

INTELLECTUAL PROPERTY LITIGATION

Expert Analysis

Finding and Refining Boundaries in Copyright Law

One hundred years ago, Picasso produced *Bottle of Vieux Marc, Glass, Guitar and Newspaper*, a collage featuring an old newspaper clipping. Six years later, Marcel Duchamp drew a moustache and goatee on a postcard reproduction of the *Mona Lisa*. Critics consider these early examples of appropriation art—works like Andy Warhol's soup cans or silkscreened photographs of Marilyn Monroe that incorporate photographs, images or objects produced by others in a new creation. But when the pre-existing work is copyrighted, may its creator prevent the appropriation or charge for the privilege? In *Cariou v. Prince*, 2013 WL 1760521 (2d Cir. April 25, 2013), a Second Circuit panel recognized generous protection for creators of appropriation art under the copyright doctrine of fair use, largely rejecting a challenge to the work of Richard Prince, a prominent appropriation artist. *Cariou* illustrates the flexibility—and unpredictability—of the fair use defense.

Cariou concerned Prince's Canal Zone series, 30 collages his lawyers

LEWIS R. CLAYTON is a litigation partner at Paul, Weiss, Rifkind, Wharton & Garrison and cochair of the firm's intellectual property litigation group. He can be reached at lclayton@paulweiss.com. DARREN W. JOHNSON, counsel with the firm, assisted in the preparation of this article.

By
Lewis R.
Clayton



described as a “fantastical account of survivors of a nuclear holocaust who create their own society where music is the surviving, if not redeeming, fact of life.” The Canal Zone works incorporated photographs taken by plaintiff Patrick Cariou and collected in a book titled *Yes, Rasta*, published after Cariou had spent six years living and working with Rastafarians in Jamaica.

The *Yes, Rasta* photographs, which Cariou described as “extreme classical photography,” feature carefully posed depictions of Rastafarians posing in pastoral landscapes. Prince used portions of Cariou's portraits and landscapes, sometimes amounting to no more than a headshot, and often enlarged or tinted the photos, obscured portions of the images with painted lozenges or cartoonish appendages and combined them with other appropriated images on canvas Prince painted. The resulting work, the Second Circuit said, are “collages on canvas that incorporate color [Cariou's photos are

black and white], feature distorted human and other forms and settings, and measure between ten and nearly a hundred times the size of the photographs.” (Images of all the works are available online, at an address listed in the Second Circuit opinion.)

Section 107 of the Copyright Act lists four factors used to determine whether a use is fair: “(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.” On summary judgment, the district court rejected Prince's fair use defense, principally because it believed that, for a use to be fair, the infringing work must “in some way comment on, relate to the historical context of or critically refer back to the original works.” Prince's testimony, the trial court found, made clear that the Canal Zone works did none of those things.

Reversing, the Second Circuit found as a matter of law that 25 of the Canal Zone works qualified for a fair use defense and remanded Cariou's claims against the remaining five works for reconsideration by the trial court. A dissenting judge would have remand-

ed all of the works for district court review. The appeals court rejected the district court's view that fair use is limited to works that comment on the original or its author. Instead, the fair use determination is "an open-ended and context-sensitive inquiry," and the "heart" of this analysis—the purpose and character of the use—considers whether the original work is "transformed in the creation of new information, new aesthetics, new insights and understandings...."

The 25 Canal Zone works entitled to the defense presented "an entirely different aesthetic from Cariou's photographs." Cariou's photographs are "serene and deliberately composed portraits and landscape photographs [that] depict the natural beauty of Rastafarians and their surroundings." In contrast, "Prince's crude and jarring works" are "hectic and provocative." The fact that Prince failed in his testimony to explain how his work was transformative was not dispositive—"what is critical is how the work in question appears to the reasonable observer, not simply what an artist might say" about it. Looking at the fourth fair use factor, the effect of the use on the value of the copyrighted work, the Second Circuit found that Prince had not "usurped the market" for Cariou's works.

While Cariou had earned just over \$8,000 in royalties from *Yes, Rasta*, Prince sold eight Canal Zone works for nearly \$10.5 million. And the court found that Prince's work "appeals to an entirely different sort of collector than Cariou's." Here the court pointed to an invitation list for a dinner to celebrate the opening of the Canal Zone show that included famous musicians, actors, artists and athletes, raising the uncomfortable inference that rich and poor artists are in different categories under the copyright law.

The five remanded works presented "closer questions" because they did not "sufficiently differ from" Cariou's works for the Second Circuit "confidently to make a determination

about their transformative nature as a matter of law." Some of those works made only "minimal alterations." In one case, Prince tinted Cariou's photo blue, blurred the background focus, painted over the subject's eyes and mouth and pasted a crude photo of a guitar on the subject's midsection. Second Circuit precedent such as *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992), has rejected fair use where the original work is not significantly changed. Although some critics have pointed out that there is no bright line between the works the majority opinion approved as fair use and those it remanded, it is hard to formulate any sensible test that reliably distinguishes between a work of art that merely borrows and one that is truly "transformative."

The *Cariou* opinion is a crucial victory for proponents of appropriation art and of broad fair use protection—a contrary ruling, tying fair use to comment on the original work, would have created nearly impassible barriers for appropriation artists and stunted the development of the fair use defense. On the other hand, the court's remand appropriately recognizes that, where someone else's work is taken without substantial alteration, the copyright holder likely will share in the profits.

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Copyright

In *Kirtsaeng v. John Wiley & Sons*, 133 S.Ct. 1351 (2013), the Supreme Court held that the "first sale" doctrine codified in Section 109 of the Copyright Act—which permits the owner of a copyrighted item to resell, rent or distribute the item after purchase without getting permission from the copyright owner—applies to copyrighted works lawfully made

outside the United States. The decision resolved a dispute between academic publisher John Wiley and Supap Kirtsaeng, a Cornell student who imported English-language textbooks from Thailand and re-sold them in the United States. Wiley claimed that Kirtsaeng infringed Wiley's exclusive rights of distribution and importation under the Copyright Act.

By a 6-3 margin, the court found that Kirtsaeng's actions were protected by the first sale doctrine, ruling that the doctrine applies to works made outside the country in the same way it does to items made here. The court noted that libraries and museums had complained that, were the court to rule otherwise, they would need to obtain permission before circulating books printed abroad or displaying works created by foreign artists. While the case concerned printed books, its reasoning likely applies equally to other forms of copyrighted expression.

WNET v. Aereo, 2013 WL 1285591 (2d Cir. April 1, 2013), addresses whether the streaming of broadcast television programming to Internet-connected devices constitutes a public performance under the Copyright Act. Aereo uses miniature antennas to transmit broadcast TV signals to its subscribers over the Internet. A group of broadcast networks sought a preliminary injunction barring Aereo's unauthorized transmission of their over-the-air signals. In a split decision, a three-judge panel affirmed the denial of the networks' motion, finding that such transmissions likely are private—not public—because Aereo assigns each of its subscribers an individual antenna.

The majority relied heavily on *Cartoon Network v. CSC Holdings*, 536 F.3d 121 (2d Cir. 2008), which ruled that a remote-storage digital video recorder (RS-DVR) did not implicate the networks' public performance right because each RS-DVR device was designed to make transmissions to only one subscriber. Judge Denny Chin dissented, calling Aereo's service "a Rube Goldberg-like contrivance, over-engineered in an attempt

to avoid the reach of the Copyright Act and to take advantage of a perceived loophole in the law [created by *CSC Holdings*].”

In *Viacom Int'l v. YouTube*, 2013 WL 1689071 (S.D.N.Y. April 18, 2013), after an earlier grant of summary judgment was vacated and the case remanded to the district court, the trial court again granted summary judgment to YouTube and its parent, Google, in their long-running copyright infringement battle with Viacom and other content owners. Viacom sued YouTube in March 2007, alleging that the video-sharing website failed to act when it had knowledge of massive infringement on the site.

The district court originally granted summary judgment in 2010, finding that YouTube and Google were entitled to safe-harbor protection under the Digital Millennium Copyright Act (DMCA). But the Second Circuit vacated and remanded, instructing the district court to determine, inter alia, whether YouTube (i) had knowledge or awareness of any specific infringing videos on its service, (ii) willfully blinded itself to specific infringements, or (iii) had the “right and ability to control” infringing activity within the meaning of §512(c)(1)(B) of the Copyright Act.

On remand, the district court found no evidence that YouTube knew about specific infringements of the video clips at issue in the suit, and “no showing of willful blindness to specific infringements” of those clips. The court also found that YouTube did not have the “right and ability to control” infringing activity on the site, which would cause it to forfeit the DMCA safe harbor, because YouTube did not “influence or participate in the infringement.”

Trademark

A U.S. Patent and Trademark Office panel refused to register the flavor and scent of peppermint as trademarks in *In re Pohl-Boskamp GmbH & Co. KG*, 106 USPQ2d 1042 (TTAB 2013). Pohl-Bos-

kamp applied for the marks in connection with its Nitrolingual Pumpspray, which is used for “acute relief of an attack or prophylaxis of angina pectoris due to coronary artery disease.” The board noted that “[n]othing in the Trademark Act precludes the recognition of either a flavor or a scent as a trademark,” but denied the applications based on functionality and failure to function as a trademark.

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Although peppermint oil is listed as an inactive ingredient in Nitrolingual Pumpspray, the panel found evidence that peppermint oil improves the effectiveness of the spray, and thus concluded that the peppermint flavor serves a functional purpose. The panel also found that the peppermint flavor and scent had not acquired sufficient distinctiveness and that they “are more likely to be perceived merely as attributes of ingestible products than as indicators of source.”

Patent

In *K-Tech Telecommunications v. Time Warner Cable*, 2013 WL 1668960 (Fed. Cir. April 18, 2013), the U.S. Court of Appeals for the Federal Circuit clarified the pleading standard for patent complaints in light of the Supreme Court’s pleading standard decisions in *Bell Atl. v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009).

K-Tech, which owns patents for identifying digital television signals, filed separate patent infringement suits against cable television operators DirecTV and Time Warner Cable. The district court dismissed both complaints for failure to allege sufficient factual detail regarding defendants’ accused product and the manner in which it is infringing K-Tech’s patents, citing the heightened pleading standards articulated in *Twombly* and *Iqbal*.

The Federal Circuit reversed, finding that both complaints are sufficient because they comply with Form 18 of the Federal Rules of Civil Procedure. The court held that, “to the extent any conflict exists between *Twombly* (and its progeny) and the Forms regarding pleading requirements, the Forms control.”

Biosig Instruments v. Nautilus, 2013 WL 1776745 (Fed. Cir. April 26, 2013), concerned the level of specificity required under Section 112 of the Patent Act. The claim at issue involved the spacing between electrodes on a heart rate monitor. The district court held that plaintiff’s claim was invalid for indefiniteness because it did not specify the “spaced relationship” between the electrodes.

The Federal Circuit reversed, stressing that a claim is indefinite only when it is “not amenable to construction” or “insolubly ambiguous.” Even where claims are “not plain on their face,” if “the meaning of the claim is discernible, even though the task may be formidable and the conclusion may be one over which reasonable persons will disagree,” the claim is not invalid for indefiniteness. On that lenient standard, the “spaced relationship” was ascertainable, even if the dimensions were not specified in the claim, and thus the claim “cannot be said to be insolubly ambiguous.”