding radio rebroadcasts over telephone lines were not transformative, noting that “a change of format, though useful, is not technically a transformation.”); *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 351 (S.D.N.Y. 2000) (finding that the reproduction of music from CD-ROMs to MP3 files did not transform the works; “defendant adds no ‘new aesthetics, new insights and understandings’ to the original music recordings it copies, . . . but simply repackages those recordings to facilitate their transmission through another medium.”).

Likewise, deleting offensive words from a motion picture to make them more accessible to people who otherwise might not watch them was held not to be transformative because “removing objectionable content may permit a viewer to enjoy a film, . . . [but that] does not necessarily ‘add . . . something new’ or change the ‘expression, meaning, or message’ of the film . . . *Star Wars* is still *Star Wars*, even without Princess Leia’s bikini scene.” *Disney Enterprises, Inc. v. VidAngel, Inc.*, 869 F.3d 848, 861 (9th Cir. 2017) (quotations omitted); see also *Disney Enterprises, Inc. v.*

*VidAngel, Inc.*, 371 F. Supp. 3d 708, 719-22 (C.D. Cal. 2019) (rejecting VidAngel's fair use defense and granting summary judgment for plaintiffs).

As explained by Judge Leval, transformativeness is different from transformation for purposes of evaluating derivative works. He wrote that "derivative works generally involve transformations in the nature of *changes of form . . .*," such as the translation of a novel into another language, the adaptation of a novel into a movie or play, or the recasting of a novel as an e-book or an audio book. *Authors Guild v. Google Inc.*, 804 F.3d 202, 215 (2d Cir. 2015), *cert. denied*, 136 S. Ct. 1658 (2016). By contrast, copying from an original for the purpose of criticism or commentary about the original, or provision of information about it, "tends most clearly to satisfy *Campbell's* notion of the 'transformative' purpose involved in the analysis of Factor One." *Id.*; *see also supra* § 4.05[3] (analyzing derivative works).

Where a work is based on an earlier work, the new work may be deemed a fair use, if it is sufficiently transformative, or alternatively found to be merely an infringing derivative work. *See, e.g., Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 674 F. App'x 16, 19 (2d Cir. 2016) (affirming summary judgment for the defendant on the issue of fair use where the defendant's use of plaintiff's Louis Vuitton copyrighted pattern on a cheap canvas bag with the slogan "My Other Bag" was deemed to be a transformative parody); *Salinger v. Colting*, 607 F.3d 68, 83 (2d Cir. 2010) (agreeing with the district court that the author of "60 Years Coming: Through the Rye" was not likely to prevail on its fair use defense in a suit alleging that the novel was merely an infringing derivative work of J.D. Salinger's "The Catcher in the Rye"). In *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146 (9th Cir. 2007), the Ninth Circuit rejected the argument that providing access to infringing websites could never be deemed transformative and is inherently not a fair use. The court acknowledged that a party claiming fair use must act in a manner generally compatible with principles of good faith and fair dealing. It distinguished *Video Pipeline, Inc. v. Buena Vista Home Entertainment, Inc.*, 342 F.3d 191, 198-200 (3d Cir. 2003), *cert. denied*, 540 U.S. 1178 (2004), and *Atari Games Corp. v. Nintendo of America Inc.*, 975 F.2d 832 (Fed. Cir. 1992) as cases where the alleged infringers "intentionally misappropriated the copyright owners' works for the purpose of commercial exploitation," whereas in *Amazon.com*, Google was "operating a comprehensive search engine that only incidentally indexes infringing websites. This incidental impact does not amount to an abuse of the good faith and fair dealing underpinnings of the fair use doctrine . . . . Google's inclusion of thumbnail images derived from infringing websites in its Internetwide search engine activities does not preclude Google from raising a fair use defense." *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d at 1164 n.8. In *A.V. v. iParadigms, LLC*, 562 F.3d 630 (4th Cir. 2009), the Fourth Circuit rejected the argument that a defendant's use could not be transformative where the defendant added nothing additional to the work. In that case, the defendant operated a database designed to detect plagiarism in assignments submitted by high school students. Plaintiffs argued that their term papers were copied into the database without authorization by the defendant, who in turn argued that its copying was a fair use. Judge Traxler, writing for the

panel, explained that “[t]he use of a copyrighted work need not alter or augment the work to be transformative in nature. Rather, it can be transformative in function or purpose without altering or actually adding to the original work.” *A.V. v. iParadigms, LLC*, 562 F.3d 630, 639 (4th Cir. 2009), citing *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007). He explained that just like Google’s use of copyrighted images in thumbnails as part of a search index was highly transformative even though the images themselves were not altered (in that they served a different function than the original images served), iParadigms’ use of plaintiffs’ works had an entirely different function and purpose than the original—to prevent plagiarism and stop student works from being plagiarized. Pierre Leval’s terminology, while adopted by the Supreme Court, has been criticized as somewhat confusing by Seventh Circuit Judge Posner, who in an opinion joined by then-Chief Judge Flaum and Judge Rovner, sought to recast consideration of whether a work was “transformative” or “superseding” in economic terms. According to Judge Posner, “copying that is complementary to the copyrighted work (in the sense that nails are complements of hammers) is fair use, but copying that is a substitute for the copyrighted work (in the sense that nails are substitutes for pegs or screws), or for derivative works from the copyrighted work . . . is not fair use.” *Ty, Inc. v. Publications Int’l Ltd.*, 292 F.3d 512, 517 (7th Cir. 2002) (citation omitted).

Whether a secondary user’s good faith or bad faith is relevant to fair use analysis is not entirely clear. In considering the purpose and character of the use, the Supreme Court observed in 1985 that “[f]air use presupposes ‘good faith’ and ‘fair dealing.’” *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 562 (1985); see also *Brammer v. Violent Hues Productions, LLC*, 922 F.3d 255, 266 (4th Cir. 2019) (explaining that “[b]ecause good faith is . . . presumed, most appellate courts, when considering a user’s mental state, have just asked whether the ‘bad faith subfactor weighs in plaintiffs’ favor.’”) (citing prior cases and holding that failing to appreciate that a photograph found online was copyrighted amounted to negligence, not good faith). In *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183 (2021), however, the Supreme Court, in finding fair use, opined that it had “no occasion” in that case “to say whether good faith is as a general matter a helpful inquiry.” *Id.* at 1204. As for bad faith, the Court reinforced its skepticism, as expressed in *Campbell*, “about whether bad faith has any role in a fair use analysis.” *Id.*, citing *Campbell*, 510 U.S. at 585 n.18. Justice Breyer, writing for the 6-2 majority in *Google v. Oracle America*, explained that “this skepticism justifiable, as ‘[c]opyright is not a privilege reserved for the well-behaved.’” 141 S. Ct. at 1204, quoting ; Pierre N. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1126 (1990); see also *id.* at 1128 (writing that fair use determinations depend “on factors pertinent to the objectives of copyright law and not on the morality or motives of either the secondary user or the copyright-owning plaintiff.”). “If the use is otherwise fair, then no permission need be sought or granted.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 585 n.18 (1994); see also, e.g., *Blanch v. Koons*, 467 F.3d 244, 256 (2d Cir. 2006) (suggesting that good faith was de-emphasized by the Supreme Court in *Campbell* but noting, in any case, that failing to seek permission for copying, by itself, does not amount to bad faith); *National*

- the nature of the copyrighted work;<sup>14</sup>

*Football Scouting, Inc. v. Rang*, 912 F. Supp. 2d 985, 992 (W.D. Wash. 2012) (rejecting the argument that a defendant’s failure to respond to cease and desist letters should weigh against a finding of fair use, in entering summary judgment for the defendant based on fair use; “National points to its repeated cease and desist letters. However, if Rang was entitled to protection under fair use, the letters add nothing to the analysis because Rang would have been entitled to ignore them.”).

<sup>14</sup>The nature of the copyrighted work focuses on whether a work is more creative or factual, and whether it is published or unpublished.

The Supreme Court has noted that creative works are “‘closer to the core of intended copyright protection’ than informational or functional works ‘with the consequence that fair use is more difficult to establish when the former works are copied.’” *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1402 (9th Cir. 1997), quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586 (1994); see also *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1201-02 (2021) (holding that Google’s reimplementation of Java SE APIs was a fair use and that the nature of the work weighed in favor of fair use because “the declaring code is, if copyrightable at all, further than are most computer programs (such as the implementing code) from the core of copyright.”; “Like other computer programs, it is functional in nature. But unlike many other programs, its use is inherently bound together with uncopyrightable ideas (general task division and organization) and new creative expression (Android’s implementing code). Unlike many other programs, its value in significant part derives from the value that those who do not hold copyrights, namely, computer programmers, invest of their own time and effort to learn the API’s system. And unlike many other programs, its value lies in its efforts to encourage programmers to learn and to use that system so that they will use (and continue to use) Sun-related implementing programs that Google did not copy.”); *Stewart v. Abend*, 495 U.S. 207, 237 (1990) (“In general, fair use is more likely to be found in factual works than in fictional works.”); *Brammer v. Violent Hues Productions, LLC*, 922 F.3d 255, 266-67 (4th Cir. 2019) (explaining that fair use is more difficult to establish where a work is protected by “thicker rights”).

In evaluating this factor, unpublished works are entitled to enhanced protection. Once a work has been published, even a creative work will no longer be eligible for enhanced protection. See *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1167 (9th Cir. 2007).

Second Circuit Judge Pierre Leval has argued that the “transformative purpose inquiry” that is conventionally analyzed in connection with the purpose and character of the use, is also relevant to an evaluation of the nature of the work because “[o]ne cannot assess whether the copying work has an objective that differs from the original without considering both works, and their respective objectives.” *Authors Guild v. Google Inc.*, 804 F.3d 202, 220 (2d Cir. 2015), cert. denied, 136 S. Ct. 1658 (2016).

Needless to say, “courts have hardly ever found that the second factor in isolation played a large role in explaining a fair use decision.” 804 F.3d at 222; see also *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1402 (9th Cir. 1997) (noting that this second factor “typi-



- the amount and substantiality of the portion used in relation to the copyrighted work as a whole;<sup>15</sup> and

cally has not been terribly significant in the overall fair use balancing.”). *But see Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1201 (2021) (beginning the Court’s analysis finding that Google’s reapplication of Java SE APIs constituted a fair use with consideration of the nature of the copyrighted work “[f]or expository purposes . . .”).

<sup>15</sup>In evaluating the amount and substantiality of the portion used, courts should look at the amount copied relative to the entire work (both quantitatively and qualitatively)—not as an absolute amount, in isolation—and the purpose for the copying. *See Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1204-05 (2021) (finding this factor weighed in favor of fair use; “If one considers the declaring code in isolation, the quantitative amount of what Google copied was large. Google copied the declaring code for 37 packages of the Sun Java API, totaling approximately 11,500 lines of code . . . [or] virtually all the declaring code needed to call up hundreds of different tasks. On the other hand, if one considers the entire set of software material in the Sun Java API, the quantitative amount copied was small. The total set of Sun Java API computer code, including implementing code, amounted to 2.86 million lines, of which the copied 11,500 lines were only 0.4 percent.”).

The extent of permissible copying varies with the purpose and character of the use. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586–87 (1994). “The ‘substantiality’ factor will generally weigh in favor of fair use where . . . the amount of copying was tethered to a valid, and transformative, purpose.” *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1205 (2021). Indeed, as noted in connection with the earlier discussion of transformation, “a new work may be transformative even where it consists entirely of portions of the original work, or indeed even where it is an ‘exact replication’ of the original work.” *Hughes v. Benjamin*, 437 F. Supp. 3d 382, 390 (S.D.N.Y. 2020) (collecting cases).

Wholesale copying does not preclude a finding of fair use *per se*, but may weigh against it. *See Cariou v. Prince*, 714 F.3d 694, 710 (2d Cir. 2013); *A.V. v. iParadigms, LLC*, 562 F.3d 630, 642 (4th Cir. 2009); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 820 (9th Cir. 2003) (citing earlier case law). “[A]s the amount of the copyrighted material that is used increases, the likelihood that the use will constitute a ‘fair use’ decreases.” *Bond v. Blum*, 317 F.3d 385, 396 (4th Cir. 2003). “The larger the amount, or the more important the part, of the original that is copied, the greater the likelihood that the secondary work might serve as an effectively competing substitute for the original, and might therefore diminish the original rights holder’s sales and profits.” *Authors Guild v. Google Inc.*, 804 F.3d 202, 221 (2d Cir. 2015), *cert. denied*, 136 S. Ct. 1658 (2016). By contrast, “[i]f the secondary user only copies as much as is necessary for his or her intended use, then this factor will not weigh against him or her.” *Arriba Software*, 336 F.3d at 820. However, unlike trademark fair use (*infra* § 6.14), “the law does not require that the secondary artist may take no more than is necessary.” *Cariou v. Prince*, 714 F.3d 694, 710 (2d Cir. 2013). In short, “[t]here are no absolute rules as to how much of a copyrighted work may be copied and still be considered a fair use.” *Maxtone-Graham*



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*v. Burtchaell*, 803 F.2d 1253, 1263 (2d Cir. 1986), *cert. denied*, 481 U.S. 1059 (1987).

Courts typically look at both the size of an excerpt and its quality (or whether the “essence” of the work was copied). For example, in *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 564–65 (1985), the Court found that a comparatively short, 300 word excerpt in a book review of President Gerald Ford’s memoirs supplanted the potential market for or value of the copyrighted work because it included many of the more important details that otherwise were to appear in a licensed excerpt in a competing newsmagazine.

By contrast, the defendant’s inclusion of twenty seconds of footage, edited from a promotional trailer, in a forty-four-minute television biography program, was found to be a fair use in *Hofheinz v. A & E Television Networks*, 146 F. Supp. 2d 442 (S.D.N.Y. 2001). Similarly, in *Hofheinz v. AMC Productions, Inc.*, 147 F. Supp. 2d 127 (E.D.N.Y. 2001), a court found that the unauthorized inclusion of certain movie clips and photographs in a documentary film, in addition to excerpts which had been expressly licensed, was likely to be found a fair use, in part because the clips did not amount to a substantial portion of the films from which they were excerpted. The court observed that the material did not “ge[t] at the ‘heart’ of the copyrighted works.” In evaluating the size of an excerpt, courts may focus both in absolute and percentage terms. *See, e.g., Iowa State University Research Foundation, Inc. v. American Broadcasting Companies, Inc.*, 621 F.2d 57, 61–62 (2d Cir. 1980) (holding that a television program’s copying of 2.5 minutes was held actionable, and not a fair use, because it amounted to 8% of the total show).

Courts will also look at the nature of the copying. Thus, copying even an entire work may be deemed a fair use “where the use of the original work is limited in purpose and scope.” *A.V. v. iParadigms, LLC*, 544 F. Supp. 2d 473, 483 (E.D. Va. 2008) (holding that the amount and substantiality of the portion used either favored neither party or a finding of fair use where the defendant used entire copies of high school students’ papers for the limited purpose of storing them digitally and reviewing them electronically in connection with running a plagiarism detection service, where the use was also found to be highly transformative), *aff’d*, 562 F.3d 630, 642 (4th Cir. 2009). Similarly, in *Authors Guild v. Google Inc.*, 804 F.3d 202, 221 (2d Cir. 2015), *cert. denied*, 136 S. Ct. 1658 (2016), the appellate panel held that copying 100% of plaintiff’s books nevertheless amounted to a fair use where the copying was undertaken for a highly transformative purpose of data mining, the copying did not have an adverse impact on the market of the genuine product, and each copy was made “to enable search functions to reveal limited, important information about the books.” 804 F.3d at 222. Needless to say, there is no magic number or percentage below which the quantity and quality of the portion copied automatically will be deemed a fair use.

In addition to being potentially relevant to the fair use defense, the amount and substantiality of material copied without authorization could support a defense of *de minimis* copying under very limited circumstances. *See supra* § 4.08[1].

- the effect of the use upon the potential market for, or value of, the copyrighted work.<sup>16</sup>

Even a relatively small amount of copying, however, may

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<sup>16</sup>17 U.S.C.A. § 107. In evaluating the effect on the potential market for or value of the copyrighted work, courts should consider “whether the secondary use usurps or substitutes for the market of the original work.” *Castle Rock Entertainment, Inc. v. Carol publishing Group, Inc.*, 150 F.3d 132, 145 (2d Cir. 1998); see also *A.V. v. iParadigms, LLC*, 562 F.3d 630, 643 (4th Cir. 2009) (courts must determine whether a use would “materially impair the marketability of the work and whether it would act as a market substitute” for them; citing earlier cases). The Second Circuit has made clear that this factor focuses not on “whether the secondary use suppresses or even destroys the market for the original work, or its potential derivatives, but whether the secondary use *usurps* the market for the original work.” *Cariou v. Prince*, 714 F.3d 694, 708 (2d Cir. 2013) (holding that the use of plaintiff’s photographs in high end paintings that were marketed to a different sort of collector from the copyright owner’s original photographs did not usurp the copyright owner’s market), quoting *Blanch v. Koons*, 467 F.3d 244, 258 (2d Cir. 2006). Stated differently, a “fair use must not excessively damage the market for the original by providing the public with a substitute for that original work.” *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 95 (2d Cir. 2014). In the Eleventh Circuit, “[t]he central question under the fourth factor is not whether Defendants’ use of Plaintiffs’ works caused Plaintiff to lose *some* potential revenue. Rather, it is whether Defendants’ use—taking into account the damage that might occur if ‘everybody did it’—would cause *substantial* economic harm such that allowing it would frustrate the purposes of copyright by materially impairing Defendants’ incentive to publish the work.” *Cambridge University Press v. Patton*, 769 F.3d 1232, 1276 (11th Cir. 2014) (emphasis in the original).

While there is no bright line test for determining how much of an impact on the market is too much—especially because fair use fundamentally involves a balancing of interests—in *Disney Enterprises, Inc. v. VidAngel, Inc.*, 869 F.3d 848, 861 (9th Cir. 2017), the court held that VidAngel’s “family friendly” service, which deleted certain dialogue deemed to be offensive from plaintiffs’ motion pictures, had an adverse impact on the potential market for or value the copyrighted work where slightly less than half of VidAngel’s customers (49%) said in a survey that they would watch unedited versions if VidAngel’s versions were unavailable.

While an unauthorized use usually will be considered less fair when it is readily available for license, in some cases courts have found this factor weighs against fair use even where the work is not commercially available if a potential future market is harmed by the use. See, e.g., *Balsley v. LFP, Inc.*, 691 F.3d 747, 761 (6th Cir. 2012) (finding that a publisher had failed to rebut a presumption of market harm where it published a photo in which plaintiffs had acquired the copyright to prevent its dissemination), cert. denied, 568 U.S. 1124 (2013); *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1181-82 (9th Cir. 2012) (finding a use not fair where the potential market for unpublished photos was harmed by the defendant’s

be found impermissible if it deprives a copyright owner of its

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infringing publication). Ultimately, this factor focuses on the impact of a use on the potential market for or value of the copyrighted work.

In general, “the more transformative the secondary use, the less likelihood that the secondary use substitutes for the original” even though “the fair use, being transformative, might well harm, or even destroy, the market for the original.” *A.V. v. iParadigms, LLC*, 562 F.3d 630 (4th Cir. 2009), citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 591–93 (1994) (“[A] lethal parody, like a scathing theater review, kills demand for the original, [but] does not produce a harm cognizable under the Copyright Act.”); see also *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687, 692–93 (7th Cir. 2012) (affirming dismissal of a suit where the defendant’s use was “clearly a parody” and did not supplant the market for the original product, meaning that it could not have had “an actionable effect on the potential market for or value of” the copyright holder’s video); *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596, 607 (9th Cir.) (“Whereas a work that merely supplants or supersedes another is likely to cause a substantially adverse impact on the potential market of the original, a transformative work is less likely to do so.”), cert. denied, 531 U.S. 871 (2000). As the Second Circuit explained, “[f]actor Four analysis is concerned with only one type of economic injury to the copyright holder: the harm that results because the secondary use serves as a substitute for the original work . . . . [A]ny economic ‘harm’ caused by transformative uses does not count because such uses, by definition, do not serve as substitutes for the original work.” *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 99 (2d Cir. 2014).

The Supreme Court has cautioned against a mechanical approach in evaluating the impact of a use on the market for the genuine product—writing that “a potential loss of revenue is not the whole story”—which requires consideration of both the amount and the source of the loss. See *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1206 (2021). A “lethal parody, like a scathing theatre review, may ‘kil[l] demand for the original.’” *Id.*, quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 591–92 (1994). “Yet this kind of harm, even if directly translated into foregone dollars, is not ‘cognizable under the Copyright Act.’” *Google v. Oracle*, 141 S. Ct. at 1206, quoting *Campbell*, 510 U.S. at 592. In evaluating the impact on the market, courts, besides looking at the actual or potential market loss to the copyright owner, should also “consider the public benefit resulting from a particular use notwithstanding the fact that the alleged infringer may gain commercially.” *Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1523 (9th Cir. 1992). The Supreme Court has cautioned that public benefit considerations may not be relevant in all cases, but they were relevant to the Court’s finding of fair use in *Google v. Oracle*. Justice Breyer explained that the Court’s holding took into account the public benefits the copying would likely produce, suggesting that courts, in evaluating this fair use factor, consider, among other things, whether those benefits related to “copyright’s concern for the creative production of new expression” and whether they were “comparatively important or unimportant, when compared with dollar amounts likely lost (taking into account as well the nature of the source of the loss) . . . .” *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1206 (2021), citing

ability to exploit the work.<sup>17</sup>

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*MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981) (calling for a balancing of public benefits and losses to copyright owner under this factor). In *Google v. Oracle*, the Supreme Court concluded that given programmers' investment in learning Java APIs, allowing enforcement of Oracle's copyright would risk harm to the public. *See* 141 S. Ct. at 1208.

In *Google v. Oracle*, the jury's finding of fair use was supported by evidence that Android was not a market substitute for Java, that Android did not harm the actual or potential market for Java SE, that regardless of Android's smartphone technology, Sun was poorly positioned to succeed in the mobile phone market, and that Sun foresaw a benefit from the broader use of the Java programming language in a new platform like like Android, which would further expand the network of Java-trained programmers. 141 S. Ct. at 1206-07. In affirming the jury verdict and reversing the Federal Circuit's ruling, the Supreme Court rejected the Federal Circuit's analysis that the market was adversely affected because Google had sought unsuccessfully to obtain a license to use Java before reimplementing 37 APIs, noting that "those licensing negotiations concerned much more than 37 packages of declaring code, covering topics like 'the implementation of [Java's] code' and 'branding and cooperation' between the firms." *Id.* at 1207. Justice Breyer, writing for majority, noted that in every fair use case the plaintiff suffers "a loss of a *potential* market if that potential is defined as the theoretical market for licensing the very use at bar" *Id.* (emphasis in original), *quoting* 4 Nimmer on Copyright § 13.05[A][4]. The Court also observed that Android's profitability had much to do with third party programmers' investment in Sun Java programs; "It has correspondingly less to do with Sun's investment in creating the Sun Java API. We have no reason to believe that the Copyright Act seeks to protect third parties' investment in learning how to operate a created work." *Id.* at 1208, *citing Campbell*, 510 U.S. at 591-92 (discussing the need to identify those harms that are "cognizable under the Copyright Act").

The Supreme Court also observed that consideration of the impact on the market may prove complex "where computer programs are at issue . . . ." *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1206 (2021).

While an alleged infringer bears the evidentiary burden on all four factors, where the copyright owner has evidence of whether and under what terms a work has been exploited, the burden of going forward with this evidence rests with the copyright owner. *Cambridge University Press v. Patton*, 769 F.3d 1232, 1279-80 & n.34 (11th Cir. 2014).

<sup>17</sup>*See American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 923 (2d Cir.), *cert. dismissed*, 516 U.S. 1005 (1995). Moreover, the absence of an existing market for the genuine work may not be determinative if a defendant's use adversely affects the copyright owner's ability to later exploit it. The statute refers to the potential market for or value of the protected work. Thus, in *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349 (S.D.N.Y. 2000), the court rejected MP3.com's fair use defense in part because a copyright owner is entitled to refuse to license a work or to do so only on terms acceptable to it. The court found that the plaintiffs' ability to market digital music in the future had been damaged by

These fair use factors should not be applied mechanically, with each given equal weight.<sup>18</sup> Rather, they must be balanced against one another.

While no single factor necessarily will be determinative,<sup>19</sup> the effect of a defendant's use on the potential market for or value of the copyrighted work generally had been viewed as

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MP3.com's unauthorized practices. Likewise, in a subsequent case brought against MP3.com, the court reiterated, in response to the argument that the plaintiffs themselves had offered free downloads of their protected MP3 music files, that "even if plaintiffs' own uses were more exploitative (as . . . defendant claimed . . .), defendant's activities would still 'invade plaintiffs' statutory right to license their copyrighted sound recordings to others for reproduction' and would still infringe 'a copyright holder's exclusive rights . . . within broad limits, to curb the development of such a derivative market by refusing to license a copyrighted work or by doing so only on terms the copyright owner finds acceptable.'" *Teevee Toons, Inc. v. MP3.com, Inc.*, 134 F. Supp. 2d 546, 547 (S.D.N.Y. 2001), quoting *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d at 352 (internal quotation marks omitted).

The fact that a particular unauthorized use may actually enhance demand for the genuine work likewise has not necessarily been found to be a mitigating factor if the copyright owner in fact does not approve of the use. The court in *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349 (S.D.N.Y. 2000), for example, rejected as relevant the argument that defendant's service enhanced sales of plaintiffs' works because subscribers were required to show that they already owned a genuine copy of a CD, or simultaneously purchase one, before being able to copy it from the My.MP3.com online database to their personal folders. Judge Rakoff wrote that "[a]ny allegedly positive impact of defendant's activities on plaintiffs' prior market [for the sale of CDs] in no way frees defendant to usurp a future market [online music sales] that directly derives from reproduction of the plaintiffs' copyrighted works." *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 352 (S.D.N.Y. 2000).

On the other hand, if a copyright owner cannot articulate any credible theory of loss, the fact that a use enhances demand for the genuine product would weigh in favor of a finding of fair use, at least for purposes of assessing the fourth fair use factor. Judge Posner, in describing fair use of a book in connection with a book review, wrote that it would be "perverse" to treat copying that "increase[d] demand for the copyrighted works" as infringing. See *Ty, Inc. v. Publications Int'l Ltd.*, 292 F.3d 512, 517 (7th Cir. 2002).

<sup>18</sup>*Cambridge University Press v. Patton*, 769 F.3d 1232, 1260 (11th Cir. 2014).

<sup>19</sup>Congress intended the four statutory criteria to serve as guidelines for "balancing the equities" rather than "definitive or determinative" tests, which "are to be . . . weighed together, in light of the objectives of copyright 'to promote the progress of science and the useful arts.'" H.R. Rep. No. 94-1476, 94th Cong. 2d Sess. 65 (1976), reprinted in 1976 U.S.C.-C.A.N. 5659, 5679.



the most important factor in the past<sup>20</sup> and may be especially significant where a use substitutes for the original work. Increasingly, however, the first of the four considerations, the purpose and character of the use (and specifically whether the use is transformative), is viewed as “[t]he heart of the fair use inquiry.”<sup>21</sup> As the Second Circuit explained, “the Supreme Court has made clear that some of the statute’s four listed factors are more significant than others. The

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<sup>20</sup>See *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 566 (1985) (describing this factor as “the single most important . . . .”); *A.V. ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630, 642 (4th Cir. 2009); *Princeton University Press v. Michigan Document Services, Inc.*, 99 F.3d 1381, 1385 (6th Cir. 1996), *cert. denied*, 520 U.S. 1156 (1997). *But see Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577-78 (1994) (backing away from the notion that any single factor was more important than any other, holding that fair use determinations required a “case-by-case analysis” and explaining that no single fair use factor should be considered in isolation; “All are to be explored, and the results weighed together, in light of the purposes of copyright.”).

<sup>21</sup>*On Davis v. The Gap, Inc.*, 246 F.3d 152, 174 (2d Cir. 2001); *see also Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579, 594 (1994) (rejecting the lower court’s analysis that the use at issue was presumptively unfair because it was commercial and explaining that “the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.”); *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 926 (2d Cir.) (suggesting that the U.S. Supreme Court has abandoned the view that the most important factor is the effect on the potential market), *cert. dismissed*, 516 U.S. 1005 (1995); *Hofheinz v. Discovery Communications, Inc.*, 60 U.S.P.Q.2d 1845, 2001 WL 1111970, at \*3 n.6 (S.D.N.Y. Sept. 20, 2001) (describing the Second Circuit as following what at the time was a minority view in placing greater emphasis on this factor). Other circuits also have considered transformativeness to be either the more important factor or potentially determinative in some cases. *See, e.g., A.V. v. iParadigms, LLC*, 562 F.3d 630, 639 (4th Cir. 2009) (holding that making an exact digital copy of a student’s thesis for the purpose of determining whether it included plagiarism was a fair use); *Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1178-79 (9th Cir. 2013) (holding the defendant’s use to be transformative and therefore a fair use). *But see Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758-59 (7th Cir. 2014) (expressing skepticism with the Second Circuit’s approach to transformativeness “because asking exclusively whether something is ‘transformative’ not only replaces the list in § 107 but also could override 17 U.S.C. § 106(2), which protects derivative works . . . .” and reiterating, in an opinion written by Judge Easterbrook, that it was “best to stick with the statutory list, of which the most important usually is the fourth (market effect).”), *cert. denied*, 575 U.S. 913 (2015). Ultimately, neither the first nor the fourth factor should be viewed in isolation, but most courts today consider transformativeness to often be the more important consideration.



Court observed in *Harper & Row* . . . that . . . the harm the secondary use can cause the market for, or the value of, the copyright for the original, ‘is undoubtedly the single most important element of fair use.’ . . . In *Campbell*, the Court stressed also the importance of . . . ‘the purpose and character of the secondary use.’”<sup>22</sup>

The four factors expressly listed in 17 U.S.C.A. § 107 are not exclusive.<sup>23</sup> Section 107 codified the common law doctrine of fair use that existed prior to the enactment of the 1976 Copyright Act. The four factors “are a checklist of things to be considered rather than a formula for decision; and likewise the list of statutory purposes.”<sup>24</sup> They “provide only general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses.”<sup>25</sup> They “are to be explored, and the results weighed together, in light of the purpose of copyright [law].”<sup>26</sup> Congress “intended that courts continue the common law tradition of fair use adjudication” and section 107 “permits and requires courts to avoid rigid application of the copyright statute, when, on occasion, it would stifle the very creativity which that law is designed to foster.”<sup>27</sup> According to the Second Circuit, “[t]he ultimate test of fair use, therefore, is whether the copyright law’s goal of ‘promoting the progress of science and useful

<sup>22</sup>*Authors Guild v. Google Inc.*, 804 F.3d 202, 213-14 (2d Cir. 2015) (quoting *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 566 (1985) and 17 U.S.C.A. § 107 and citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 591 (1994)), *cert. denied*, 136 S. Ct. 1658 (2016).

<sup>23</sup>Even though section 107 uses the mandatory term *shall*, a close reading of the somewhat unusual sentence structure preceding the four criteria shows that Congress did not intend that the four factors be the only ones considered; merely that in every fair use determination, each of the four factors (among other things) must be considered. See 17 U.S.C.A. § 107 (“In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include . . .”).

<sup>24</sup>*Ty, Inc. v. Publications Int’l Ltd.*, 292 F.3d 512, 522 (7th Cir. 2002); see also *Peter Letterese & Associates, Inc. v. World Institute of Scientology Enterprises, Int’l*, 533 F.3d 1287, 1308 (11th Cir. 2008) (reiterating that neither the examples found in the preamble to section 107 nor the four statutory factors are to be considered exclusive). In the words of Judge Posner, the statutory definition, “while though extensive, is not illuminating. (More can be less, even in law).” *Ty, Inc. v. Publications Int’l Ltd.*, 292 F.3d 512, 522 (7th Cir. 2002).

<sup>25</sup>*Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577–78 (1994).

<sup>26</sup>*Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577–78 (1994).

<sup>27</sup>*Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (internal quotation marks omitted).

arts,’ ‘would be better served by allowing the use than by preventing it.’”<sup>28</sup> As a practical matter, since courts *may* evaluate other factors consistent with the underlying objectives of the Copyright Act, but *must* consider each of the four statutory criteria, in many cases the four factors alone are determinative. Nevertheless, fair use may be found in cases where the four criteria alone might not otherwise justify the finding.

Examples of fair use, when unauthorized copying has been deemed lawful, include parody, in cases involving sampling copyrighted music in a rap song,<sup>29</sup> and use of a photograph,<sup>30</sup>

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<sup>28</sup>*Castle Rock Entertainment, Inc. v. Carol publishing Group, Inc.*, 150 F.3d 132, 141 (2d Cir. 1998) (quoting an earlier case and U.S. Const., art. I, § 8, cl. 8). In this regard, “excessively broad protection would stifle, rather than advance, the [Copyright Act’s] objective.” *Blanch v. Koons*, 467 F.3d 244, 250 (2d Cir. 2006), quoting Pierre N. Leval, *Toward A Fair Use Standard*, 103 Harv. L. Rev. 1105, 1109 (1990).

<sup>29</sup>*See Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994) (sampling of a copyrighted song for use in a new parody composition); *Smith v. Graham*, 799 F. App’x 36 (2d Cir. 2020) (affirming summary judgment for the defendants, holding that Drake’s use of the “Jimmy Smith Rap” in “Pound Cake” was transformative, did not usurp the original or cause a negative market effect, and was a fair use); *Chapman v. Maraj*, 2:18-cv-09088-VAP-SSx, 2020 WL 6260021 (C.D. Cal. Sept. 16, 2020) (holding that Nicki Minaj sampling a song without permission from Tracy Chapman, for use on an unreleased track, was a fair use, but finding a disputed issue of fact over whether Minaj had leaked the track and, if she had, could be held liable for infringement).

<sup>30</sup>*See, e.g., Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109 (2d Cir. 1998) (holding that a famous Annie Leibovitz photograph of the actress Demi Moore, while pregnant, in a well known pose evocative of Botticelli’s *Birth of Venus*, which appeared on the cover of *Vanity Fair* in 1991, was used permissibly as a fair use parody when Paramount restaged the photoshoot and superimposed the face of a male actor on a female model’s body to advertise an upcoming movie); *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756 (7th Cir. 2014) (holding that the defendant’s use of a photograph of the mayor of Madison, Wisconsin, in a parody poster and on t-shirts making fun of the mayor’s prior involvement as a student in the annual Mifflin Street Block Party, which as mayor he had sought to shut down, was a fair use), *cert. denied*, 575 U.S. 913 (2015); *Schwartzwald v. Oath Inc.*, No. 19-CV-9938 (RA), 2020 WL 5441291, at \*4-6 (S.D.N.Y. Sept. 10, 2020) (dismissing plaintiff’s claim for copyright infringement of a photograph of actor John Hamm walking down the street apparently without wearing underwear, finding that the use of the photo by *Huffington Post*, in an article entitled *25 Things You Wish You Hadn’t Learned in 2013 and Must Forget in 2014*, where the portion of the photo that showed a bulge in Hamm’s pants was replaced with a graphic stating “Image Loading,” was a fair use; rejecting the argument that alternative photos

mask,<sup>31</sup> and literary work<sup>32</sup> (although satire, *per se*, is not automatically a fair use<sup>33</sup>), taping television transmissions

could have been used because they “would not have accomplished Oath’s goals of mocking both Hamm and those who obsess over viral photographs of this sort” and holding that “Oath’s use of the Photograph was transformative because it used the Photograph in service of its dual goals of mocking both Hamm and those who fixate over such suggestive photos of him—a use distinct from that which Schwartzwald intended—and because Oath obscured the very portion of the Photograph that made it most valuable or unique in the first instance.”).

<sup>31</sup>See *Easter Unlimited, Inc. v. Rozier*, 18-CV-06637 (KAM), 2021 WL 4409729, at \*10-17 (E.D.N.Y. Sept. 27, 2021) (granting summary judgment to the defendant on plaintiff’s claim of copyright infringement, holding that Boston Celtics’ player Terry Rozier’s use of plaintiff’s “Ghost Face Mask” in a cartoon parody of himself as “Scary Terry,” a nickname intended to humorously invoke the fear that Mr. Rozier’s “dangerous” ability to score supposedly instilled in his NBA opponents, was a fair use as a matter of law).

<sup>32</sup>See *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257 (11th Cir. 2001) (finding the defendant likely to prevail on its fair use defense in connection with “The Wind Done Gone,” a spoof of “Gone With the Wind” written from the perspective of slaves).

<sup>33</sup>A number of courts apply the “conjure up” test to determine the “purpose and character of the use,” under which “the parodist is permitted a fair use of a copyrighted work if it takes no more than necessary to ‘recall’ or ‘conjure up’ the object of his parody.” *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1400 (9th Cir. 1997); *see also, e.g., MCA, Inc. v. Wilson*, 677 F.2d 180, 184 (2d Cir. 1981). To constitute a fair use parody—as opposed to mere satire—a work generally must be targeted at the original work and not merely borrow its style “to get attention or to avoid the drudgery in working up something fresh . . . .” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. at 580; *see also Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 597 (1994) (Kennedy, J., concurring); *Rogers v. Koons*, 960 F.2d 301, 310 (2d Cir.) (“the copied work must be, at least in part, an object of the parody, otherwise there would be no need to conjure up the original work”), *cert. denied*, 506 U.S. 934 (1992).

Thus, for example, the satiric book “The Cat Not in the Hat! By Dr. Juice,” a poetic account of the O.J. Simpson murder trial in the style of Dr. Seuss’s “The Cat in the Hat” was held to not be a fair use in *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1400-03 (9th Cir. 1997) because the defendant’s book used the style of plaintiff’s work to mimic the O.J. Simpson trial, rather than “The Cat in the Hat.”

Similarly, in a later case involving Dr. Seuss’s book, *Oh The Places You’ll Go!*, the Ninth Circuit held that a comic book mashup between that Dr. Seuss book and the original *Star Trek* television series, was not a fair use (rejecting the district court’s analysis that the book, although not a parody, was highly transformative and a fair use). *See Dr. Seuss Enterprises, L.P. v. ComicMix LLC*, 983 F.3d 443, 450-61 (9th Cir. 2020), *cert. denied*, 141 S. Ct. 2803 (2021), *rev’g in relevant part*, 372 F. Supp. 3d 1101, 1114-25 (S.D. Cal. 2019) (granting summary judgment for ComicMix).

on a videocassette recorder for future viewing,<sup>34</sup> reimplementing (37 of 166 of Java SE) application programming interfaces (APIs) in a new mobile operating system (by using declaring code for the APIs in connection with an original, noninfringing implementing code, written for the Android operating system),<sup>35</sup> linking and copying visual images for

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ComicMix’s book—*Oh, the Places You’ll Boldly Go!* – was written by Star Trek episodes author David Gerrold, and borrowed “liberally—graphically and otherwise—from [*Oh The Places You’ll Go!*] and other works by Dr. Seuss, and . . . use[d] Captain Kirk and his spaceship Enterprise to tell readers that ‘life is an adventure but it will be tough.’ ” 983 F.3d at 448. In reversing the district court’s finding of fair use, the Ninth Circuit panel wrote: “The creators thought their Star Trek primer would be ‘pretty well protected by parody,’ but acknowledged that “people in black robes” may disagree. Indeed, we do.” *Id.* Judge M. Margaret McKeown wrote that “[a]lthough ComicMix’s work need not boldly go where no one has gone before, its repackaging, copying, and lack of critique of Seuss, coupled with its commercial use of *Go!*, do not result in a transformative use.” *Id.* at 455. ComicMix had argued that the work was transformative based on “extensive new content,” but Judge McKeown wrote that “the addition of new expression to an existing work is not a get-out-of-jail-free card that renders the use of the original transformative. The new expression must be accompanied by the benchmarks of transformative use. . . . Instead of possessing a further purpose or different character, *Boldly* paralleled *Go!*’s purpose. In propounding the same message as *Go*, *Boldly* used expression from *Go!* to “keep to [*Go!*’s] sentiment.” Absent new purpose or character, merely recontextualizing the original expression by ‘plucking the most visually arresting excerpt[s]’ of the copyrighted work is not transformative.” *Id.* at 453-54. The appellate panel also found that ComicMix’s mashup adversely impacted the market for the genuine product because Dr. Seuss Enterprises had licensed *Oh The Places You’ll Go!* for other uses, including a collaboration with The Jim Henson Company and a digital game, among other things. *Id.* at 458-61; *see also infra* § 6.14[7] (analyzing the Lanham Act holding in the same case, in which the Ninth Circuit ruled that the defendant’s use was protected by the First Amendment, and not actionable under *Rogers v. Grimaldi*).

<sup>34</sup>*See Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984).

<sup>35</sup>*See Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183 (2021) (holding that all four fair use factors favored fair use); *see also supra* § 4.07 (discussing the *Google v. Oracle* case in the context of copyright protection for software). An API is a user interface that allows programmers to call upon prewritten computing tasks for use in their own programs. Google had reimplemented Java SE APIs “taking only what was needed to allow users to put their accrued talents to work in a new and transformative program,” *Id.* at 1209. Google had written its own original code to perform the tasks, but had copied the declaring code of the APIs to make them easy for JAVA language programmers to use. As explained by the Court:

## the purpose of indexing websites as part of a visual search

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The API reflects Sun’s division of possible tasks that a computer might perform into a set of actual tasks that certain kinds of computers actually will perform. Sun decided, for example, that its API would call up a task that compares one integer with another to see which is the larger. Sun’s API (to our knowledge) will not call up the task of determining which great Arabic scholar decided to use Arabic numerals (rather than Roman numerals) to perform that “larger integer” task. No one claims that the decisions about what counts as a task are themselves copyrightable—although one might argue about decisions as to how to label and organize such tasks (e.g., the decision to name a certain task “max” or to place it in a class called “Math.” Cf. *Baker v. Selden*, 101 U.S. 99 (1880)).

114 S. Ct. at 1201. Justice Breyer wrote, for the majority, that one could think of the technology as having three essential parts:

First, the API includes “implementing code,” which actually instructs the computer on the steps to follow to carry out each task. Google wrote its own programs (implementing programs) that would perform each one of the tasks that its API calls up.

Second, the Sun Java API associates a particular command, called a “method call,” with the calling up of each task. The symbols **java.lang**, for example, are part of the command that will call up the program (whether written by Sun or, as here, by Google) that instructs the computer to carry out the “larger number” operation. Oracle does not here argue that the use of these commands by programmers itself violates its copyrights.

Third, the Sun Java API contains computer code that will associate the writing of a method call with particular “places” in the computer that contain the needed implementing code. This is the declaring code. The declaring code both labels the particular tasks in the API and organizes those tasks, or “methods,” into “packages” and “classes.” We have referred to this organization, by way of rough analogy, as file cabinets, drawers, and files. Oracle does claim that Google’s use of the Sun Java API’s declaring code violates its copyrights.

The declaring code at issue here resembles other copyrighted works in that it is part of a computer program. Congress has specified that computer programs are subjects of copyright. It differs, however, from many other kinds of copyrightable computer code. It is inextricably bound together with a general system, the division of computing tasks, that no one claims is a proper subject of copyright. It is inextricably bound up with the idea of organizing tasks into what we have called cabinets, drawers, and files, an idea that is also not copyrightable. It is inextricably bound up with the use of specific commands known to programmers, known here as method calls (such as **java.lang.Math.max**, etc.), that Oracle does not here contest. And it is inextricably bound up with implementing code, which is copyrightable but was not copied.

*Id.* at 1201 (emphasis in original).

With respect to the nature of the work, the Court concluded that it weighed in favor of fair use, writing that “the declaring code is, if copyrightable at all, further than are most computer programs (such as the implementing code) from the core of copyright.” *Id.* at 1202. Justice Breyer explained that “the copied declaring code and the uncopied implementing programs call for, and reflect, different kinds of capabilities. A single implementation may walk a computer through dozens of different steps. To write implementing programs, witnesses told the jury, requires balancing such considerations as how quickly a computer can execute a task or the likely size of the computer’s memory. One witness described



that creativity as “magic” practiced by an API developer when he or she worries ‘about things like power management’ for devices that ‘run on a battery.’ . . . This is the very creativity that was needed to develop the Android software for use not in laptops or desktops but in the very different context of smartphones.” *Id.* at 1202. Consequently, Justice Breyer explained, “[t]he declaring code (inseparable from the programmer’s method calls) embodies a different kind of creativity. Sun Java’s creators, for example, tried to find declaring code names that would prove intuitively easy to remember. . . . They wanted to attract programmers who would learn the system, help to develop it further, and prove reluctant to use another. . . . It sought to make the API ‘open’ and ‘then . . . compete on implementations.’” *Id.* Thus, “the declaring code differs to some degree from the mine run of computer programs. Like other computer programs, it is functional in nature. But unlike many other programs, its use is inherently bound together with uncopyrightable ideas (general task division and organization) and new creative expression (Android’s implementing code). Unlike many other programs, its value in significant part derives from the value that those who do not hold copyrights, namely, computer programmers, invest of their own time and effort to learn the API’s system. And unlike many other programs, its value lies in its efforts to encourage programmers to learn and to use that system so that they will use (and continue to use) Sun-related implementing programs that Google did not copy.” *Id.*

The Supreme Court characterized the purpose and character of the use as transformative, and held that it too weighed in favor of fair use. Justice Breyer wrote that “Google copied portions of the Sun Java API precisely, and it did so in part for the same reason that Sun created those portions, namely, to enable programmers to call up implementing programs that would accomplish particular tasks. But since virtually any unauthorized use of a copyrighted computer program (say, for teaching or research) would do the same, to stop here would severely limit the scope of fair use in the functional context of computer programs. Rather, in determining whether a use is ‘transformative,’ we must go further and examine the copying’s more specifically described ‘purpose[s]’ and ‘character.’” *Id.* at 1203. In so doing, the Court focused on the fact that Google used the APIs “to create new products. . . . To the extent that Google used parts of the Sun Java API to create a new platform that could be readily used by programmers, its use was consistent with that creative ‘progress’ that is the basic constitutional objective of copyright itself.” *Id.* Justice Breyer emphasized evidence at trial that reimplementing of APIs is common in the industry (and that Sun itself had used pre-existing interfaces in creating Java) and that Google copied only those desktop APIs necessary for tasks useful for smartphone programs, and did so “only insofar as needed to allow programmers to call upon those tasks without discarding a portion of a familiar programming language and learning a new one. . . . Google, through Android, provided a new collection of tasks operating in a distinct and different computing environment. Those tasks were carried out through the use of new implementing code (that Google wrote) designed to operate within that new environment . . . [or, in the words of some *amici*] ‘reimplementation,’ defined as the ‘building of a system . . . that repurposes the same words and syntaxes’ of an existing



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system—in this case so that programmers who had learned an existing system could put their basic skills to use in a new one.” *Id.*

The Supreme Court found that the amount and substantiality of the portion used likewise weighed in favor of fair use. The Supreme Court disagreed with the Federal Circuit’s conclusion that Google could have achieved its Java-compatibility objective by copying only the 170 lines of code that were “necessary to write in the Java language,” which the Supreme Court found viewed “Google’s legitimate objectives too narrowly. Google’s basic objective was not simply to make the Java programming language usable on its Android systems. It was to permit programmers to make use of their knowledge and experience using the Sun Java API when they wrote new programs for smartphones with the Android platform. In principle, Google might have created its own, different system of declaring code. But the jury could have found that its doing so would not have achieved that basic objective. In a sense, the declaring code was the key that it needed to unlock the programmers’ creative energies. And it needed those energies to create and to improve its own innovative Android systems.” *Id.* at 1205-06. In so ruling the Court observed that while the quantitative amount of what Google copied was large if the declaring code were viewed in isolation (37 packages totaling approximately 11,500 lines of code—“virtually all of the declaring code needed to call up hundreds of different tasks”), it was small if considered in the context of the entire set of software material in the Java API, including implementing code—“2.86 million lines, of which the copied 11,500 lines were only 0.4 percent.” *Id.* at 1205.

The Supreme Court also found that the fourth factor—the impact on the market for the genuine product—weighed in favor of fair use given the uncertain nature of Sun’s ability to compete in the smart phone market, the sources of lost revenue, and “the risk of creativity-related harms to the public . . . .” *Id.* at 1208. Justice Breyer explained that consideration of this factor can be complex when computer programs are at issue because a court must consider not merely lost revenue but “the public benefits the copying will likely produce.” *Id.* at 1206. The court noted that, with respect to the amount of loss, the jury could have found that Android did not harm the actual or potential markets for Java SE because Sun would not have been able to enter those markets successfully whether Google did or did not copy a part of its APIs. *Id.* The Court also emphasized evidence before the jury that devices using Google’s Android platform were different in kind from the feature phones that licensed Sun technology, and thus, rather than merely repurposing Sun’s code from larger computers to smaller computers, “Google’s Android platform was part of a distinct (and more advanced) market than Java software.” *Id.* at 1207. Looking at “these important differences,” the jury was presented with evidence to show that Android was not a market substitute. *Id.* In addition, the jury heard evidence that Sun foresaw a benefit from the broader use of the Java programming language in a new platform like Android. As for past efforts to seek a license, the Court noted that potential licensing negotiations concerned far more than the 37 packages of declaring code and involved use of Java implementing code, branding and cooperation. Ultimately, “the jury’s fair use determination means that neither Sun’s ef-

engine,<sup>36</sup> caching (in connection with operation of an Internet

fort to obtain a license nor Oracle's conflicting evidence can overcome evidence indicating that, at a minimum, it would have been difficult for Sun to enter the smartphone market, even had Google not used portions of the Sun Java API." *Id.* While the Court conceded that copying Java APIs helped Google "make a vast amount of money from its Android platform . . . , [but t]his source of Android's profitability has much to do with third parties' (say, programmers') investment in Sun Java programs. It has correspondingly less to do with Sun's investment in creating the Sun Java API." *Id.* at 1207-08. The Court observed that the Copyright Act does not seek "to protect third parties' investment in learning how to operate a created work." *Id.* at 1208, *citing Campbell*, 510 U.S. at 591-92 (discussing the need to identify those harms that are "cognizable under the Copyright Act"). Finally, the Court opined that "given programmers' investment in learning the Sun Java API, to allow enforcement of Oracle's copyright here would risk harm to the public." *Id.* at 1208. Justice Breyer explained:

Given the costs and difficulties of producing alternative APIs with similar appeal to programmers, allowing enforcement here would make of the Sun Java API's declaring code a lock limiting the future creativity of new programs. Oracle alone would hold the key. The result could well prove highly profitable to Oracle (or other firms holding a copyright in computer interfaces). But those profits could well flow from creative improvements, new applications, and new uses developed by users who have learned to work with that interface. To that extent, the lock would interfere with, not further, copyright's basic creativity objectives. *See Connectix Corp.*, 203 F.3d at 607; *see also Sega Enterprises*, 977 F.2d at 1523-1524 ("An attempt to monopolize the market by making it impossible for others to compete runs counter to the statutory purpose of promoting creative expression"); *Lexmark Int'l*, 387 F.3d at 544 (noting that where a subsequent user copied a computer program to foster functionality, it was not exploiting the programs "commercial value as a copyrighted work" (emphasis in original)). After all, "copyright supplies the economic incentive to [both] create and disseminate ideas," *Harper & Row*, 471 U.S. at 558, and the reimplementing of a user interface allows creative new computer code to more easily enter the market.

*Id.*

In ruling that Google's reimplementing of Java SE APIs was a fair use, the Court explained that software programs were functional and therefore had to be treated somewhat differently from other literary works. *See id.* at 1198. Justice Breyer emphasized the importance of the idea/expression dichotomy to the Court's analysis (*id.* at 1196) and elaborated that "[t]he fact that computer programs are primarily functional makes it difficult to apply traditional copyright concepts in that technological world." *Id.* at 1208. The Court also made clear that its ruling, in the context of a software program, was not meant to "overturn or modify . . . earlier cases involving fair use—cases, for example, that involve 'knockoff' products, journalistic writings, and parodies." *Id.*

<sup>36</sup>*See Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1163-67 (9th Cir. 2007); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th Cir. 2003). In *Kelly v. Arriba Software Corp.*, Ditto.com (previously Arriba Software Corp.) operated a visual search engine that allowed users to locate images on the Web. In response to a query, small, low-resolution "thumbnail" images were displayed next to a link and brief description of the correspond-

ing site where the photograph could be found. Images were obtained automatically by a crawler program that downloaded full-size copies to Arriba's server, where they were converted to thumbnails. Thumbnail images could be copied by users, but their resolution could not be improved. Users, in turn, could access the site where a thumbnail originated from via a link or, for brief periods in 1999 and 2000, view full-size copies of the photographs via in-line links or frames (*see infra* §§ 9.03, 9.04), separate and apart from the rest of the content on the linked site. The Ninth Circuit ruled that the reproduction of thumbnail images constituted a fair use because defendants' copying was transformative (to index images on the Web) and did not adversely affect the potential market for the genuine works because the thumbnails were not a substitute for full-size, high-resolution images. The court found that the nature of the work (creative photographs) weighed slightly in favor of the plaintiff and the amount and substantiality of the portion used was a neutral factor because if Arriba had copied anything less than the complete works it would have been more difficult to identify each image, which would have reduced the usefulness of the search engine. In an earlier ruling that was subsequently vacated because the issue had not been properly preserved for appeal, the Ninth Circuit had ruled that the defendant's initial practice of also making available via in-line links and frames full size copies of the photographs that appeared on indexed sites (with the surrounding text and other Web content removed) was not a fair use. Displaying the exact image from a site in isolation from the surrounding material via a frame or in-line link was held to serve no transformative purpose and to harm the market for genuine works because people receiving photographs in this format would have had no reason to visit the website from which it had been copied. *See Kelly v. Arriba Soft Corp.*, 280 F.3d 934, 947–48 (9th Cir. 2002), *vacated*, 336 F.3d 811 (9th Cir. 2003).

In *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1163–67 (9th Cir. 2007), the Ninth Circuit reaffirmed its 2003 opinion in a case involving very similar facts. In that case, Perfect 10, an adult magazine whose images were widely available without authorization on the Internet, sued Google and Amazon.com arguing that their visual search engines made unauthorized thumbnail reproductions of infringing copies of their works that were displayed with search results. To distinguish *Kelly v. Arriba Software Corp.*, Perfect 10 had argued that these thumbnail images undermined a market for thumbnail images sold for display on cell phones. Unlike in *Kelly*, Perfect 10 had argued (and the district court had agreed), the thumbnails displayed by Google had an adverse impact on the market for genuine products and therefore were not a fair use. The Ninth Circuit reversed, however, concluding that “the significantly transformative nature of Google’s search engine, particularly in light of its public benefit, outweighs Google’s superseding and commercial uses of the thumbnails in this case.” *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1166 (9th Cir. 2007). The court noted that no downloads for mobile phones in fact had taken place, making the superseding use “not significant.” Likewise, although thumbnails directed users to Google AdSense partners, including partners that hosted infringing images, which the court conceded added “a commercial dimension that did not exist in *Kelly*,” the Ninth Circuit emphasized that the district court had not determined that this com-

mercial element was significant. *Id.* at 1167. Judge Ikuto, writing for the court, concluded that “the transformative nature of Google’s use is more significant than any incidental superseding use or the minor commercial aspects of Google’s search engine and website.” *Id.* With respect to the nature of the copyrighted work, the court found the photos to be creative but because the images appeared on the Internet before used in search engine results, this factor weighted only slightly against a finding of fair use. *Kelly v. Arriba* and *Perfect 10 v. Amazon* were cited with approval by the Second Circuit in *Authors Guild v. Google Inc.*, 804 F.3d 202, 217, 227 (2d Cir. 2015), *cert. denied*, 136 S. Ct. 1658 (2016).

In a subsequent case brought by Perfect 10 against a Russian search engine that, unlike Google, displayed full size versions of Perfect 10 images via in line links (and not merely thumbnails) and also displayed them separate and apart from the websites on which they appeared, the district court, in granting in part the defendant’s motion for summary judgment, ruled, among other things, that the defendant’s use of the images in connection with a search engine nonetheless constituted a fair use because it was highly transformative. *See Perfect 10, Inc. v. Yandex, N.V.*, 962 F. Supp. 2d 1146, 1154–55 (N.D. Cal. 2013). The court wrote that “whether a browser window shows only a thumbnail and the full-size image—instead of the full-size image along with part of the surrounding web page—does not affect whether the use of the thumbnail has been transformed.” *Id.* (emphasis in original). Further, the court held that “even if yandex.com’s use of the thumbnail were broadly described as an ‘in-line link connected to a full-size image,’ that use remains highly transformative.” *Id.*; *see generally infra* § 9.03[3][B] (discussing the case at greater length).

By contrast, in *VHT, Inc. v. Zillow Group, Inc.*, 918 F.3d 723, 742-44 (9th Cir.), *cert. denied*, 140 S. Ct. 122 (2019), the Ninth Circuit held that the unauthorized use of copyrighted photos in connection with a visual search engine used on a commercial real estate service’s website was not a fair use, explaining that “the label ‘search engine’ is not a talismanic term that serves as an on-off switch as to fair use.” *Id.* at 742. Unlike the search engines at issue in *Kelly v. Arriba* and *Perfect 10 v. Amazon* (or *Perfect 10 v. Yandex*), Digs, the search engine employed on the Zillow.com website for home improvement and remodeling, was “a closed-universe search engine” that did not crawl the web. Users could search a “searchable set” of images within a “walled garden . . . .” *Id.* The search results did not direct users to the original sources of the photos, such as the plaintiff’s website, but rather linked to other pages within Zillow’s website. The Ninth Circuit found that making these images searchable did not fundamentally change their original purpose when produced by the plaintiff. Additionally, Digs displayed entire copies of plaintiff’s images, not merely thumbnails. Zillow’s use, the court found, merely superseded plaintiff’s purpose in creating the images in the first place. As in *Kelly v. Arriba* and *Perfect 10 v. Amazon*, the images at issue were found to be creative. But unlike in those cases, the court found Zillow’s use to have few, if any, transformative qualities. In addition, “[i]n contrast to *Amazon* and *Kelly*, nothing justify[ed] Zillow’s full copy display of VHT’s photos on Digs.” *Id.* at 744. Finally, unlike in those cases, the court found that Zil-

search engine),<sup>37</sup> viewing and printing copies of archived

low's use undermined plaintiff's market for licensing the photographs. *Id.* Although the plaintiff had only licensed a handful of photos for secondary uses (and none on a searchable database), the court characterized the market as more significant than the merely hypothetical market at issue in *Perfect 10 v. Amazon*. The appellate panel also found it significant that the plaintiff was "actively exploring" the market for licensing its photos to home design websites like Digs—including with Zillow itself. *Id.*

The Eleventh Circuit in *MidlevelU, Inc. v. ACI Information Group*, 989 F.3d 1205 (11th Cir. 2021), *cert. denied*, 141 S. Ct. 2863 (2021), following *VHT*, likewise affirmed a jury finding that Newstex (operator of ACI Information Group, a wholesale news content aggregator)'s use of MidlevelU (operator of the ThriveAP blog)'s copyrighted articles in the Scholarly Blog Index, a curated index of abstracts and full-text articles of academic blogs, was not a fair use, even though its database was searchable, because, among other things, the jury "could have reasonably found that the Index was not a transformative use based on the Index's inclusion of iFrames showing the full-text content of MidlevelU's articles. A reasonable juror could have found that the iFrames obviated any need for an Index subscriber to visit MidlevelU's website directly, so the Index superseded the use of the originals." *Id.* at 1222.

Although admittedly commercial, placing thumbnail images on an art gallery's website to help potential purchasers decide whether to buy a work was held to be highly transformative and a fair use. *See Magnum Photos Int'l, Inc. v. Houk Gallery, Inc.*, No. 16-CV-7030 (VSB), 2018 WL 4538902 (S.D.N.Y. Sept. 21, 2018).

In *Online Policy Group v. Diebold, Inc.*, 337 F. Supp. 2d 1195 (N.D. Cal. 2004), the court found links to a database company's internal emails explaining technical flaws in its electronic voting machines constituted a fair use (for purposes of evaluating an award of fees for knowingly and materially misrepresenting information in a DMCA notification pursuant to 17 U.S.C.A. § 512(f); *see infra* § 4.12[9][D]), where at least some of the emails were not entitled to copyright protection, even though the links directed users to the defendant's entire database. By contrast, creating links to a stream of a live webcast of motor races that were shown in real time was held not be a fair use in *Live Nation Motor Sports, Inc. v. Davis*, 81 U.S.P.Q.2d 1826, 2007 WL 79311 (N.D. Tex. Jan. 9, 2007).

<sup>37</sup>*Field v. Google Inc.*, 412 F. Supp. 2d 1106, 1118–22 (D. Nev. 2006). In *Field*, the court held that Google's practice of caching websites was highly transformative because it "added something new" rather than supplanting the genuine work, based on five separate functions. First, Google's cache functionality enables users to access content when the original page is inaccessible, thus providing archival copies of value to academics, researchers and journalists. Second, providing cached links allows users to detect changes that have recently been made to a site. Third, because it controls the archived copy cached on its servers, Google provides highlighting, which allows users to quickly see where searched terms are located within a page. Fourth, Google uses several design features to make it clear that the cached copy is not intended to be a substitute for the original page (including using a prominent disclaimer at the top of the page).



website pages from the Wayback Machine (www.Archive.org),<sup>38</sup> authorizing automated copying and distribution of images over a Content Delivery Network (CDN),<sup>39</sup>

Fifth, Google ensures that any site owner can disable the cache functionality. In the court's view, "site owners, not Google, control whether 'cached' links will appear for their pages. The fact that the owners of billions of Web pages choose to permit these links to remain is further evidence that they do not view Google's cache as a substitute for their own pages." *Id.* at 1119. The court found that the commercial nature of the enterprise did not negate its fair use. With respect to the nature of the works, the court deemed it significant that the photographs at issue had been made available for free on the plaintiff's own website and that Field had affirmatively sought to have the site indexed by Google by adding a "robots.txt" file to ensure that all search engines would index it, when he could have prevented Google from indexing and caching the site by simply using the "no archive" metatag. With respect to the amount and substantiality of the portion used, the court found that factor to be neutral because even though the entire work is used, Google used no more of the work than necessary. With respect to the market for the genuine product, the court found no evidence that there was any market for Field's photographs and no evidence of any harm, making this factor weigh strongly in favor of fair use. Finally, the court concluded that Google's good faith in operating the system was an independent factor weighing in favor of fair use.

<sup>38</sup>*Healthcare Advocates, Inc. v. Harding, Earley, Follmer & Frailey*, 497 F. Supp. 2d 627 (E.D. Pa. 2007) (granting summary judgment for the defendants).

<sup>39</sup>*See Rosen v. eBay, Inc.*, No. CV-13-6801 MWF (Ex), 2015 WL 1600081, at \*20-21 (C.D. Cal. Jan. 16, 2015). The court explained that

to ensure adequate and efficient service, service providers across the internet use CDNs to actually distribute their content. This practice ensures that a service provider does not rely on a single server of its own to maintain full operation of its service and means that the burden is spread and networks operate smoothly. In essence, rather than keeping everything in one place, an outsourced network of multiple servers is used to ensure smooth operation of the internet generally and a service provider's services in particular. The widespread use of CDNs means that most content is passed from a service provider to one or more third parties before reaching an end user.

*Id.* at \*20-21. In finding distribution to a CDN network to be a fair use, Judge Michael Fitzgerald explained that "this distribution is an inevitable and necessary part of using the internet, and ultimately a trivial activity that falls within the protections of the fair use doctrine." *Id.* at \*20. He elaborated that "such usage is minimal and is a crucial part of maintaining not only internet commerce, but the efficient operation of the internet generally. It also causes only minor and wholly incidental copying and distribution of images." *Id.* at \*21. Analogizing the use to caching found permissible by the Ninth Circuit in *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1169-77 (9th Cir. 2007), Judge Fitzgerald explained that "[a]s in *Amazon.com*, eBay's use of CDNs is designed to 'enhance [a user's] use, not to supersede the copyright holders' exploitation of their works.'"

digitizing books to allow their texts to be fully searchable (and, among other things, used for data mining<sup>40</sup>) or to allow print-disabled library patrons access to works in formats ac-

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2015 WL 1600081, at \*21, quoting *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1169 (9th Cir. 2007).

<sup>40</sup>*Authors Guild v. Google Inc.*, 804 F.3d 202 (2d Cir. 2015), cert. denied, 136 S. Ct. 1658 (2016); *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87 (2d Cir. 2014). In *Authors Guild, Inc. v. HathiTrust*, the Second Circuit held that allowing library patrons to access the digitized book collections of member-research university libraries that had allowed Google to electronically scan and place their collections in a repository was a fair use where HathiTrust (1) allowed the general public to search for particular terms across all digital copies but, unless the copyright holder authorized broader use, the search results only showed page numbers on which the search term was found within each work and the number of times the word appeared on each page and (2) permitted member libraries to provide patrons with certified print disabilities access to the full text of copyrighted works in a format where they could perceive the works (such as via software that converted the text into spoken words or magnified the text). The appellate court remanded for further consideration the question of whether permitting members to create a replacement copy of a work, if the member already owned an original copy, where the original copy was lost, destroyed or stolen and where a replacement copy was unavailable at a “fair price” constituted a fair use.

Judge Barrington D. Parker, writing for himself and Judges Walker and Cabranes, characterized the creation of a full-text searchable database as “a quintessentially transformative use” that was “different in purpose, character, expression, meaning, and message from the page (and the book) from which it was drawn” and did not merely supersede the purpose of the original creations or recast them in a new mode of presentation. *Id.* at 97. The court found the nature of the copyrighted work to be of limited usefulness because the creative works at issue were being used for a transformative purpose. With respect to the amount and substantiality of the portion taken, the court found that the amount copied was not excessive because it was reasonably necessary for the Trust “to make use of the entirety of the works in order to enable the full-text search function . . . .” *Id.* at 98. The appellate panel further found that maintaining four copies at two separate locations was “reasonably necessary” to facilitate legitimate uses (such as balancing the load of user web traffic to avoid burdening a single site and for use as a backup at each location). *Id.* at 99. Finally, the court rejected as irrelevant the argument that digitizing books for search adversely impacted the market for licensing books for digital search that could emerge in the future because lost licensing revenue would only be relevant if it served as a substitute for the original product which full-text search did not. The court also rejected the argument that the risk of a security breach could adversely impact the market for genuine works based on unrebutted evidence of the extent to which the HathiTrust had implemented security measures to reduce the risk of a breach, noting, however, that it was not “foreclosing a future claim based on circumstances not predictable . . . .” *Id.* at 101.

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The court declined to determine whether making a replacement copy would be permissible if (1) the member already owned an original copy, (2) the member's original copy was lost or stolen and (3) a replacement copy was unavailable at a fair price, because the panel concluded the plaintiffs did not have standing to object to this practice. *See id.* at 103–04.

In *Authors Guild v. Google Inc.*, 804 F.3d 202 (2d Cir. 2015), *cert. denied*, 136 S. Ct. 1658 (2016), the Second Circuit, in an opinion written by Judge Pierre Leval on behalf of himself and Judges Cabranes and Parker, affirmed the lower court order entered by Second Circuit Judge Denny Chin, sitting as a district court judge, granting summary judgment for Google, based on the findings that Google's digitization of books for its library and book projects, provision of digital copies to participating libraries that already owned the books, and display of snippets in response to search queries for particular terms contained in digitized books, constituted fair use of plaintiffs' works.

Google, without permission of the rights holders, made digital copies of tens of millions of books that were submitted to it for that purpose by major libraries. Google scanned the digital copies and established a publicly available search tool. An Internet user could use this tool to search without charge to determine whether a book contained a specified word or term and would be shown "snippets" of text that included the searched-for terms. Google also allowed participating libraries to download and retain digital copies of the books they submitted, pursuant to agreements that committed the libraries not to use their digital copies in violation of copyright laws.

The appellate panel held that Google's making of a digital copy to provide what the court characterized as "a search function" was a transformative use that augmented public knowledge by "making available information *about* Plaintiffs' books without providing the public with a substantial substitute for matter protected by the Plaintiffs' copyright interests in the original works or derivatives of them." *Id.* at 207 (emphasis in original). The court found that Google's provision of the snippet function was also a fair use because Google imposed significant limitations on access to snippets, which meant that it did not supplant the market for those books that had been digitized. Specifically, Google's search tool displayed a maximum of three snippets containing a given search term. A snippet was a horizontal segment of non-overlapping text comprising ordinarily an eighth of a page (or approximately three lines of text for a book that contains twenty four lines per page). The search tool did not allow a searcher to increase the number of snippets revealed by repeated entry of the same search term or by entering searches from different computers (although a user could see different snippets by searching different terms). Google also made permanently unavailable for viewing one snippet on each page and one complete page out of every ten (through a process that Google called "blacklisting"). Google also disabled snippet view entirely for books for which a single snippet would likely satisfy a researcher's need for the book, such as dictionaries, cookbooks and books of short poems. Since 2005, Google also excluded books from snippet view at the request of the rights holder. No advertising was displayed to users

of its search tool. Nor did Google receive any payment by reason of a searcher's use of Google's link to purchase a book, in instances where a link to allow purchase of a book was provided.

Judge Leval found Google's digitization of books to allow data mining and "text mining" to be transformative because it "provide[d] otherwise unavailable information about the originals." *Id.* at 215. Judge Leval acknowledged that Google's use differed from *HathiTrust* in two significant respects. First, HathiTrust did not display any text from the underlying work to a user, whereas Google Books provided a searcher with snippets containing the word that was the subject of a given search. Second, HathiTrust was a nonprofit educational entity, whereas Google was "a profit-motivated commercial corporation." *Id.* at 217. Judge Leval found neither difference determinative, however.

Snippets, Judge Leval wrote, added "important value to the basic transformative search function, which tells only whether and how often the searched term appears in the book." *Id.* He explained that merely knowing that a given word is used a particular number of times does not tell the searcher whether he or she needs to obtain a copy of the book. For example, "a searcher seeking books that explore Einstein's theories, who finds that a particular book includes 39 usages of 'Einstein' will nonetheless conclude that she can skip that book if the snippets reveal that . . . 'Einstein' . . . is the name of the author's cat." *Id.* at 218. In finding the provision of snippets to be transformative, Judge Leval wrote that "Google's division of the page into tiny snippets is designed to show the searcher just enough context surrounding the searched term to help her evaluate whether the book falls within the scope of her interest (without revealing so much as to threaten the author's copyright interests)." *Id.*

With respect to Google's commercial motivation, Judge Leval conceded that although Google received no revenue from its operation of Google Books, Google indirectly profited from the service. He found, however, that Google's profit motivation did not outweigh Google Books' "highly convincing transformative purpose, together with the absence of significant substitutive competition . . ." *Id.* at 219. In so ruling he noted that "[m]any of the most universally accepted forms of fair use, such as news reporting and commentary, quotation in historical or analytical books, reviews of books, and performances, as well as parody, are all normally done commercially for profit." *Id.*

The panel held that the second fair use factor—the nature of the work—was not determinative. Although plaintiffs' works were factual, Judge Leval wrote that the authors' manner of expressing facts and ideas was entitled to copyright protection. On balance, however, the court found more significant that "the secondary use transformatively provides valuable information about the original, rather than replicating protected expression in a manner that provides a meaningful substitute for the original." *Id.* at 220.

The appellate panel found that the amount and substantiality of the use favored Google because even though Google copied the entirety of each of plaintiffs' books, it did not reveal the digital copies to the public. Each copy was made "to enable search functions to reveal limited, important information about the books." *Id.* at 222.

The court likewise found that this factor weighed in favor of fair use with respect to the use of snippets because the amount and substantiality of the portion used in *making a copy* was not the relevant consideration. Rather, it was “the amount and substantiality of *what is thereby made accessible* to a public for which it may serve as a competing substitute.” *Id.* (emphasis in original). In that regard, Google had constructed the snippet feature to substantially protect against it serving as “an effectively competing substitute” for plaintiffs’ books through a variety of limitations, including the small size of each snippet, the blacklisting of one snippet per page and one page in every ten, the fact that no more than three snippets were shown—and no more than one per page—for each term searched, and the fact that the same snippets were shown for a searched term no matter how many times, or from how many different computers, the term was searched. Judge Leval explained that “[t]he result of these restrictions is, so far as the record demonstrates, that a searcher cannot succeed, even after long extended effort to multiply what can be revealed, in revealing through a snippet search what could usefully serve as a competing substitute for the original.” *Id.* He explained that blacklisting permanently blocked 22% of a book’s text from snippet view and the balance of the 78% that potentially could be shown in snippets was not in fact accessible. “[E]ven after protracted effort over a substantial period of time, only small and randomly scattered portions of a book will be accessible”—as evidenced by the fact that plaintiffs had employed researchers for a period of weeks to do multiple word searches on plaintiffs’ books and in no case were they able to access even 16% of the text “and the snippets collected were usually not sequential but scattered randomly throughout the book.” *Id.*

For similar reasons, the court held that the effect of the copying on the market for or the value of the copyrighted work weighed in favor of fair use. Judge Leval wrote that “[e]specially in view of the fact that the normal purchase price of a book is relatively low in relation to the cost of manpower needed to secure an arbitrary assortment of randomly scattered snippets, we conclude that the snippet function does not give searchers access to effectively competing substitutes.” *Id.* at 224. Although Judge Leval conceded that some sales would be lost, this was not enough to amount to “a meaningful or significant effect ‘upon the potential market for or value of the copyrighted work.’” *Id.*, quoting 17 U.S.C.A. § 107(4). Moreover, he observed that the type of loss of sales likely to be experienced probably would involve “interests that are not protected by the copyright.” *Id.* For example, Judge Leval wrote, a researcher who wanted to find out the date when President Roosevelt was stricken by polio likely could find this information from a snippet. He explained, however, that this detail is a historical fact that an author’s copyright does not cover. A copyright “does not extend to the facts communicated by . . . [a] book. It protects only the author’s manner of expression.” *Id.* Judge Leval commented that “[t]he fact that, in the case of the student’s snippet search, the information came embedded in three lines of . . . [an author’s] writing, which were superfluous to the searcher’s needs, would not change the taking of an unprotected fact into copyright infringement.” *Id.* He further elaborated that:



cessible to them<sup>41</sup>), using files from a company's mobile device operating system in order to virtualize it for use by security researchers,<sup>42</sup> reprinting legal briefs that had been

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Even if the snippet reveals some authorial expression, because of the brevity of a single snippet and the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view, we think it would be a rare case in which the searcher's interest *in the protected aspect* of the author's work would be satisfied by what is available from snippet view, and rarer still—because of the cumbersome, disjointed, and incomplete nature of the aggregation of snippets made available through snippet view—that snippet view could provide a significant substitute for the purchase of the author's book.

*Id.* at 224–25. In so ruling, the court rejected plaintiffs' argument that plaintiffs had a derivative right in the application of search and snippet view functions, finding “no merit” to this argument, which in Judge Leval's view confused transformativeness with the type of transformation that might be found when a derivative work is created. The court further found that there was no market for search and snippet licenses. *Id.* at 225–27.

Judge Leval rejected plaintiffs' argument that exposure to risks of hacking undermined Google's fair use defense because of the potentially adverse impact on the market for the genuine products that a security breach could cause, because Google Books' digital scans were stored on computers walled off from public Internet access and the evidence presented suggested they were very secure. *Id.* at 227–28. The court noted, however, that:

If, in the course of making an arguable fair use of a copyrighted work, a secondary user unreasonably exposed the rights holder to destruction of the value of the copyright resulting from the public's opportunity to employ the secondary use as a substitute for purchase of the original (even though this was not the intent of the secondary user), this might well furnish a substantial rebuttal to the secondary user's claim of fair use.

*Id.* at 227. Finally, the appellate panel held that Google's distribution of digital copies to participant libraries was a fair use. The court observed that “[i]f the library had created its own digital copy to enable its provision of fair use digital searches, the making of the digital copy would not have been infringement.” *Id.* at 229. Similarly, Judge Leval wrote, the same act does not “become an infringement because, instead of making its own digital copy, the library contracted with Google that Google would use its expertise and resources to make the digital conversion for the library's benefit.” *Id.*

<sup>41</sup>*Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 101–03 (2d Cir. 2014). The court held that providing expanded access to the print disabled was not a transformative use, but was still permissible because the making a copy of a copyrighted work for the convenience of a blind person was identified by the U.S. Supreme Court as an example of fair use recognized in the legislative history of the 1976 Copyright Act. *Id.* at 102, citing *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 455 n.40 (1984). The Second Circuit also found that the market for books accessible to visually impaired readers was so insignificant that authors typically forego royalties from specialized format versions of their works.

<sup>42</sup>*See Apple Inc. v. Corellium, LLC*, 510 F. Supp. 3d 1269, 1285-92

publicly filed in court cases in a database of legal resources,<sup>43</sup> reproducing a copyrighted photograph in an article discussing a copyright infringement suit brought over the image<sup>44</sup> or on a blog post critical of the person depicted in the image<sup>45</sup> (or linking to an Instagram post that includes a

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(S.D. Fla. 2020) (holding that a developer's use was highly transformative and a fair use). In rejecting Apple's argument that the defendant merely repacked its operating system, the court explained:

The Corellium Product is not merely a repackaged version of iOS—this time in a virtual environment as opposed to an iPhone. Rather, Corellium makes several changes to iOS and incorporates its own code to create a product that serves a transformative purpose. The Corellium Product makes available significant information about iOS, permitting users to, inter alia: (1) see and halt running processes; (2) modify the kernel; (3) use CoreTrace, a tool to view system calls; (4) use an app browser and a file browser; and (5) take live snapshots. These features are beneficial to security research. And, as Apple concedes, the Corellium Product adds significant features that are not available on Apple's devices running iOS.

*Id.* at 1286-87.

<sup>43</sup>*White v. West Publishing Corp.*, 12 Civ. 1340 (JSR), 2014 WL 3385480 (S.D.N.Y. July 3, 2014) (granting summary judgment for West and Lexis).

<sup>44</sup>*See, e.g., Leveyfilm, Inc. v. Fox Sports Interactive Media, LLC*, No. 13 C 4664, 2014 WL 3368893, at \*9-12 (N.D. Ill. July 8, 2014) (holding that reprinting a copy of an image in an online article discussing a copyright infringement suit about the image was a fair use).

<sup>45</sup>*See, e.g., Katz v. Google, Inc.*, 802 F.3d 1178 (11th Cir. 2015) (affirming the entry of summary judgment for the defendant-blogger in a suit where a real estate developer and part owner of the Miami Heat purchased the copyright to an unflattering image of himself and then sued the operator of a blog critical of his business practices for copyright infringement for displaying the image in connection with a critical post about him); *Weinberg v. Dirty World, LLC*, Case No. CV 16-9179-GW(PJWx), 2017 WL 5665023, at \*5-13 (C.D. Cal. July 27, 2017) (granting partial summary judgment for the operator of *TheDirty.com*, holding that a photo posted on its website constituted a fair use; "The Post, especially viewed within the context of the Website was transformative. Rather than using the photo to merely identify Plaintiff or his wife, as Plaintiff did on her Facebook profile page, or glorify Plaintiff and his wife's lifestyle, as the creator of Astrid in Wonderland did, the entire Post uses the Video Image as part of a direct critique on Plaintiff's wife's appearance, her status as a model, her husband, and her relationship with her husband."); *Dhillon v. Does 1-10*, No. C 13-01465 SI, 2014 WL 722592 (N.D. Cal. Feb. 25, 2014) (granting summary judgment for the defendant, holding that the use of a political candidate's official campaign photograph on a blog critical of her views constituted a fair use).

By contrast, merely using a commercial photo available for license, in connection with a blog post unrelated to the photograph and not in transformative manner, is unlikely to be deemed a fair use. *See, e.g., Brammer v. Violent Hues Productions, LLC*, 922 F.3d 255 (4th Cir. 2019)

(holding that use of a stock photo of the Adams Morgan area of Washington DC, copied from Flickr in response to a Google search, to promote a film festival, was not a fair use); *Michael Grecco Productions, Inc. v. Valuwalk, LLC*, 345 F.Supp.3d 482, 504-09 (S.D.N.Y. 2018) (holding that copying a photo from a competitor’s website for use in an article on the same subject was not a fair use).

In *O’Neil v. Ratajkowski*, 19 Civ. 9769 (AT), 2021 WL 4443259 (S.D.N.Y. Sept 28, 2021), the court denied cross-motions for summary judgment on the issue of whether model Emily Ratajkowski’s posting a photograph of herself on her own Instagram account for 24 hours (on Instagram Stories, which disappear after that time) constituted a fair use. Judge Analisa Torres found that the purpose of paparazzi photos such as the one at issue in that case was to “document the comings and goings of celebrities, illustrate their fashion and lifestyle choices, and accompany gossip and news articles about their lives.” *Id.* at \*6, quoting *Barcroft Media, Ltd. v. Coed Media Group, LLC*, 297 F. Supp. 3d 339, 352 (S.D.N.Y. 2017). “Therefore, when news sites have copied paparazzi photographs to document celebrities’ lives, courts have determined those uses are not transformative. . . . By contrast, where photographs are used to comment on the image—rather than to illustrate an independent news story—courts have found those uses to be transformative.” *Ratajkowski*, 2021 WL 4443259, at \*6. In holding the issue of transformativeness to be disputed, Judge Torres wrote that:

A reasonable observer could conclude the Instagram Photograph merely showcases Ratajkowski’s clothes, location, and pose at that time—the same purpose, effectively, as the Photograph. On the other hand, it is possible a reasonable observer could also conclude that, given the flowers covering Ratajkowski’s face and body and the text “mood forever,” the Instagram Photograph instead conveyed that Ratajkowski’s “mood forever” was her attempt to hide from the encroaching eyes of the paparazzi—a commentary on the Photograph. See *Ratajkowski Dep. Tr.* at 39:21–23 (noting that “mood is a millennial way of using an expression or an image to express how someone feels about something”).

*Id.* at \*7. The court found the use was only minimally commercial and did not reflect bad faith, as there was no evidence that Ratajkowski was aware that the photograph was not one of numerous ones forwarded to her by fans for resharing on social media. Judge Torres ruled that the nature of the work weighed in favor of the plaintiff, “but only marginally so” because it was essentially factual in nature. *Id.* at \*8-9. The amount and substantially of the use weighed somewhat in favor of the plaintiff given that she used more of the photo than necessary for her purpose, but “the fact that it was posted on Instagram Stories lessens that weight.” *Id.* at \*10. Finally, with respect to the effect on the market, the court found insufficient evidence to rule either way. The photograph was offered for license on Splash but Ratajkowski’s face was covered in the picture and plaintiff failed to make any money licensing it. See *id.* at \*10-11; see generally Bill Donahue, *Celebrities Keep Getting Sued Over Instagrams of Themselves*, Law360, Sept. 17, 2020 (describing similar suits by Paparazzi photographers brought against LeBron James, Justin Bieber, Gigi Hadid, Khloe Kardashian, and Katy Perry for reposting photographs of themselves on their own Instagram accounts).

copyrighted photograph, in an article that discusses the post and the subject matter of the photo<sup>46</sup>), or as part of a website exhibition by an art museum<sup>47</sup> or in new works of art,<sup>48</sup>

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<sup>46</sup>*See, e.g., Boesen v. United Sports Publications, Ltd.*, 20-CV-1552 (ARR) (SIL), 2020 WL 6393010 (E.D.N.Y. Nov. 2, 2020) (dismissing, as fair use, a photographer’s copyright infringement claim against a sports news publisher, which had included an embedded link to an Instagram post by professional tennis player Caroline Wozniacki, announcing her retirements (which included a low-resolution, cropped version of a photograph taken by the plaintiff), in an article it published about Wozniacki’s career, which also quoted the text of the Instagram post); *Walsh v. Townsquare Media, Inc.*, 464 F. Supp. 3d 570 (S.D.N.Y. 2020) (entering judgment on the pleadings, based on fair use, on a Paparazzi photographer’s copyright infringement claim, brought against the publisher of *XXL* magazine, which had embedded a link to an Instagram post by hip hop artist Cardi B, which included a photograph taken by plaintiff of Cardi B at a Tom Ford fashion show, in an article entitled *Cardi B Partners with Tom Ford for New Lipstick Shade*, which was focused on the event and referenced the Cardi B Instagram post which featured the photograph).

<sup>47</sup>*See, e.g., Marano v. Metropolitan Museum of Art*, 844 F. App’x 436 (2d Cir. 2021) (affirming dismissal of plaintiff’s Complaint alleging that the Met infringed his copyright in a 1982 photograph he took of Eddie Van Halen playing his “Frankenstein” guitar by including it in an exhibition of rock n’ roll instruments on its website).

<sup>48</sup>*See, e.g., Cariou v. Prince*, 714 F.3d 694 (2d Cir. 2013). *But see Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26 (2d Cir. 2021) (holding that Andy Warhol screenprint illustrations infringed plaintiff’s photograph of the musician Prince, in a decision that has been widely criticized), *rev’g*, 382 F. Supp. 3d 312 (S.D.N.Y. 2019) (granting summary judgment for the Andy Warhol Foundation); *see also, e.g.*, Blake Gopnik, *Warhol a Lame Copier? The Judges Who Said So Are Sadly Mistaken*, N.Y. Times, Apr. 5, 2021; *see generally* Ian C. Ballon, *Appropriation Art and Fair Use under U.S. Law* in *Art Law: Cases and Controversies* (2022).

In *Cariou v. Prince*, the Second Circuit held that twenty-five of Richard Prince’s *Canal Zone* paintings and collages were transformative of Patrick Cariou’s photographs as a matter of law (while five were close calls, remanded for the jury to evaluate). The *Canal Zone* paintings incorporated classical portraits and landscape photographs torn out from four (lawfully purchased) copies of Cariou’s book *Yes Rasta*, which Prince altered by, among other things, painting “lozenges” over their subjects’ facial features and using only portions of some of the images, imagining the characters to be part of a band.

In *Warhol v. Goldsmith*, the Second Circuit held that Andy Warhol’s painting of the musician Prince infringed the plaintiff’s copyright in a famous photograph of Prince, and was not a fair use, where both the photograph and painting had been considered for the same *Vanity Fair* cover. Unlike the typical case involving reuse of a photograph by a contemporary artist, Warhol’s use was found to adversely impact the derivative market for licensing stylized portraits of musicians for magazine

incorporating logos, images or text in documentary or artistic films,<sup>49</sup> reproducing Grateful Dead concert posters in chronological order in a timeline in a book about the band to commemorate historic events (and arranged in a creative fashion and displayed in significantly reduced form),<sup>50</sup> taking a picture of a copyrighted object for the purpose of legitimately selling the object under the first sale doctrine,<sup>51</sup>

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articles. The court also found the two works to have an identical purpose and character and, controversially, that Warhol's use was not transformative. On transformation, the appellate panel wrote that "where a secondary work does not obviously comment on or relate back to the original or use the original for a purpose other than that for which it was created, the bare assertion of a 'higher or different artistic use[ ]' is insufficient to render a work transformative." *Warhol v. Goldsmith*, 11 F.4th at 41, quoting *Rogers v. Koons*, 960 F.2d 301, 310 (2d Cir. 1992). *Rogers v. Koons*, however, was decided two years before the U.S. Supreme Court's decision in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), which endorsed and elevated Judge Leval's analysis of transformative use, and *Rogers* does not even discuss transformativeness (it addressed parody, which was not at issue in *Warhol*). *Rogers v. Koons* was based on pre-*Campbell* case and is not consistent with more current U.S. Supreme Court analysis. See Ian C. Ballon, *Appropriation Art and Fair Use under U.S. Law* in *Art Law: Cases and Controversies* (2022) (analyzing the Second Circuit's transformative use analysis in *Warhol* in light of controlling U.S. Supreme Court case law (primarily *Campbell* and *Google v. Oracle*) and other circuit court opinions).

<sup>49</sup>See, e.g., *Bouchat v. Baltimore Ravens Limited Partnership*, 737 F.3d 932 (4th Cir. 2014) (holding that the NFL had a fair use right to display an artist's copyrighted logo that was used as part of the Baltimore Ravens football team logo incidentally in videos about the team featured on television and on the web and in team photographs displayed at football stadiums); *Arrow Productions, Ltd. v. Weinstein Co.*, 44 F. Supp. 2d 359 (S.D.N.Y. 2014) (holding that a movie production company's use of recreated scenes from the pornographic movie "Deep Throat" in a critical biographical film about Linda Lovelace, one of the actors in that movie, was a fair use where the scenes served a completely different and transformative purpose from the original film (to show how the actress was being manipulated)).

<sup>50</sup>See *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 608-15 (2d Cir. 2006).

<sup>51</sup>See *Rosen v. eBay, Inc.*, No. CV-13-6801 MWF (Ex), 2015 WL 1600081, at \*14-20 (C.D. Cal. Jan. 16, 2015) (photographs of magazines lawfully offered for resale that included licensed copies of plaintiff's Paparazzi photographs). In contrast to sales on eBay.com, courts have rejected fair use defenses raised against the same Paparazzi photographer where the original image was unlicensed or used in a way that supplanted the market for the genuine product. See *Rosen v. Masterpiece Marketing Group, LLC*, CV 15-06629 SJO (ASx), 2016 WL 7444688, at \*11-13 (C.D. Cal. Nov. 29, 2016) (granting summary judgment for Rosen on the



displaying the copyrighted tattoos of NBA players in a videogame where the player's use has been licensed,<sup>52</sup> posting a video commenting on or responding to another YouTuber's video,<sup>53</sup> copying a competitor's product bulletin and annotating it to dispute the competitor's claims,<sup>54</sup> posting a copyrighted solicitation advertisement and chart on Reddit to comment about the fundraising methods of the copyright owner,<sup>55</sup> and, under certain circumstances, temporary "intermediate copying" undertaken for the purpose of reverse

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defendant's fair use defense where, among other things, the original photo was not licensed and the use of a high resolution copy to advertise the sale supplanted the market for the copyrighted work); *Rosen v. R&R Auction Co.*, Case No. CV 15-07950-BRO (JPRx), 2016 WL 7626443, at \*7-10 (C.D. Cal. Aug. 31, 2016) (granting in part plaintiff's motion for summary judgment, holding that defendant's use of plaintiff's photo to advertise a signed copy available via online auctions was not a fair use where, among other things, the image supplanted the market for the genuine copy). *Rosen v. eBay* underscores that it can be a fair use to advertise a lawful copy of a photo, when offered for sale, if done correctly.

<sup>52</sup>See *Solid Oak Sketches, LLC v. 2K Games, Inc.*, 449 F. Supp. 3d 333, 347-50 (S.D.N.Y. 2020). But see *Alexander v. Take-Two Interactive Software, Inc.*, 489 F. Supp. 3d 812, 820-22 (S.D. Ill. 2020) (holding that material factual disputes precluded summary judgment on the issue of whether the defendants' display of six tattoos inked by the plaintiff on a professional wrestler, in its video game (which depicted the wrestler), constituted a fair use).

<sup>53</sup>See, e.g., *Hughes v. Benjamin*, 437 F. Supp. 3d 382, 390-94 (S.D.N.Y. 2020) (dismissing plaintiff's copyright infringement claim in a dispute between YouTubers with competing political views, holding that Benjamin copied 20% of Hughes' *We Thought She Would Win* for the transformative purposes of criticism and commentary, as was "apparent from the broader context of Benjamin's YouTube channel, where it was posted" where there was "no danger" that *SJW Levels of Awareness* would usurp the market of progressive commentaries such as *We Thought She Would Win* because "Benjamin's target audience (generally political conservatives and libertarians) is obviously not the same as Hughes's target audience (generally political liberals)."); *Hosseinzadeh v. Klein*, 276 F. Supp. 3d 34, 41-43 (S.D.N.Y. 2017) (granting summary judgment for defendant Klein on plaintiff's copyright infringement claim, holding that critical commentary on a creative video posted on YouTube constituted a fair use where Kleins' criticism and commentary was interwoven with clips from the Hoss video).

<sup>54</sup>See *Miller UK Ltd. v. Caterpillar Inc.*, No. 10-cv-03770, 2015 WL 6407223, at \*7-8 (N.D. Ill. Oct. 21, 2015) (granting summary judgment on Caterpillar's counterclaim for copyright infringement).

<sup>55</sup>See, e.g., *In re DMCA Subpoena to Reddit, Inc.*, 441 F. Supp. 3d 875, 884-87 (N.D. Cal. 2020) (holding that the use of a chart and advertisement by an anonymous poster on the Jehovah's Witness forum on Reddit, for the purpose of discussing donations to Jehovah's Witnesses, was a fair use, and quashing a DMCA subpoena seeking disclosure of the poster's

engineering computer software.<sup>56</sup>

identity).

<sup>56</sup>Disassembly of object code was held to be a fair use in *Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992) because (a) disassembly was necessary to analyze those aspects of the program that were unprotectable, and (b) Accolade had a legitimate interest in analyzing the program (to determine how to make its cartridges compatible with the Sega Genesis console). By contrast, disassembly was held not to be a fair use in *Atari Games Corp. v. Nintendo of America Inc.*, 975 F.2d 832, 834 (Fed. Cir. 1992), although the court noted in *dicta* that disassembly may be fair use when the nature of the work makes such copying necessary to understand the unprotectable ideas and processes inherent in the program, and the reproduction is limited in scope and does not involve commercial exploitation of the protected aspects of the work. Subsequently, in *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F.3d 596 (9th Cir.), *cert. denied*, 531 U.S. 871 (2000), the Ninth Circuit approved of disassembly of object code software for the purpose of creating simulated source code to allow the defendant to write an emulator program to be used to run plaintiff's protected video games—which are designed for proprietary PlayStation hardware—on Apple's operating systems. The Ninth Circuit ruled in favor of the defendant even though the process required the creation of multiple unauthorized temporary copies of plaintiff's work. *See Connectix Corp.*, 203 F.3d at 601. The panel elaborated that intermediate copying of software may be found to be a fair use where it is necessary to gain access to unprotectable, functional elements of the software itself. *See id.* at 603. The court clarified, however, that for purposes of evaluating whether intermediate copying of software is a fair use *necessity* means “the necessity of the method, i.e., disassembly, *not the necessity of the number of times that method was applied.*” *Id.* at 605 (emphasis in original). In so ruling, the Ninth Circuit rejected plaintiff's argument that repeated intermediate copying could be found infringing in circumstances where limited intermediate copying would amount to fair use. Such a rule, the panel wrote, would force engineers in many cases to select the least efficient solution simply to avoid liability, which would involve “the kind of ‘wasted effort that the proscription against the copyright of ideas and facts . . . [is] designed to prevent.’” *Id.*, quoting *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 354 (1991).

Not all intermediate copying necessarily is a fair use. *See, e.g., DSMC Inc. v. Convera Corp.*, 479 F. Supp. 2d 68, 83 (D.D.C. 2007) (denying defendant's summary judgment motion on the issue of fair use intermediate copying where the defendant was a competitor undertaking intermediate copying of the plaintiff-software developer's database schema to write scripts to migrate data to his competing, replacement program); *Fox Broadcasting Co. v. Dish Network LLC*, 905 F. Supp. 2d 1088, 1102–06 (C.D. Cal. 2012) (holding that intermediate copies of television programs made by Dish to allow use of an advertisement-skipping technology was not a fair use), *aff'd on other grounds*, 747 F.3d 1060 (9th Cir. 2014) (affirming the district court's finding that the plaintiff had not shown irreparable injury without reaching the issue of liability for intermediate copies); *see also Fox Broadcasting Co. v. Dish Network LLC*, 160 F. Supp. 3d 1139, 1174–76 (C.D. Cal. 2015) (granting partial summary judgment in

On the other hand, repackaging in a CD-ROM and selling shareware software that was available free of charge over the Internet (subject to a unilateral license providing that it could not be commercially distributed),<sup>57</sup> making intermediate copies of television programs to allow subscribers to use an advertisement-skipping technology to replay the transmissions without commercial interruption,<sup>58</sup> streaming family-friendly versions of motion pictures that omitted strong language,<sup>59</sup> copying news programs to create a searchable index to allow paying subscribers to obtain relevant clips (in competition with the copyright owner),<sup>60</sup> publishing previously

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favor of FOX based on the court's finding that Dish's practice of making QA copies to determine where in a given transmission advertisements appeared did not constitute a fair use).

For further discussion of reverse engineering as fair use, see William S. Coats & Heather D. Rafter, *The Games People Play: Sega v. Accolade and the Right to Reverse Engineer Software*, 15 *Hastings Comm. & Ent. L.J.* 557 (1993).

<sup>57</sup>*Storm Impact, Inc. v. Software of the Month Club*, 13 F. Supp. 2d 782 (N.D. Ill. 1998).

<sup>58</sup>*Fox Broadcasting Co. v. Dish Network LLC*, 905 F. Supp. 2d 1088, 1102–06 (C.D. Cal. 2012), *aff'd on other grounds*, 747 F.3d 1060 (9th Cir. 2014) (affirming the district court's finding that the plaintiff had not shown irreparable injury without reaching the issue of liability for intermediate copies); see also *Fox Broadcasting Co. v. Dish Network LLC*, 160 F. Supp. 3d 1139, 1174–76 (C.D. Cal. 2015) (granting partial summary judgment in favor of FOX based on the court's finding that Dish's practice of making QA copies to determine where in a given transmission advertisements appeared did not constitute a fair use).

<sup>59</sup>*Disney Enterprises, Inc. v. VidAngel, Inc.*, 869 F.3d 848, 860–62 (9th Cir. 2017). The Ninth Circuit affirmed the lower court's entry of a preliminary injunction, finding that deleting words for family-oriented and religious viewers was not transformative because it did not change the expression, meaning or message of the motion pictures. The court also rejected VidAngel's argument that its service actually benefitted the plaintiffs because it purchased DVD copies of the movies and expanded the audience for the copyrighted works to viewers who would not have watched their works without filtering. The appellate panel concluded that it was not clearly erroneous for the district court to reject this argument, holding instead that VidAngel's service was "an effective substitute" for plaintiffs' unfiltered works because surveys suggested that 49% of VidAngel customers would have watched the movies without filters. *Id.* at 861; see also *Disney Enterprises, Inc. v. VidAngel, Inc.*, 371 F. Supp. 3d 708, 719–22 (C.D. Cal. 2019) (rejecting VidAngel's fair use defense and granting summary judgment for plaintiffs); see generally *supra* § 4.04[6] (discussing the company's business in the context of its unsuccessful Family Movie Act defense).

<sup>60</sup>See *Fox News Network, LLC v. TVEyes, Inc.*, 883 F.3d 169 (2d Cir.

## unpublished wedding pictures of a celebrity in a celebrity

2018) (holding that TVEyes' copying of Fox News' broadcast content for indexing and clipping services to its subscribers, while transformative, was not a fair use because it adversely impacted FOX's market for selling clips from its news programming). In *TVEyes*, the defendant recorded all television and radio broadcasts for more than 1,400 stations, 24 hours a day, every day, and transformed this material (by copying the closed captioned text that accompanied television content and using speech-to-text software) into a searchable database for its paying subscribers, which included the White House, more than 100 members of Congress and ABC Television, among others (but only businesses, not consumers), who could watch clips of up to ten minutes in length. Using this service, subscribers could search the content using keywords, which would then display thumbnail images of the videos and would play snippets (which began playing 14 seconds prior to the place where the keyword appeared) and display transactional data, including: the title of the program; the precise date and time of the clip; a transcript of the video; the name and location of the channel; market viewership of the clip according to the Nielsen Ratings data; the publicity value of the clip according to data from the television research company, SQAD; and a web address to the website for the channel that features the program or for the program itself if such a web address existed. *See Fox News Network, LLC v. TVEyes, Inc.*, 124 F. Supp. 3d 325 (S.D.N.Y. 2015), *aff'd in part, rev'd in part*, 883 F.3d 169 (2d Cir. 2018); *Fox News Network, LLC v. TVEyes, Inc.*, 43 F. Supp. 3d 379 (S.D.N.Y. 2014). The district court had deemed fair uses the functions enabling clients of TVEyes to search for videos using keyword search terms, to watch the resulting videos, and to archive the videos on the TVEyes servers; but had held that certain other functions were not a fair use, such as those enabling TVEyes's clients to download videos to their computers, to email videos to others, or to watch videos after searching for them by date, time, and channel (rather than by keyword). On appeal, Fox did not challenge the lower court's holding that the creation of the text-searchable database was a fair use but alleged infringement based on redistribution of audio-visual content.

The Second Circuit held that TVEyes's copying and redistribution of Fox content was not a fair use, based primarily on the fourth fair use factor—the impact on the potential market for or value of the copyrighted work. Specifically, it held that TVEyes's Watch function (which also enabled clients to archive, download and email clips, as well as to view clips after conducting a date/time search) was not a fair use and should be enjoined. *See* 883 F.3d at 181-82. The panel concluded that “TVEyes's redistribution of Fox's audiovisual content serves a transformative purpose in that it enables TVEyes's clients to isolate from the vast corpus of Fox's content the material that is responsive to their interests, and to access that material in a convenient manner. But because that re-distribution makes available virtually all of Fox's copyrighted audiovisual content—including all of the Fox content that TVEyes's clients wish to see and hear—and because it deprives Fox of revenue that properly belongs to the copyright holder, TVEyes has failed to show that the product it offers to its clients can be justified as a fair use.” *Id.* at 174.

gossip magazine,<sup>61</sup> copying celebrity photographs on a wedding dress store's online blog,<sup>62</sup> uploading to and downloading files from a storage locker located in the Cloud incident to the resale of digital music (as opposed to personal use),<sup>63</sup> publishing on Twitter a 55-second political campaign video that included an unlicensed 40-second excerpt of a song,<sup>64</sup> and automatically scraping news stories to include 300 character and 140 character excerpts in a subscription report service<sup>65</sup> have been held not to constitute a fair use. Needless

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With respect to the first factor, the court found the service “at least somewhat transformative.” *Id.* at 178. The panel concluded that the second factor was neutral, while the third factor—the amount and substantiality of the portion taken—strongly favored Fox because TVEyes’s clients were able to “see and hear virtually all of the Fox programming . . . .” *Id.* at 181. Of greatest significance, the court found that that, with respect to the fourth factor, TVEyes “usurped a function for which Fox is entitled to demand compensation under a licensing agreement.” *Id.*

<sup>61</sup>*Monge v. Maya Magazines, Inc.*, 688 F.3d 1164 (9th Cir. 2012).

<sup>62</sup>*See FameFlynet, Inc. v. Jasmine Enterprises, Inc.*, 344 F. Supp. 3d 906, 911-15 (N.D. Ill. 2018).

<sup>63</sup>*Capitol Records, LLC v. ReDigi, Inc.*, 910 F.3d 649, 660–63 (2d Cir. 2018), *cert. denied*, 139 S. Ct. 2760 (2019). In *ReDigi*, the defendant created a secondary market for the resale of digital music. The defendant’s Media Manager software, when downloaded by a user, automatically identified legitimate copies of sound recordings purchased from iTunes (or other ReDigi users), which could then be uploaded to ReDigi’s “Cloud Locker,” at which point they would be deleted from the user’s hard drive so that no more than one copy of the work existed at any one time. A user’s music file could be sold to other ReDigi users, at which point the seller’s access to the file would be terminated and transferred to the purchaser, who could store it in the Cloud Locker, stream it, resell it or download it to his or her computer or other device.

<sup>64</sup>*See Grant v. Trump*, \_\_\_ F. Supp. 3d \_\_\_, 2021 WL 4435443 (S.D.N.Y. 2021) (denying former President Trump’s motion to dismiss plaintiff’s copyright infringement suit arising out of Trump’s publication on Twitter of a 55 second video cartoon supporting his unsuccessful reelection effort, which included an unlicensed 40 second excerpt of plaintiff’s song, “Electric Avenue,” which the court characterized as a political satire, not a parody of Grant or his song; “The creator of the video here made a wholesale copy of a substantial portion of Grant’s music in order to make the animation more entertaining. The video did not parody the music or transform it in any way. The video’s overarching political purpose does not automatically make this use transformative, and the other fair use factors also favor the plaintiffs at this stage.”).

<sup>65</sup>*Associated Press v. Meltwater U.S. Holdings, Inc.*, 931 F. Supp. 2d 562, 550–61 (S.D.N.Y. 2013). In *Meltwater*, the court held that the use of AP articles in Meltwater’s news summaries was not transformative and that the summaries were substitutes for the genuine works, with subscrib-



to say, simply using a copy to save the cost of buying additional software licenses<sup>66</sup> or downloading songs without paying for them ostensibly on a try-before-you-buy basis<sup>67</sup> have also been found not to be a fair use.

The fair use doctrine “has been called the most troublesome in the whole law of copyright.”<sup>68</sup>

The statutory criteria codified by Congress in the 1970s do not always translate exactly to cyberspace, especially the first time a new use is considered. Among other things, there are many acts of copying that occur in cyberspace because of TCP/IP protocols (such as caching and routing)<sup>69</sup> or other information dissemination practices that may occur as the result of third-party conduct that may be virtually impossible to monitor or control (such as acts of infringement by individual subscribers of large, legitimate ISPs or people who anonymously post material to interactive areas of corporate websites)<sup>70</sup> that many people in the Internet community believe constitute—or should constitute—fair use.<sup>71</sup> While there may be strong policy arguments why particular

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ers clicking through to the AP articles only 0.08% of the time. The amount and substantiality of the portion taken also weighed against a finding of fair use because Meltwater’s scraping tool automatically took the lede from every AP story which, depending on the length of the article, amounted to between 4.5% and 61% of a genuine work. The court rejected Meltwater’s analogy of its service to the search engines at issue in *Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th Cir. 2003) and *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1163–67 (9th Cir. 2007) because, among other things, Meltwater’s searches were not publicly available and were run against only a defined list of content providers.

<sup>66</sup>See *Wall Data Inc. v. Los Angeles County Sheriff’s Dept.*, 447 F.3d 769, 778–82 (9th Cir. 2006).

<sup>67</sup>See *BMG Music v. Gonzalez*, 430 F.3d 888, 889–91 (7th Cir. 2005), cert. denied, 547 U.S. 1130 (2006). Judge Easterbrook, on behalf of the panel, ridiculed Gonzalez’s argument that she only copied 30 files as “no more relevant than a thief’s contention that he shoplifted ‘only 30’ compact disks, planning to listen to them at home and pay later for any he liked.” 430 F.3d at 891. In any case, the defendant’s argument that she was merely sampling songs for potential purchase was undercut by the fact that none of the 30 songs at issue had either been purchased or deleted from her hard drive.

<sup>68</sup>*Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1170 (9th Cir. 2012), quoting *Dellar v. Samuel Goldwyn, Inc.*, 104 F.2d 661, 662 (2d Cir. 1939).

<sup>69</sup>See *supra* §§ 1.04, 4.03.

<sup>70</sup>See *infra* §§ 4.11, 4.12, chapters 48 to 50.

<sup>71</sup>Congress has established liability limitations that may apply to some of these acts. See *infra* § 4.12. Fair use in connection with informa-

practices should be considered fair use, the applicability of the defense in a given case generally is determined in litigation. Whether the fair use defense may be asserted successfully also depends in part on who is asserting it.<sup>72</sup>

Because an evaluation of fair use involves a balancing of interests, the issue most often is resolved on motion for summary judgment or at trial.<sup>73</sup> Where fair use determinations may be made based on a side-by-side comparison, however, fair use may be resolved on a motion to dismiss.<sup>74</sup>

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tion distribution systems also is addressed in chapter 9. The potential relevance of Internet time in fair use analysis is addressed below in § 4.10[3].

<sup>72</sup>As illustrated in the Church of Scientology cases analyzed below in § 4.10[4], the same act of copying may lead to liability for some defendants, while others may be exonerated under the fair use defense. For example, if an infringing film clip is posted on a website by its owner, the owner may be held liable for copyright infringement while the companies hosting the site or providing Internet access to it might avoid liability under the fair use defense, depending on the particular facts of the case.

<sup>73</sup>Fair use is a mixed question of law and fact. The determination ultimately is a legal one, but to render the issue of law there may be “subsidiary factual questions”—such as whether there was harm to the actual or potential markets for the copyrighted work or how much of the copyrighted work—that must be addressed, depending on the facts of a given case. See *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1199–1200 (2021).

<sup>74</sup>See, e.g., *Brown v. Netflix, Inc.*, 855 F. App’x 61 (2d Cir. 2021) (affirming dismissal of plaintiff’s copyright infringement claims where Netflix used 8 seconds of plaintiff’s song as part of a documentary film’s commentary on burlesque art and its resurgence in Portland); *Marano v. Metropolitan Museum of Art*, 844 F. App’x 436 (2d Cir. 2021) (affirming dismissal of plaintiff’s Complaint alleging that the Met infringed his copyright in a 1982 photograph of Eddie Van Halen playing his “Frankenstein” guitar by including the photograph in an exhibition of rock n’ roll instruments on the Met’s website); *Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687, 690–94 (7th Cir. 2012) (affirming dismissal of a suit where the issue of whether an episode of South Park constituted a fair use parody of the viral Internet video “What What (In The Butt)” could be determined by a side-by-side comparison of the two videos); see also *Lombardo v. Dr. Seuss Enterprises, L.P.*, 729 F. App’x 121 (2d Cir. 2018) (affirming judgment on the pleadings for the plaintiff, who was held entitled to a declaratory judgment that his play did not infringe the defendant’s work because it was a fair use parody).

In most cases, however, “[b]ecause fair use is a fact-intensive inquiry, it is rarely appropriate for a court to make a determination of fair use at the motion to dismiss stage.” *Grant v. Trump*, — F. Supp. 3d —, 2021 WL 4435443, at \*3 (S.D.N.Y. 2021) (denying former President Trump’s motion to dismiss a copyright infringement suit arising out of his

Although fair use is merely a defense, rather than an affirmative right, and may be difficult to gauge in some cases except through litigation, some users have sought to assert fair use affirmatively in declaratory judgment actions<sup>75</sup> or suits for damages based on the Digital Millennium Copyright Act<sup>76</sup> or state law,<sup>77</sup> where copyright owners have submitted notifications under the DMCA or otherwise alleged infringement involving material or activity that the users contend amount to fair use. Courts have also affirmatively held that copyright owners must consider fair use in certifying their good faith belief that a given use is unauthorized, in a DMCA notification (asking that a service provider disable access to or remove user-submitted content).<sup>78</sup>

A list of reasonably current fair use opinions collected from Pacer is maintained by the U.S. Copyright Office in its

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publication on Twitter of a 55 second video cartoon supporting his unsuccessful reelection effort, which included an unlicensed 40 second excerpt of plaintiff's song, "Electric Avenue").

<sup>75</sup>Suits by users seeking a declaration that a given use is fair may be difficult to maintain as declaratory judgment actions where the copyright owner denies that it intends to sue the user for copyright infringement. See, e.g., *Brave New Films 501(C)(4) v. Weiner*, 91 U.S.P.Q.2d 1262, 2009 WL 1622385 (N.D. Cal. June 10, 2009). Users ultimately may have difficulty obtaining a judicial determination that a use is fair absent a real threat of litigation. It may also be difficult to bring a declaratory judgment action except with respect to particular uses of specific works, given that fair use determinations are often fact-specific and cannot be made in the abstract. Cf. *Windstream Services, LLC v. BMG Rights Management (US) LLC*, 16 Civ. 5015 (KMW) (RLE), 2017 WL 1386357 (S.D.N.Y. Apr. 17, 2017) (dismissing Windstream's suit for a declaratory judgment that Windstream was entitled to the safe harbors created by sections 512(a) and 512(c), for lack of subject matter jurisdiction), *appeal dismissed*, Docket No. 17-1515, 2017 WL 5329346 (2d Cir. Sept. 25, 2017); *Veoh Networks, Inc. v. UMG Recordings, Inc.*, 522 F. Supp. 2d 1265 (S.D. Cal. 2007) (dismissing a declaratory relief action brought by a user generated content site, where the plaintiff sought a declaration of its compliance with the Digital Millennium Copyright Act in general, rather than with respect to specific copyrighted works).

<sup>76</sup>See 17 U.S.C.A. § 512(f); see generally *infra* § 4.12[9][D] (damages and attorneys' fees for misrepresentation in DMCA notices).

<sup>77</sup>See *infra* § 4.12[9][F].

<sup>78</sup>See, e.g., *Lenz v. Universal Music Corp.*, 815 F.3d 1145 (9th Cir. 2016); see generally *infra* § 4.12[9] (analyzing DMCA notifications and counter notifications).

Fair Use Index.<sup>79</sup>

**4.10[2] Case Study: Grappling with Technology**  
***American Geophysical Union v. Texaco, Inc.***

In a controversial decision, the Second Circuit held in 1994 in *American Geophysical Union v. Texaco, Inc.*,<sup>1</sup> that a scientist's practice of photocopying individual scientific articles that he kept in personal files in his office as a matter of convenience (to save the time it otherwise would have taken to retrieve the articles in journals maintained in Texaco's library) did not constitute fair use in view of the predominantly archival (rather than research-oriented) purpose of the copying, and because of the harm this practice caused to the publisher's market for licensing photocopying. The majority wrote that the scientist's copying "served, at most, to facilitate [his] research, which in turn might have led to the development of new products and technology that could have improved Texaco's commercial performance."<sup>2</sup>

The 1994 *Texaco* opinion could be explained in part because the economic consequences to plaintiffs in that case were more direct than in a typical case where a research scientist photocopies a few articles from a library for his own personal use. Although, by stipulation, the court ruled on the practices of only one Texaco scientist, who was selected at random, the *Texaco* suit actually was brought by a number of research publications which collectively offered a special license that would have allowed research facilities to make additional copies of articles from participating journals. Plaintiffs therefore arguably lost license fees that otherwise might have been earned.<sup>3</sup>

Read more broadly the *Texaco* opinion seemed to many to narrow the scope of the fair use defense. For this reason, in

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<sup>79</sup>See <https://www.copyright.gov/fair-use/fair-index.html>.

**[Section 4.10[2]]**

<sup>1</sup>*American Geophysical Union v. Texaco Inc.*, 37 F.3d 881 (2d Cir. 1994). The opinion subsequently was modified in *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913 (2d Cir.), *cert. dismissed*, 516 U.S. 1005 (1995).

<sup>2</sup>*American Geophysical Union v. Texaco Inc.*, 37 F.3d 881, 889 (2d Cir. 1994), *modified*, 60 F.3d 913 (2d Cir.), *cert. dismissed*, 516 U.S. 1005 (1995).

<sup>3</sup>See Ian C. Ballon, "Determining Fair Use in Cyberspace," L.A. Daily Journal, Sept. 6, 1995, at 7.

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Ian Ballon is Co-Chair of Greenberg Traurig LLP's Global Intellectual Property and Technology Practice Group and is a litigator in the firm's Silicon Valley Los Angeles and Washington, DC offices. He defends data privacy, cybersecurity breach, AdTech, TCPA, and other Internet and mobile class action suits and litigates copyright, trademark, patent, trade secret, right of publicity, database, AI and other intellectual property cases, including disputes involving safe harbors and exemptions, platform liability and fair use.



Mr. Ballon was the recipient of the 2010 Vanguard Award from the State Bar of California's Intellectual Property Law Section. He also has been recognized by *The Los Angeles and San Francisco Daily Journal* as one of the Top Intellectual Property litigators in every year the list has been published (2009-2021), Top Cybersecurity and Artificial Intelligence (AI) lawyers, and Top 100 lawyers in California.

Mr. Ballon was named a "Groundbreaker" by *The Recorder* at its 2017 Bay Area Litigation Departments of the Year awards ceremony and was selected as an "Intellectual Property Trailblazer" by the *National Law Journal*.

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