

How the Fair Use Doctrine Is an Integral Part of the Copyright Act: The Ninth Circuit’s Examination of the Factors for Meritorious Fair Use in *SOFA Entertainment, Inc. v. Dodger Productions, Inc.*

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I. INTRODUCTION

The case at hand arose from the use of a vintage television clip (clip) from *The Ed Sullivan Show*. The clip was featured in the musical theater production of *Jersey Boys*,¹ a historical dramatization about the band the Four Seasons.² It depicted seven seconds of Ed Sullivan’s introduction of the Four Seasons’ performance on his show.³ The clip was included at the end of the musical’s first act and was intended to show an important historical moment in the band’s career.⁴ Andrew Solt, the founder of SOFA Entertainment, Inc. (SOFA), attended a performance of *Jersey Boys* where he noticed the use of the seven-second clip and determined that it was used without permission or a license from the copyright holder.⁵ SOFA was the holder of the copyright to *The Ed Sullivan Show* and subsequently brought an action against Dodger Productions, Inc., and Dodger Theatricals, Ltd. (collectively Dodger), the producers of *Jersey Boys*, alleging copyright infringement.⁶ The United States District Court for the Central District of California granted summary judgment to Dodger based on fair use and awarded attorneys’ fees and costs.⁷

The noted case illustrates the importance of the fair use doctrine within the Copyright Act.⁸ The United States Court of Appeals for the Ninth Circuit *held* that (1) the use of the clip for its biographical

1. SOFA Entm’t, Inc. v. Dodger Prods., Inc., 709 F.3d 1273, 1276 (9th Cir. 2013).
2. *Id.*
3. *Id.*
4. *Id.*
5. *Id.* at 1277.
6. *Id.*
7. *Id.*
8. *See id.* at 1280.

significance was transformative without “usurping whatever demand” there was for the original clip, resulting in Dodger’s fair use, and (2) the attorneys’ fee award was warranted because it served the policies of the Copyright Act. *SOFA Entertainment, Inc. v. Dodger Productions, Inc.*, 709 F.3d 1273, 1276 (9th Cir. 2013).

II. BACKGROUND

The “ultimate aim” of the Copyright Act is “to stimulate artistic creativity for the general public good.”⁹ In order to help achieve this main purpose, the Copyright Act provides that a copyright holder receives “a monopoly limited to specified ‘exclusive’ rights in his copyrighted works.”¹⁰ These exclusive rights are designed to “secure a fair return for an ‘author’s’ creative labor.”¹¹ A copyright holder’s exclusive rights are limited, however, because “some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright’s very purpose.”¹² Limiting the exclusive rights of copyright holders to allow the fair use of copyrighted materials relieves some of the “inherent tension in the need simultaneously to protect copyrighted material and to allow others to build upon it.”¹³ Historically, the need to do this “was recognized by the American courts,” and “fair use remained exclusively judge-made doctrine until the passage of the 1976 Copyright Act.”¹⁴

The Copyright Act provides four factors for determining whether or not the use of a copyrighted work is fair, but “[t]hese factors are not necessarily the exclusive determinants of the fair use inquiry and do not mechanistically resolve fair use issues.”¹⁵ These factors include:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.¹⁶

9. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

10. *Id.* at 154.

11. *Id.* at 156.

12. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 575 (1994).

13. *Id.*

14. *Id.* at 576.

15. *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 588 (1985) (Brennan, J., dissenting).

16. 17 U.S.C. § 107 (2012).

While this determination is decided on a case-by-case basis, the factors “provide substantial guidance to courts undertaking the proper fact-specific inquiry.”¹⁷

With regard to the first factor, the fact that the use of a copyrighted work is of a commercial nature does not automatically create the presumption that it is an unfair use.¹⁸ In *Campbell v. Acuff-Rose Music, Inc.*, the United States Supreme Court held that a parody of a copyrighted song could not be presumed an unfair use simply because the parody was commercial in nature.¹⁹ The Court interpreted the fair use factors as including the commerciality enquiry as “only one element of the first factor enquiry into [the infringing work’s] purpose and character.”²⁰ Furthermore, the Court reasoned that the presumption of unfair use based on a work’s commercial nature would be contradictory to Congress’s intention to “preserve the breadth of their traditionally ample view of the universe of relevant evidence.”²¹ Instead, Congress “resisted attempts to narrow” the scope of the traditional enquiry into fair use.²²

The use of copyrighted video clips in biographies is considered fair use if the clips are used as mere “historical reference points” because that particular use is “transformative.”²³ In *Elvis Presley Enterprises, Inc. v. Passport Video*, the Ninth Circuit determined that a documentary producer’s use of copyrighted video footage of a famous musician’s television appearances did not constitute fair use.²⁴ The use of the video footage was not “transformative,” and therefore not a fair use, because the clips were not used “for purposes distinct from the purpose of the original material.”²⁵ The Ninth Circuit reasoned that the purpose of the clips “likely [went] beyond merely making a reference for a biography, but instead serve[d] the same intrinsic entertainment value that is protected by Plaintiffs’ copyrights.”²⁶

The third factor that affects the determination of fair use is the proportion of the copyrightable work that is used, compared to the proportion of the work that is necessary to serve the user’s purpose.²⁷ In

17. *Harper & Row*, 471 U.S. at 588 (Brennan, J., dissenting).

18. *See Campbell*, 510 U.S. at 584.

19. *Id.* at 594.

20. *Id.* at 584.

21. *Id.*

22. *Id.*

23. *Elvis Presley Enters., Inc. v. Passport Video*, 349 F.3d 622, 629 (9th Cir. 2003).

24. *Id.* at 624.

25. *Id.* at 629.

26. *Id.*

27. *See Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1178-79 (9th Cir. 2012).

Monge v. Maya Magazines, Inc., the Ninth Circuit determined that a magazine publisher's use of copyrighted wedding photographs did not constitute fair use because the proportion of copyrighted work used far exceeded what was necessary to serve the user's reporting purpose.²⁸ The Ninth Circuit reasoned that because the publisher's reporting purpose could have been served by only using one photograph instead of six, the quantitative and qualitative aspects of the published material weighed against fair use.²⁹

Moreover, while a plaintiff may think of them as qualitatively significant, an individual's name and likeness are not copyrightable works because they are not "work[s] of authorship" as defined under the Copyright Act.³⁰ In *Downing v. Abercrombie & Fitch*, the Ninth Circuit held that the names and likenesses of a group of surfers were not copyrightable even though they were "embodied in a copyrightable photograph."³¹ Furthermore, the Ninth Circuit commented in that case on the existence of a related concept in the Copyright Act, which provides that the "copyright in derivative works extends only to the material contributed by the author as distinguished from preexisting material employed in the work."³²

The fourth factor, the effect on the market for or potential value of a copyrighted work, is "undoubtedly the single most important element of fair use."³³ If the holder of a copyright can establish "with reasonable probability the existence of a causal connection between the infringement and a loss of revenue, the burden properly shifts to the infringer to show that this damage would have occurred had there been no taking of copyrighted expression."³⁴ In *Harper & Row Publishers, Inc. v. Nation Enterprises*, the Supreme Court held that a magazine's unauthorized publication of verbatim quotes from President Ford's unpublished memoirs did not constitute fair use because "it directly competed for a share of the market for republication excerpts."³⁵ The Court further reasoned, "[A] fair use doctrine that permits extensive prepublication quotations from an unreleased manuscript without the copyright owner's

28. *Id.*

29. *Id.*

30. *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1004 (9th Cir. 2001).

31. *Id.* at 1003-05.

32. *Id.* at 1004-05.

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

34. *Id.* at 567.

35. *Id.* at 568.

consent poses substantial potential for damage to the marketability of first serialization rights in general.”³⁶

Finally, the Copyright Act also allows for the recovery of costs and attorney’s fees.³⁷ The Copyright Act provides, “[T]he court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof.”³⁸ In addition, the prevailing party may also be awarded a reasonable attorney’s fee.³⁹

In determining the recovery of attorney’s fees, “[p]revailing plaintiffs and prevailing defendants are to be treated alike, but attorney’s fees are to be awarded to prevailing parties only as a matter of the court’s discretion.”⁴⁰ In *Fogerty v. Fantasy, Inc.*, the Supreme Court held that “defendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement,” and therefore they should be treated the same way.⁴¹ The Court reasoned that copyright law is intended to serve the “purpose of enriching the general public through access to creative works” and that it is important that the “boundaries of copyright law be demarcated as clearly as possible.”⁴²

In determining attorney’s fees under the Copyright Act, the most important factor to consider is whether or not the “award will further the purposes of the Act.”⁴³ In *Mattel, Inc. v. MGA Entertainment, Inc.*, the Ninth Circuit held that the district court had properly awarded attorney’s fees to the defendants, MGA Entertainment, Inc. (MGA), under the Copyright Act after MGA prevailed on a copyright infringement claim.⁴⁴ The Ninth Circuit affirmed the decision of the United States District Court for the Central District of California, reasoning that the district court did not abuse its discretion in awarding fees based on the belief that MGA helped to promote competition between the manufacturers of “trendy fashion dolls,” because a failure to defend against Mattel’s claims could have led to copyright litigation intended to reduce competition.⁴⁵

36. *Id.* at 569.

37. 17 U.S.C. § 505 (2012).

38. *Id.*

39. *Id.*

40. *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 534 (1994).

41. *Id.* at 527.

42. *Id.*

43. *Mattel, Inc. v. MGA Entm’t, Inc.*, 705 F.3d 1108, 1111 (9th Cir. 2013).

44. *Id.*

45. *Id.*

III. COURT'S DECISION

In the noted case, the Ninth Circuit illustrated the importance of the fair use doctrine, the significance of the various factors that determine fair use, and the policy reasons for awarding attorney's fees under the Copyright Act.⁴⁶ Judge Trott, in writing the opinion for the majority, discussed and applied the four factors for determining fair use under the Copyright Act, holding that Dodger's use of SOFA's copyrighted television clip was fair use.⁴⁷ On the question of the granting of attorney's fees, the majority opinion held the award of attorney's fees to Dodger to be justified.⁴⁸

Beginning its analysis of the four fair use factors provided by the Copyright Act, the court discussed the first factor, determining the purpose and character of the use of the copyrighted work.⁴⁹ The court held that the purpose and character of Dodger's use of the seven-second clip in their musical was "transformative" because it added something new to the existing work by using it as a "biographical anchor."⁵⁰ The court also rejected SOFA's argument that the clip was "used for its own entertainment value" as not being supported by the record, and said that because the clip was transformative, its commercial use was of little significance.⁵¹ Thus, the court held that the first factor of fair use strongly favored Dodger.⁵²

The court then applied the next factor for fair use by determining that the nature of the copyrighted work was to convey mainly factual information, which favors a determination of its fair use by Dodger.⁵³ The court described how creative works are "closer to the core" of what copyright intends to protect and determined that SOFA's copyrighted television clip was not a creative work because it mainly conveyed factual information.⁵⁴ Thus, the court held that the second factor favored Dodger.⁵⁵

The court then applied the third factor of fair use, which concerns the amount and substantiality of the portion of the clip used in the

46. SOFA Entm't, Inc. v. Dodger Prods., Inc., 709 F.3d 1273, 1280-81 (9th Cir. 2013).

47. *Id.* at 1280.

48. *Id.* at 1280-81.

49. *Id.* at 1278.

50. *Id.*

51. *Id.* at 1278-79.

52. *Id.* at 1279.

53. *Id.*

54. *Id.*

55. *Id.*

musical.⁵⁶ The court reasoned that Dodger's use was quantitatively and qualitatively insignificant.⁵⁷ The court based this determination on the fact that Dodger only used a seven-second clip, which was an insignificant segment of the overall episode.⁵⁸ Furthermore, the court explained that no copyright was available for Ed Sullivan's persona or charisma, which fall outside the scope of the law.⁵⁹ The court also rejected SOFA's interpretation of the phrase "distinctive expression" and commented that this interpretation falsely gave the impression that Ed Sullivan's "trademark gesticulation and style" are copyrightable when they are not because valid copyrights must be "fixed in a tangible medium of expression" and cannot be attached to "underlying ideas or facts."⁶⁰ Thus, the court held that the third factor favored Dodger.⁶¹

In carrying out the fourth factor's enquiry into the market effect of the allegedly infringing use, the court held that Dodger's use of the clip caused no reasonable threat to SOFA's business model.⁶² The court explained that Dodger's use was not a substitute for SOFA's original use and did not deprive the copyright holder of a derivative use.⁶³ Thus, the fourth factor favored Dodger.⁶⁴ Therefore, with all the factors in favor of Dodger's use of the television clip, the court held that use to be fair use.⁶⁵

Finally, the court determined that the district court's award of attorney's fees to Dodger was justified.⁶⁶ The court explained that the policy of awarding attorney's fees is to advance the purpose of the Copyright Act.⁶⁷ The court also reasoned that SOFA should have known their claim had little chance of success given their experience as plaintiffs in a prior copyright infringement action.⁶⁸ The court then explained that a fee award encourages defendants to litigate meritorious fair use claims, which serves the purposes of the Copyright Act.⁶⁹ Thus, the court concluded that the district court was justified in awarding attorney's fees to Dodger.⁷⁰

56. *Id.*

57. *Id.*

58. *Id.*

59. *Id.*

60. *Id.*

61. *Id.*

62. *Id.* at 1280.

63. *Id.*

64. *Id.*

65. *Id.*

66. *Id.* at 1280-81.

67. *Id.* at 1280.

68. *Id.*

69. *Id.*

70. *Id.* at 1280-81.

IV. ANALYSIS

The Ninth Circuit presented the policy concerns and goals of the Copyright Act in a concise manner and arrived at the correct conclusion based on the facts. As Judge Trott pointed out, there are serious concerns about copyright holders having the ability “to stamp out the very creativity that” the Copyright Act is intended to encourage, which ultimately justifies a lenient system of fair use.⁷¹ SOFA’s infringement claim against Dodger was unreasonable, and such frivolous infringement claims evoke the image of the “overzealous monopolist” who seeks to discourage creativity.⁷²

Due to the weak basis for the infringement claim, the noted case did not have a fact pattern that would illustrate the complexity and difficulty that can be involved in determining whether or not a given use is fair. For this reason, it seems that the Ninth Circuit did not feel the need to go into an extraordinary amount of detail about various nuances of the fair use doctrine. Still, the Ninth Circuit should have included more distinguishing cases, particularly in regards to the nature of the copyrighted work and the market effect of the allegedly infringing use. Increasing the level of detail would have further illustrated the irrational nature of SOFA’s infringement claim, but the court missed the opportunity to deter future lawsuits based on similar fact patterns.

Given the general consensus that the market effect is the most important element in determining fair use, the Ninth Circuit should have delved further into the theory behind this factor. While the facts of the noted case did not make the analysis of the market effect factor complex, the Ninth Circuit should have discussed other possible repercussions of allowing the fair use of such television clips. As the holder of a large library of copyrighted material, SOFA does have a reasonable concern that this decision may open the proverbial floodgates for the use of many more of their copyrighted works. While the use of the clip in the noted case was well within the confines of fair use, there are legitimate concerns for copyright holders that the value of their works could decrease through the expansion of what the courts consider fair use. The Ninth Circuit should have explored the potential ramifications of its decision in greater depth from the perspective of the copyright holders, if only for a more balanced and thorough analysis.

Finally, businesses that own vast libraries of copyrighted material undoubtedly have their concerns about any decision that may lessen the

71. *Id.* at 1278.

72. *Id.*

value of their copyrighted works, but this is not a valid excuse for alleging copyright infringement in view of an obviously meritorious fair use of such works. Unreasonable infringement claims are an unnecessary deterrent to the fostering and development of creativity through fair use. For this reason, the policy of allowing the courts deference in determining the award of attorney's fees and costs is a necessary preventative measure against such baseless claims. Therefore, in the noted case, the Ninth Circuit arrived at the appropriate conclusion by allowing the district court's use of discretion in their decision to award attorney's fees.

Shane Exon*

* © 2013 Shane Exon. J.D. candidate 2015, Tulane University Law School; B.B.A. 2011, Loyola Marymount University. The author would like to thank his friends and family for their support and encouragement. The author would also like to thank all the members of Volume 16 for their hard work and dedication to the Journal.