Fixing Fair Use

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FIXING FAIR USE

MICHAEL W. CARROLL*

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

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

INTRODUCTION

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

² Sculptor Frederick E. Hart brought suit to enjoin distribution of the film, “Devil’s Advocate,” which included a scene in which Hart’s bas-relief sculpture, Ex Nihilo, at the entrance to the Washington National Cathedral, comes to life. See Brooke A. Masters, Va. Judge Tells Filmmaker to Settle Suit or Halt Video, WASH. POST, Feb. 11, 1998, at B2. The court issued a deadline for settlement after which it would issue a preliminary injunction to stop distribution of more than 400,000 videotapes of the film. Id. Warner Brothers studio asserted that, if issued, the injunction would cost the studio and video stores more than $42 million. See id.; see also Lawrence Siskind, The Devil’s Advocate, 20 LEGAL TIMES at 23 (Mar. 23, 1998) (discussing case); K.J. Greene, Motion Picture Copyright Infringement and the Presumption of Irreparable Harm: Toward a Reevaluation of the Standard for Preliminary Injunctive Relief, 31 RUTGERS L.J. 173, 188-90 (2000) (describing this and similar cases).
⁵ See Harper & Row, Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 558 (1985) (“By establishing a marketable right to the use of one’s expression, copyright supplies the economic incentive to create and disseminate ideas.”).
⁶ See, e.g., West Pub’g Co. v. Mead Data Cent., Inc., 799 F.2d 1219, 1229 (8th Cir. 1986) (affirming preliminary injunction against Lexis for distributing public domain judicial
When fashioning modern copyright law, Congress recognized that circumstances would arise in which the broad sweep of copyright would be socially undesirable, and it responded by codifying a series of limitations on copyright’s scope. Fair use is the first and most general of these limitations. It renders unauthorized use of a copyrighted work non-infringing if the balance of a set of context-specific factors favors such use.

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

This Article intervenes in the general rules/standards discourse by showing that the law can have its context-sensitive standards and use them too by coupling standards with an advisory opinion mechanism that provides ex ante certainty in specific cases. Such a mechanism already has been deployed in a variety of branches of federal law, such as federal regulation of income taxation, sale of securities, and subsidized health care. In operation, the advisory opinions marked up with West’s allegedly copyrighted page numbers). But see Matthew Bender & Co., Inc. v. West Pub. Co., 158 F.3d 693, 699 (2d Cir. 1998) (holding that West’s star pagination feature not protected by copyright).

7 See 17 U.S.C. § 102(b) (defining limitations on copyrightable subject matter); id. §§ 107-122 (imposing limitations on scope of exclusive rights).
9 See infra notes 23-28 and accompanying text (documenting agreement concerning fair use uncertainty).
10 See infra note 51 (citing to the rules/standards literature).
11 See infra notes 165-68 and accompanying text (discussing possibility of fair use rules, including fair dealing).
12 See 26 U.S.C. § 7805; Rev. Proc. 2004-1, § 2.01 (“A ‘letter ruling’ is a written determination issued to a taxpayer by the Associate office that interprets and applies the tax laws to the taxpayer’s specific set of facts.”).

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opinion provides guidance in particular situations without creating a thick body of binding precedent that ossifies the regulatory system.

This Article applies this insight by advancing a legislative proposal to create a Fair Use Board in the Copyright Office that would have authority to adjudicate fair use petitions and, subject to judicial review, issue Fair Use Rulings. The effect of such a ruling, if favorable, would be roughly analogous to a Private Letter Ruling from the Internal Revenue Service\textsuperscript{15} or a “No Action” Letter from the Securities and Exchange Commission\textsuperscript{16} - the individual user would be immune from copyright liability for the proposed use but the ruling would be non-precedential. Under the proposal, the fair use petitioner would be obliged to serve notice on the copyright owner, who would have an opportunity to contest the petition. Either party could appeal an unfavorable ruling administratively and then to any federal circuit court of appeals with personal jurisdiction over the parties.

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

The problems caused by fair use uncertainty are sufficiently urgent that I also endorse two less attractive proposals in the alternative, in the event that the primary proposal is ahead of its time. These alternatives focus on a different approach to fixing fair use – reducing the risks of relying on fair use by limiting the remedies available against a user who misinterprets the doctrine’s scope in good faith. Under the first alternative, Congress would still create a Fair Use Board, but the Board would serve only an advisory capacity.

\textsuperscript{15} See 26 U.S.C. § 7805; Rev. Proc. 2004-1, § 2.01 (“A ‘letter ruling’ is a written determination issued to a taxpayer by the Associate office that interprets and applies the tax laws to the taxpayer’s specific set of facts.”).

\textsuperscript{16} See 17 C.F.R. § 202.1-2. No Action letters represent the position of the SEC’s enforcement staff with respect to a proposed transaction, and the Commission is not bound by that position. See id. However, these appear to be treated as binding de facto. See Donna M. Nagy, Judicial Reliance on Regulatory Interpretations in SEC No-Action Letters: Current Problems and a Proposed Framework, 83 CORNELL L. REV. 921, 943 (1998) (“[R]ecipients highly value no-action letters, undoubtedly because the Commission appears to have never proceeded against the recipient of a no-action letter who acted in good faith on the letter’s advice.”).
favorable fair use opinion would limit a user’s liability in the event that a court subsequently determined that the subject use was infringing.\textsuperscript{17} Under the second alternative, Congress would extend to all potential fair users a limit on statutory damages currently available only to libraries, archives, colleges, universities, and public broadcasters.\textsuperscript{18}

Finally, this Article analyzes why attempts to fix fair use by rendering it more rule-like would be normatively unattractive and would be likely to be ineffective in any case. Congress correctly rejected rule-like proposals when it codified fair use in the Copyright Act of 1976 because rules would be likely to be significantly over- and under-inclusive. The expressive interests of authors and potential fair users are of constitutional import and should be balanced with a degree of context-sensitivity that rules cannot supply.

I. FAIR USE UNCERTAINTY

A. Overview

The fair use doctrine is rooted in the truth that we sometimes must use the expression of another to express ourselves effectively.\textsuperscript{19} Fair use protects a zone of expressive opportunity for criticism, comment, parody, education, and other socially beneficial forms of

\textsuperscript{17} This proposal could be implemented in conjunction with the current legislative process concerning orphan works. See The Orphan Works Act of 2006, H.R. 5439, 109th Cong., 2d Sess. (May 22, 2006) at \url{http://thomas.loc.gov/cgi-bin/query/z?c109:H.R.5439:}; UNITED STATES COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS (Jan. 2006) (suggesting proposals for limiting liability of user who made good faith effort to find untraceable copyright owner).

\textsuperscript{18} See 17 U.S.C. § 504(c)(2) (2004). This limitation applies when one of these privileged users infringes copyright with a mistaken but good faith belief that the use was a fair use. In addition, this alternative proposal would limit the availability of injunctive relief in the case of users acting in good faith.

\textsuperscript{19} See, e.g., Emerson v. Davies, 8 F. Cas. 615, 619 (No. 4,436) (C.C.D. Mass. 1845) (Story, J.) (principal judicial architect of fair use doctrine recognizing that “[e]very book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before”). Some may be inclined to contest this truth claim. But, in its most limited form, the claim holds that we must be able to quote one another to communicate effectively, and I am aware of no legislator, judicial officer or copyright scholar who contests the value of copyright law’s privilege for unauthorized quotation. See, e.g., Berne Convention for the Protection of Literary and Artistic Works (Paris Text 1971) art. 10(1) (“It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper Articles and periodicals in the form of press summaries.”).
communication which might not occur if copyright owners were given complete control over how their works were used. Recently, fair use has been called upon to serve this function in a variety of new situations because wide distribution of digital technologies has greatly increased copyright law’s domain while also giving rise to a significantly larger pool of potential fair users attracted to the remarkable reproductive and adaptive power of these new technologies. The dispute over Google’s digitization of large library collections is one of many signs demonstrating that, in the digital age, questions of fair use have taken on greater urgency.20

The Supreme Court has further fueled this urgency by recognizing without describing the constitutional substrate undergirding the fair use doctrine. When faced with a claim that the First Amendment also directly secures a speaker’s right to use the expression of another under certain circumstances, Justice Ginsburg, writing for the Court, responded:

The First Amendment securely protects the freedom to make--or decline to make--one's own speech; it bears less heavily when speakers assert the right to make other people's speeches. To the extent such assertions raise First Amendment concerns, copyright's built-in free speech safeguards are generally adequate to address them. We recognize that the D. C. Circuit spoke too broadly when it declared copyrights "categorically immune from challenges under the First Amendment." But when, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary.21

21 See Eldred v. Ashcroft, 537 U.S. 186, 221 (2003). The Court had previously identified fair use as one of copyright law’s two free speech safeguards. See Harper & Row, 471 U.S. at 560 (“In view of the First Amendment protections already embodied in the Copyright Act’s distinction between copyrightable expression and uncopyrightable facts and ideas, and the latitude for scholarship and comment traditionally afforded by fair use, we see no warrant
Eldred does not hold that the fair use doctrine as currently interpreted is constitutionally required. But, by rejecting the D.C. Circuit’s categorical immunity for copyright, the Court held *a fortiori* that at least some uses of another’s copyrighted expression qualify as speech protected by the First Amendment. Thus, the holding in *Eldred* is that the fair use doctrine as currently interpreted usually provides a defense to infringement at least as robust as the one the First Amendment would require and therefore that First Amendment defense requires no further specification at this time. From the free speech perspective, then, fair use is no constitutional understudy – it is the starring attraction.

Regrettably, the “built-in free speech safeguards” of copyright law lack important procedural protections for potential fair users that the First Amendment provides for those who utter other forms of protected speech. In particular, the Court, having recognized that the risk of legal uncertainty is of particular concern when the law regulates speech, has determined that the First Amendment requires the safeguards of the overbreadth and vagueness doctrines to contain such uncertainty.22 By contrast, the substantive context-sensitivity of the fair use doctrine often fails to rein in the vague and sometimes overly-broad scope of copyright law.23

Indeed, those familiar with copyright law are well acquainted with the difficulties in providing guidance concerning the application of the fair use doctrine, and federal judges themselves acknowledge the point. Judge Posner, for example, has candidly admitted that only minimal guidance can be drawn from Section 107,24 and, Judge Leval has succinctly put the problem thus:

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22 See infra note 144 (describing First Amendment overbreadth and vagueness).
24 See Tý, Inc. v. Publications Int’l, Ltd., 292 F.3d 512, 522 (7th Cir. 2002) (Posner, J.) (“The important point is simply that, as the Supreme Court made clear . . . the four factors are a checklist of things to be considered rather than a formula for decision; and likewise the list of statutory purposes.”); see also William F. Patry & Richard A. Posner, *Fair Use And Statutory Reform In The Wake Of Eldred*, 92 Cal. L. Rev. 1639 (2004) (“All section 107 really amounts to in practical terms is confirmation that the courts are entitled to allow in the name of fair use a certain undefined amount of unauthorized copying from copyrighted works. This may

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

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

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28 *Id.* at 281. Professor Barton Beebe’s statistical analysis of more than 200 fair use opinions is consistent with this conclusion. See Barton Beebe, *An Empirical Study of the U.S. Copyright Fair Use Cases, 1978-2005: A Quick Report of Initial Findings for IPSC 2006* (draft Aug. 10, 2006) (on file with author) (“While I know of no statistical way to show that courts are indeed putting the cart before the horse when they engage in a Section 107 analysis, the strong evidence of stampeding is at least consistent with Nimmer’s description.”).
29 For example, Professor Jessica Litman would rein in the initial grant of rights to render users’ rights more ascertainable. See JESSICA LITMAN, DIGITAL COPYRIGHT 166-86 (2001) (proposing unfair competition standard for infringement). Professor Michael Madison argues for a pattern-oriented approach to fair use and would amend Section 107 to give courts greater freedom to identify the social practices that should inform fair use analysis. See Michael J. Madison, *Rewriting Fair Use and the Future of Copyright Reform*, 23 Cardozo Arts &
The costs of fair use uncertainty are manifest. Potential fair users routinely are deterred from engaging in a desired use by the uncertain scope of the fair use doctrine coupled with the high costs of litigation and the potentially enormous statutory damages that a court could award if it disagrees with the user’s fair use judgment. This is particularly the case when a potential fair user seeks to communicate with the public through traditional mass media or on the Internet.

For example, two recent reports, discussed in greater detail below, demonstrate that many media gatekeepers will not accept an author’s, musician’s, or filmmaker’s fair use determination, nor will they make one on their own. Instead these gatekeepers require copyright clearance any time an artist seeks to express herself with the speech of another through fair use quotation, incidental use, or even *de minimis* use. Through these practices, fair use has been rendered unduly circumscribed or non-existent in important cultural spheres.
B. Doctrinal Causes of Uncertainty

If uncertainty about copyright’s scope chills expression, surely there must be doctrinal responses that would provide greater clarity? There has been no shortage of scholarly commentary directed at providing a fair use theory that would lead to such clarity. To date, however, Congress and the courts have resisted attempts to clarify fair use. The remainder of this subsection explains why. Readers already familiar with the doctrinal causes of fair use uncertainty may wish to proceed directly to the proposal in Section II.

1. Copyright Infringement

Copyright applies to any “original work of authorship” at the moment it is “fixed in a tangible medium of expression.” Originality is a very low standard that requires only a minimal spark of creativity. As a consequence, copyright applies to a broad range of works, including shampoo bottle labels, technical manuals, county tax


34 Id. §§ 102(a); 201(a).


maps, \(^{38}\) commercial photographs of products, \(^{39}\) and in some cases even blank forms. \(^{40}\)

The Copyright Act grants authors the exclusive rights to reproduce, to publicly distribute, to publicly perform, to publicly display, and to adapt their copyrighted works. \(^{41}\) The copyright owner’s right to control reproduction of the work extends to partial borrowings and to adaptations so long as the defendant had access to the owner’s work and the defendant’s work is “substantially similar” to the copyright owner’s in the eyes of an ordinary observer. \(^{42}\) The copyright owner’s rights are limited to her original expression and do not encompass any idea, procedure, process, system, method of operation, concept, principle, or discovery. \(^{43}\)

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

This is particularly true because the consequences of infringement can be quite severe. Courts may enjoin the continued distribution of an infringing work and can order the destruction of all infringing copies. \(^{44}\) In addition, the copyright owner may elect at any


\(^{38}\) \textit{See}, e.g., County of Suffolk, New York v. First American Real Estate Solutions, 261 F.3d 179 (2d Cir. 2001).

\(^{39}\) \textit{See} Ets-Hokin v. Skyy Spirits, Inc., 225 F.3d 1068 (9th Cir. 2000).


\(^{41}\) \textit{See} 17 U.S.C. § 106 (granting rights to reproduce the work in copies, prepare derivative works, distribute the work in copies, publicly perform the work, or publicly display the work).

\(^{42}\) \textit{See}, e.g., Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc., 166 F.3d 65, 70 (2d Cir.1999).

\(^{43}\) 17 U.S.C. § 102(b). Line-drawing difficulties under the idea/expression dichotomy frequently arise in cases such as narrative works in which plot lines and characters resemble one another. Does, for example, West Side Story borrow Shakespeare’s expression in Romeo and Juliet or merely his idea? This particular difficulty is not the focus of our present concern, but fair use determinations are analogously difficult. Logically, fair use does not arise as an issue until after the plaintiff establishes that the defendant used the plaintiff’s expression.

\(^{44}\) \textit{See} 17 U.S.C. §§ 502, 503(b).
time before final judgment is rendered to receive actual damages, including the infringer’s profits attributable to infringement, or statutory damages. The range for statutory damages is between $750 and $30,000 per infringed work, and this amount can be increased to $150,000 per work if willful infringement is proven. (It is for this reason that the Recording Industry Association of America has threatened individuals hosting music files on peer-to-peer networks with the prospect of hundreds of millions of dollars in potential damages: $150,000 x number of songs hosted = potential statutory damages.) And, in many cases, the real threat is the fee-shifting provision by which defendants can be made to pay the copyright owner’s attorney’s fees, which can exceed the amount of damages.

2. Fair Use

In the language of the Copyright Act, fair use is a “limitation” on the exclusive rights granted to the copyright owner. This language supports a reading that would require the copyright owner to prove infringement by showing that the defendant’s use exceeded the bounds of fair use. could be read to require the copyright owner to prove that the defendant had exceeded the bounds of fair use, currently the copyright owner need prove only ownership of a valid copyright and that the defendant exercised one of the exclusive rights with respect to

45 See id. § 504.
46 Id.
47 See id. § 505; see also Wall Data Inc. v. Los Angeles County Sheriff’s Dept., 447 F.3d 769, 776 (9th Cir. 2006) (rejecting fair use defense and awarding copyright owner $210,000 in damages and $516,271 for attorneys’ fees); Marshall & Swift v. BS & A Software, 871 F. Supp. 952, 954 (W.D. Mich. 1994) (same with $9,450 in damages and $38,713 for attorneys’ fees); Schiffer Publishing, Ltd. v. Chronicle Books, LLC, No. Civ.A.0003-44444962, 2005 WL 1244923, *1 (E.D. Pa. May 24, 2005) (same with $150,000 in statutory damages and $205,586.67 for attorneys’ fees); Peter Jaszi, 505 and All That – The Defendant’s Dilemma, 55 LAW & CONTEM. PROBS. 107, 107 (1992) (“It seems likely that, over the years, no provision of the American copyright law has exceeded that now codified as 17 U.S.C. section 505 in influencing the actual conduct of infringement litigation.”).
49 Cf. Quality King v. L’Anza, 523 U.S. 123, 144-45 (1998) (emphasizing that Section 106 rights are limited by Sections 107-120).
the registered work. The defendant must prove fair use as an affirmative defense.

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

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include--

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

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

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50 See, e.g. Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc., 150 F.3d 132, 137 (2d Cir.1998).
Within the literature on rules and standards, fair use is a quintessential standard. It is well established that standards trade off greater ex ante certainty for greater ex post context-sensitivity unless cultural or other contextual factors function to cabin a decisionmaker’s discretion. One strategy for improving the ex ante certainty of a legal standard’s application is to subject its application to evidentiary presumptions, which limit the range of relevant evidence. However, Congress and the courts have resisted attempts to deploy this strategy. Here is a quick summary of why this resistance has resulted in significant ex ante uncertainty about fair use.

Preamble. Section 107 identifies types of unauthorized uses of a copyrighted work that might be deemed fair – criticism, comment, news reporting, teaching, scholarship, or research. This list could serve to clarify the scope of a fair user’s right in two ways: the list could be construed as exclusive and/or the listed uses could be deemed presumptively fair. Courts have resisted both approaches. The listed

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54 The terms “rules” and “standards” are at this point used as shorthand to differentiate degrees of ex post discretion enjoyed by those who apply the law, and it is in that sense that fair use is a standard. But commentators have laid out more complex taxonomies according to which standards are differentiated from other provisions, such as multi-factor tests, which also provide significant ex post discretion. See, e.g., Sunstein, supra note 51, at 965. For those for whom this is a distinction with a difference, I mean to say that fair use is a multi-factor test rather than a standard.

55 See id. (acknowledging that ex post discretion conferred by standards and factors is subject to cabining by interpretive practices); Kaplow, supra note 51, at 559-60.

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

57 For a more detailed analysis of the language, see Madison, Pattern-Oriented Approach, supra note X, at 1550-64.
uses are illustrative only, and they are not entitled to a presumption of fairness. Consequently, the language of the preamble does little work in the judicial application of fair use. The application of the factors leads to similar results.

**Purpose and Character of the Use.** Under the first factor, courts focus on whether or not the use should be characterized as commercial and whether it should be deemed transformative. The defendant’s good faith has been added, or perhaps recognized, as a material sub-factor. A commercial use may tend to threaten the copyright owners’ core economic incentive and therefore tends to be less likely to be fair. The Supreme Court initially favored a presumption against commercial use, defined broadly, but it soon recognized an overbreadth problem with such an approach. Under current law all of the factors must be examined in evaluating a claim of fair use.

In contrast to the concerns for copyright owners engendered by commercial use, focus on transformative use emphasizes the public’s perspective by asking whether the user’s work supplants the original, “or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or

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message.” The doctrine of transformative use is a frequently-litigated, though indeterminate sub-factor.

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

Nature of the Copyrighted Work. The second factor focuses on whether the work is factual rather than fictional and whether the work is published or unpublished. One function of this factor is to guard against enlarging the scope of rights in a factual compilation beyond the copyrighted selection or arrangement to cover the uncopyrightable facts. Generally, however, this factor serves as a thumb on the scale in favor of the copyright owner because most works are deemed creative. Even in cases involving factual works, this factor does little work if the court finds substantial creativity in the use of facts.

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64 Campbell, 510 U.S. at 579 (citing Leval).
65 See Pierre N. Leval, Toward a Fair Use Standard, 103 Harv. L. Rev. 1105, 1111 (1990) (coining the term and defining it as a productive use of the material for a different purpose).
66 Id. But see Rebecca Tushnet, Copy This Article: How Fair Use Doctrine Harms Free Speech and How Copying Serves It, 114 Yale L.J. 535, 559-60 (2004) (arguing that doctrine of transformative use leads courts to undervalue expressive importance of copying).
67 See, e.g., Compaq Computer, Inc. v. Ergonome, Inc., 387 F.3d 403 (5th Cir. 2004) (evidence supported jury’s determination of fair use with respect to computer manufacturer’s unauthorized commercial use of photographs of proper hand position to avoid repetitive stress injury in computer user’s manual); NXIVM Corp., 364 F.3d at 479 (finding that transformative nature of defendant’s work tipped first factor in its favor even though use was commercial and copy of plaintiff’s unpublished work assumed to have been acquired in bad faith); Los Angeles News Serv. v. CBS Broadcasting, Inc., 305 F.3d 924, 939-40 (9th Cir. 2002) (describing uses as having offsetting commercial and transformative properties and concluding that first factor “weakly” favors fair use).
68 See, e.g., Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d 605, 612 (2d Cir. 2006).
69 See Harper & Raw, 471 U.S. at 548 (stating that the creative element in even factual works has left the law “unsettled” with regard to the scope of protection for factual works); see also Sony, 464 U.S. at 496-497 (stating that factual works lend themselves more to productive use by others).
70 See Wall Data Inc. v. Los Angeles County Sheriff’s Dept., 447 F.3d 769, 780 (9th Cir. 2006); Mattel Inc. v. Walking Mr. Prods., 355 F.3d 792, 803 (9th Cir. 2003); Dr. Seuss Enters. v. Penguin Books USA, Inc., 109 F.3d 1394, 1402 (9th Cir. 1997).
With respect to publication status, the Harper & Row Court emphasized that the author should retain control over the initial dissemination of a work and therefore unauthorized uses of unpublished works will be less likely to be deemed fair.\textsuperscript{72} The Court appeared to have created a presumption against fair use in the case of unpublished works, and some lower courts appeared to have rendered this consideration outcome-determinative.\textsuperscript{73} In 1992, Congress responded to concerns expressed by the publishing industry by overruling any interpretations that treated unpublished works as entitled to a conclusive presumption against fair use.\textsuperscript{74} Consequently, the second factor tends to do little work in swaying the outcome of any fair use inquiry.\textsuperscript{75}

**Amount and Substantiality of the Portion Used.** Copyright law excuses \textit{de minimis} unauthorized exercise of a copyright owner’s exclusive rights.\textsuperscript{76} For purposes of the fair use inquiry, then, the third factor establishes a sliding scale above the \textit{de minimis} threshold.\textsuperscript{77} The focus of the inquiry is on what was taken from the plaintiff’s work, not on how much of the defendant’s work is comprised of copied material.\textsuperscript{78} Theoretically, this factor should weigh increasingly against

\textsuperscript{72} See Harper & Row, 471 U.S. at 553 (citations omitted).
\textsuperscript{75} See, e.g., Bill Graham Archives, 448 F.3d at 612 (“We recognize, however, that the second factor may be of limited usefulness where the creative work of art is being used for a transformative purpose.”); Bond v. Blum, 317 F.3d 389, 395-96 (4th Cir. 2003).
\textsuperscript{76} See, e.g., Sandoval v. New Line Cinema Corp., 147 F.3d 215, 217 (2d Cir. 1998); Ringgold v. Black Ent. TV, Inc., 126 F.3d 70, 75-77 (2d Cir. 1997); Vault Corp. v. Quaid Software Ltd., 847 F.2d 75, 26-76 (5th Cir. 1988).
\textsuperscript{77} See Gordon v. Nextel Comm. and Mullen Advertising, Inc., 345 F.3d 922, 924 (6th Cir. 2003) (“A court will examine the fair use defense only if the de minimis threshold for actionable copying has been exceeded.”).
\textsuperscript{78} See Harper & Row, 471 U.S. at 565 (quoting Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 56 (2d Cir. 1936)). However, if a large portion of the infringing work is copied material, the court may infer that the copied work is qualitatively substantial. \textit{Id.}
the plaintiff as the quantitative amount taken increases. However, this does not always follow. On the one hand, the Harper & Row Court focused on qualitative analysis – whether the copied portion was the “heart” of the work – which renders quantitative analysis largely immaterial.\(^79\) On the other hand, the third factor must be weighed with the purpose and character of the use in mind, which can render even quantitatively large borrowings fair.\(^80\)

**Effect Upon the Potential Market.** If copyright is to supply authors with an economic incentive to create, unauthorized uses that undermine the incentive by sufficiently reducing the copyright owner’s ability to profit from the work will be deemed unfair. This factor will be determinative in rendering run-of-the-mine infringements, such as the sale of “bootlegged” CDs or DVDs, unfair.\(^81\) However, the analysis under this factor extends beyond the defendant’s use and beyond the plaintiff’s existing sales and licensing markets. Instead, the fourth factor can weigh against a finding of fair use if the use were to become widespread or were to affect the plaintiff’s potential markets.\(^82\)

The Court has held that there must be a distinction between suppressing demand and usurping it.\(^83\) Destruction of demand for a

\(^79\) See id. (quoting 557 F. Supp. at 1072 (S.D.N.Y. 1983)).  
\(^80\) See Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586-587 (1994); id. at 580 (stating definition of parody requires imitation of the original work to comment upon it). Compare Los Angeles News Service v. KCAL-TV, 108 F.3d 1119, 1123 (9th Cir. 1997) (finding that though KCAL took only a small amount of news footage, it was “all that mattered”); American Geophysical Union v. Texaco, Inc., 60 F.3d 913, 925-926 (2d Cir. 1994) (finding that each article within a larger periodical was a separate copyrightable work, rather than a small portion of one work); Castle Rock Entm’t, Inc. v. Carol Publ’g Group, Inc., 150 F.3d 132, 144 (2d Cir. 1998) (finding that making Seinfeld quiz book was entertainment, not criticism, so amount taken was substantial) with Sundeman v. Seajay Soc’y, Inc., 142 F.3d 194, 205-206 (4th Cir 1998) (finding that substantial significant portion of copyrighted work was not the “heart” of the work, nor was it quantitatively large in light of the educational purpose).  
\(^81\) See, e.g., U.S. v. Slater, 348 F.3d 666, 669 (7th Cir. 2003) (no abuse of discretion in refusing fair use instruction in criminal trial concerning unauthorized distribution of software).  
\(^82\) See Campbell, 510 U.S. at 568 (quoting Sony Corp. of America v. Universal City Studios, Inc., 464 U.S. 417, 451 (1984)); see also Castle Rock, 150 F.3d, at 145-146 (finding that even if the copyright owner would not take advantage of that market, the fact that they could weighs against fair use) and American Geophysical, 60 F.3d at 930-931 (finding that since the licensing of individual articles had become available in the industry, the potential license fees could be evidence of market harm).  
\(^83\) See Campbell, 510 U.S. at 592 (citations omitted); see also Castle Rock, 150 F.3d, at 145 (making the distinction between parody, which would not be the owner’s market, and tribute, which would).
work in the absence of replacing it with copied material is not a
cognizable loss. The hard evidentiary questions for courts concern
the likelihood that the defendant’s use might become widespread and
the likelihood that a market will emerge to supply a license or sale for
such use.

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

Summary. The broad legal standard set forth in Section 107
grants courts considerable interpretive discretion, and lawmakers have
resisted attempts to cabin this discretion through the use of evidentiary
presumptions. While this interpretation of fair use leaves courts free to
be sensitive to the nuances of any given case, leading courts and
commentators generally acknowledge that the four-factor test as
interpreted provides very little guidance for predicting whether a
particular use will be deemed fair.

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85 Nunez v. Caribbean Intern. News Corp., 235 F.3d 18, 25 (1st Cir. 2000) (“Surely the
market for professional photographs of models publishable only due to the controversy of
the photograph itself is small or nonexistent.”).
86 Harper & Row, 471 U.S. at 566.
88 See, e.g., Mulcahy v. Cheetah Learning LLC, 386 F.3d 849, 854 (8th Cir. 2004); Bond v.
Blum, 317 F.3d 385, 396 (4th Cir. 2003); Sundeman v. Seajay Society, Inc., 142 F.3d 194, 206
(4th Cir. 1998); Gulfstream Aerospace Corp. v. Camp Systems Intern., Inc., 428 F.Supp.2d
1369, 1379 (S.D. Ga. 2006); Horheim v. A & E Television Networks, 146 F.Supp.2d 442,
448 (S.D.N.Y. 2001); Dahlen v. Michigan Licensed Beverage Ass’n, 132 F.Supp.2d 574, 587
(E.D.Mich. 2001); see also Infinity Broadcast Corp. v. Kirkwood, 150 F.3d 104 (2d Cir. 1998)
(noting post-Campbell lower court inconsistency in treatment of fourth factor); Beebe, supra
note 27, at 12 (“The data suggest, however, that the factor is nearly decisive whether it tilts in
favor of the plaintiff or the defendant—though, admittedly, slightly more so when it tilts in
favor of the former.”).
C. Judicial Application Adds Little Certainty

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

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

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90 See *infra* notes XX-XX and accompanying text (discussing magnitude of penalties for copyright infringement).
91 See *Sony Computer Entm’t, Inc. v. Connectix Corp.*, 203 F.3d 596 (9th Cir. 2000) (holding that intermediate copying for the purpose of reverse engineering Playstation was a fair use); *DSC Communications Corp. v. DGI Techs., Inc.*, 81 F.3d 597, 601 (5th Cir. 1996); *Bateman v. Mnemonics, Inc.*, 79 F.3d 1532, 1539 n.18 (11th Cir. 1996); *Mitel, Inc. v. Iqtel, Inc.*, 896 F. Supp. 1050, 1056-57 (D. Colo. 1995), aff’d on other grounds, 124 F.3d 1366 (10th Cir. 1997); *Sega Enters. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992) (original opinion issuing fair use rule); *see also* Pamela Samuelson & Suzanne Scotchmer, *The Law and Economics of Reverse Engineering*, 111 YALE L.J. 1575, pt. IV (2002) (justifying this fair use rule in terms of economics of reverse engineering in software industry).
92 See *DSC Communications Corp. v. Pulse Communications, Inc.*, 170 F.3d 1354, 1363 (Fed. Cir. 1999) (distinguishing *Sega* and rejecting fair use defense because “[r]ather than being part of an attempt at reverse engineering, the copying appears to have been done after Pulsecosm had determined how the system functioned and merely to demonstrate the interchangeability of the Pulsecosm POTS cards with those made and sold by
for purposes of “time shifting” is fair. The rationale for this rule would extend to other forms of private copying, but litigation in relation to these uses is too sparse to declare the emergence of a soft rule. Similarly, it is probably the case that an Internet search engine’s copying of web pages for purposes of indexing is either implicitly licensed or is categorically fair, but the case law is not sufficient to declare it so. Finally, the other clarifying rule is that commercial piracy – wholesale commercial duplication of a copyrighted work for non-expressive purposes – is not a fair use. These fair use rules, however, are too narrow to provide a model for fair use clarification in other settings.

Instead, in order to evaluate whether traditional litigation has been able to clarify the scope of fair use in the nearly 30 years since the 1976 Act took effect, let us consider examples of each of the favored uses called out in Section 107’s preamble beginning with one of the most frequently-litigated fair uses: parody.

1. Comment or Criticism

As a general matter, using another’s expression for purposes of comment or criticism often is considered a paradigmatic fair use, particularly when the commentary is directed at the borrowed work. Some such uses, such as quotations in book reviews, are recognized as fair uses and are therefore infrequently litigated. There are however quantitative and qualitative limitations to this principle, as Harper & Row demonstrates.
dominant discourse is commonplace.\footnote{See, \textit{e.g.}, Chicago Bd. of Educ. v. Substance, Inc., 354 F.3d 624, 631 (7th Cir. 2003).} One means of exercising this freedom is through parody and satire. These forms of dissent implicate copyright law because they require borrowing dominant expression in order to be effective.\footnote{See, \textit{e.g.}, Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 580-81 (1994); SunTrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1268 (11th Cir. 2001).} Not surprisingly, copyright owners frequently take offense at parodic borrowings, and defendants frequently respond that their expression is quintessentially a fair use.

Some professional parodists appear comfortable relying on fair use, even with its context-dependent character. For example, those who produce and distribute comedic television programming such as Saturday Night Live, South Park, the Simpsons, the Daily Show, and the Colbert Report, routinely rely on fair use’s protection for parody. In the case of Saturday Night Live, for example, NBC appears willing to litigate the occasional legal challenge.\footnote{See, \textit{e.g.}, Elsmere Music, Inc. v. National Broadcasting Co., 623 F.2d 252 (2d Cir. 1980) (holding that Saturday Night Live skit parodying “I Love New York” advertising jingle was fair use).} In contrast, the recording company that represents “Weird Al” Yankovic, whose profession is to record parodies of popular songs along with some original compositions, has chosen to seek licenses and to avoid any reliance on fair use.\footnote{See “Weird Al” Yankovic, The Official Website, FAQ (“Al does get permission from the original writers of the songs that he parodies. While the law supports his ability to parody without permission, he feels it’s important to maintain the relationships that he’s built with artists and writers over the years.”) at \url{http://www.weirdal.com/faq.htm} (visited Aug. 25, 2006).}

For those potential fair users who do not make parody a daily part of their business, the parody cases that have been litigated to judgment do not supply much in the way of general guidance. To greatly simplify matters, the essential tension arises in parody cases that pit the defendant’s creativity in transforming the plaintiff’s work against the commercial nature of the defendant’s use. If \textit{ex ante} clarity could be had in this context, it might be supplied by a definitive ruling by the highest court in the land. It appeared to some as if this had been delivered.

In 1989, the rap group 2 Live Crew transformed Roy Orbison’s "Oh, Pretty Woman" into “Big Hairy Woman,” delivering new lyrics in rap style over the essential musical elements of Orbison’s composition.
The group’s manager requested permission to release the song from Acuff-Rose Music, owner of the copyright in Orbison’s musical work. Acuff-Rose refused permission, but 2 Live Crew released the song anyway. Acuff-Rose filed suit. Initially, 2 Live Crew took the position that it had made a cover version of the Orbison song under the statutory license for cover songs. The group wisely abandoned that defense and pinned its hopes on fair use.

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

For future cases, the Court’s emphasis on context-sensitivity and the interdependence of the four factors provide little hope for any certainty. But, one could read the Court’s opinion to have created a reasonably predictable safe harbor for parody applicable at least when the target of the parody is the copyrighted work and when the parodist has not taken “too much.” Although each of these elements also has

103 See Campbell, 510 U.S. at 572.
104 Id. at 573 (2 Live Crew did credit the songwriters and the publisher).
105 See Id.
107 See Campbell, 510 U.S. at 584-85.
108 See Campbell, 510 U.S. at 581 (“The Act has no hint of an evidentiary preference for parodists over their victims, and no workable presumption for parody could take account of the fact that parody often shades into satire when society is lampooned through its creative artifacts, or that a work may contain both parodic and nonparodic elements. Accordingly, parody, like any other use, has to work its way through the relevant factors, and be judged case by case, in light of the ends of the copyright law.”).
109 See id. at 590-91 (“Parody needs to mimic an original to make its point, and so has some claim to use the creation of its victim’s (or collective victims’) imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.”).
fuzzy boundaries, this rule of thumb would seem to make it easier to conduct *ex ante* fair use analysis.

To test this hypothesis, consider how you, as legal adviser, would apply fair use under the following circumstances. Your client is an academic press that is willing to publish the following two books only if in your opinion as counsel there is a 75% or better chance that a court would grant summary judgment in favor of fair use in the event that the publisher were sued. In each case, parody would be your best argument.

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

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

111 See SunTrust, 268 F.3d at 1268.
112 See SunTrust, 268 F.3d at 1270 n.26 (“[I]t is evident from the record evidence that SunTrust makes a practice of requiring authors of its licensed derivatives to make no references to homosexuality.”); see also id. at 1282 (Marcus, J., concurring) (arguing that unwillingness to license should influence fourth fair use factor).
A happy town  
Inside L.A.  
Where rich folks play  
The day away.  
But under the moon  
The 12th of June.  
Two victims flail  
Assault! Assail!  
Somebody will go to jail!  
Who will it be?  
Oh my! Oh me!113

and the tale ends:

JUICE  
+ST  
JUSTICE  
Hmm ... take the word JUICE.  
Then add ST.  
Between the U and I, you see.  
And then you have JUSTICE. Or maybe you don't.  
Maybe we will.  
And maybe we won't.  
'Cause if the Cat didn't do it?  
Then who? Then who?  
Was it him?  
Was it her?  
Was it me?  
Was it you?  
Oh me! Oh my!  
Oh my! Oh me!  
The murderer is running free.114

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

114Id. at 1402.
Most readers probably feel ill-equipped to answer these questions without seeing the entirety of the works in question – raising the costs of your legal advice. After reading the full works, many copyright lawyers would probably conclude that the case for fair use is stronger for Book 1 than it is for Book 2. But, when faced with the risk-averse conditions posed in the hypothetical questions, many copyright lawyers probably would be unwilling to give the client sufficient assurance for publication to go forward even after the Supreme Court’s *Campbell* opinion was handed down.

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

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

In the first case, *Sun Trust Bank v. Houghton Mifflin Co.*, the Eleventh Circuit reversed a preliminary injunction that would have prohibited publication of *The Wind Done Gone*. The appellate court did not rule on the merits, but remanded with extensive analysis

115 268 F.3d 1257 (11th Cir. 2001).
leaning notably in favor of defendant's fair use defense.\textsuperscript{117} With the writing on the wall, the estate later settled.\textsuperscript{118} In the second, \textit{Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.},\textsuperscript{119} the Ninth Circuit upheld a preliminary injunction on the grounds that the work fell on the wrong side of \textit{Campbell}'s parody/satire distinction because the book did not aim its commentary or ridicule at the Dr. Seuss original.\textsuperscript{120}

If parody is the use that comes closest to having a reliable fair use rule of thumb announced by the court of last resort. From the \textit{ex ante} perspective, fair use is not working very well. Even with this degree of clarity, these two cases required substantial litigation resources to be resolved. As one might imagine, potential fair users with fewer resources and/or greater risk aversion would be far more likely to forgo a fair use in the face of potential litigation.

We have some evidence to support this theory. In the mid-1990s, the growth of the World Wide Web opened the gates to poorly-financed speakers to publish parodies cheaply and easily. However, legal uncertainty surrounding fair use coupled with the Copyright Act's so-called notice-and-takedown regime,\textsuperscript{121} led to a retreat from reliance on fair use in a number of cases. The most notable of these may be Mark Napier's \textit{Distorted Barbie} site in which he sought to subvert the cultural meaning associated with Mattel's doll. Mattel responded aggressively, and Napier relented.\textsuperscript{122} (To be clear, a few parodists have been willing to litigate to resist Mattel's unreasonably aggressive copyright claims in relation to Barbie.)\textsuperscript{123} Other evidence of aggressive

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\textsuperscript{118} See David D. Kirkpatrick, \textit{Mitchell Estate Settles "Gone With the Wind" Suit}, N.Y. Times, May 10, 2002, at C6 (reporting the settlement and summarizing the case).
\textsuperscript{119} 109 F.3d 1394 (9th Cir. 1997).
\textsuperscript{120} See id. at 1403.
\textsuperscript{121} See 17 U.S.C. § 512 (2004) (providing safe harbor to online service providers who store infringing material at the direction of a user subject to condition that provider remove material alleged to be infringing when given proper notice).
\textsuperscript{123} See Mattel, Inc. v. Walking Mountain Productions, 353 F.3d 792, 805-06 (9th Cir. 2003) (affirming summary judgment of fair use to photographer who depicted nude Barbies imperiled by household appliances), \textit{remanding to}, Mattel, Inc. v. Walking Mountain Productions, 2004 WL 1454100 *2 (C.D. Cal., Jun. 21, 2004) (awarding defendant photographer attorneys' fees because Mattel's copyright infringement claim was objectively unreasonable and was brought to force defendant into costly litigation in order to dissuade him from lawful use of Barbie's image); Mattel, Inc. v. Pitt, 229 F.Supp.2d 315, 321-22
\end{flushright}
claims against probable fair uses can be culled from the cease and desist letters compiled by the Chilling Effects web site, and from a recent report by Marjorie Heins and Tricia Beckles entitled Will Fair Use Survive? Finally, to extent that the parody cases provide any guidance, it does not carry over to related forms of commentary. For example, if the parody cases demonstrate the protection fair use supplies when one talks back to culture, the doctrine is far less reliable for those who talk about culture.

2. Educational Uses

If the oft-litigated issue of parody remains uncertain ex ante, a second candidate for fair use clarity might be educational uses. Even with the courts’ well-established allergy to fair use presumptions, one might give some weight to the fact that half of the purposes that Congress identified as signaling a fair use in Section 107 are education-related: “teaching (including multiple copies for classroom use),

(S.D.N.Y. 2002) (denying Mattel’s motion for summary judgment because of defendant’s fair use defense).


See generally MARJORIE HEINS & TRICIA BECKLES, BRENNAN CENTER FOR JUSTICE, NYU LAW SCHOOL, WILL FAIR USE SURVIVE?: FREE EXPRESSION IN THE AGE OF COPYRIGHT CONTROL (2005) (describing results of interviews with fair users and copyright owners concerning disputes including those involving parodies).

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

The courts found each of these books to endanger the copyright holder’s market for similar tributes to their popular characters. See Ty, 81 F. Supp. 2d at 906; Toho, 33 F. Supp. at 1217-1218; Castle Rock, 955 F. Supp. at 272 (even if copyright holder likely will not exploit market); Paramount, 11 F. Supp. 2d at 336; Twin Peaks Prod., 778 F. Supp. at 1251.
scholarship, or research.”127 However, although educational purposes gain favor in the analysis under the first fair use factor (nature and purpose of use), the situation is complicated under the fourth factor (harm to the market) because educational publishers have developed markets for many educational uses of copyrighted works. Courts faced with educational fair use cases have thus been conflicted about whether the educator’s favored purpose or the publisher’s market interest should prevail.128

Nevertheless, because educators and students must use a wide range of resources that lie within copyright law’s domain, educational institutions have a strong interest in fair use clarification. In response to the uncertainty this section is documenting, these institutions have resorted to a patchwork of strategies. For example, in the course of codifying fair use in the 1976 Act, and subsequently, educational institutions negotiated with copyright owners, at times under the urging of Congress, to set forth rule-like guidelines that would establish safe harbors.129 These guidelines do provide clarity for a subset of

127 17 U.S.C. § 107 (2000); see also Fisher, supra note XX, at 1770 (noting that “a suspicion persists among many students of the [fair use] doctrine that educational activities should stand on a somewhat different footing from other kinds of uses”).

128 For example, in the “copy shop” cases two courts have held that a copy shop that makes “multiple copies for classroom use” for profit is not making a fair use of the work. Princeton University Press v. Michigan Document Services, Inc., 99 F.3d 1381 (6th Cir. 1996 (en bane); Basic Books, Inc. v. Kinko’s Graphics Corp., 758 F. Supp. 1522 (S.D.N.Y. 1991). However, an educational institution that produces coursepacks and sells them at cost may well be engaged in fair use, depending upon the amount copied from each work.

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

(1) Agreement on Guidelines for Classroom Copying in Not-for-Profit Educational Institutions with Respect to Books and Periodicals, H.R. Rep. No. 94-1476, at 68-70 (1976); see also PATRY, supra note XX, at 344-59 (providing draft materials leading up to guidelines).


educational uses, but because these guidelines serve only as a floor, many colorable fair uses fall outside their ambit and remain subject to the standard four-factor uncertainty.

Consequently, in higher education, university counsel and university librarians often must field a dizzying array of fair use inquiries. Some counsel's offices or libraries have responded with fairly detailed guidance available on the Web. Notable among these responses is the position adopted by the Office of General Counsel at the University of Texas, which has issued its own fair use rules of thumb. In addition, the American Library Association employs a


We have reviewed all the [negotiated] Guidelines and have decided to take a different approach to protecting our component institutions and our faculty, staff and students from the dangers of the no-man's land while supporting our exercise of fair use rights. We call our approach "Rules of Thumb" for the Fair Use of Copyrighted Materials. Like the Guidelines from which they are in some cases derived, the Rules of Thumb are tailored to different uses of others' works. But unlike the Guidelines, they are short, concise, and easy to read. And they are part of a larger strategy to meet our needs for permission when fair use is not enough; to reduce our need for permission in the future by licensing comprehensive access to works; and to take a more active role in the management of the copyrighted works created on our campuses for the benefit of our university community.
specialist responsible for fielding fair use inquiries and for providing general responses. Examples of the myriad endeavors plagued by fair use uncertainty to which she has responded include whether creating a computer program that explains the answers to math book problems is allowed; whether student’s free hand drawings of copyrighted characters can be put into a school magazine; whether videotaping different versions of a scene from Macbeth for comparison is infringement; whether student-made videos containing commercial music and video clips may be shown on the schools closed-circuit television station, and whether a library can put images of covers of recommended book on its children’s website.

These issues highlight the run-of-the-mill fair use uncertainty that darkens campuses across the country on a daily basis. The transition to a digital environment manifestly increases the expressive costs of this uncertainty, which now touches upon systematic uses of copyrighted works. A harbinger for this development is the controversy that has emerged between the Association of American Publishers and the University of California at San Diego over the university’s “electronic reserve system.” The school has developed a new system through which students acquire required reserve materials online with a password rather than by going to the library to read books held on reserve.

The publishers believe that this practice more closely resembles commercial “course packs,” which courts have found to not be a fair use. The university believes that this use is the functional equivalent of a lawful analog use and that any suit by publishers would be futile.

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132 See Carrie Russell, Carrie on Copyright, SCHOOL LIBRARY JOURNAL, June 01, 2003, at 41 (Carrie Russell, the American Library Association’s copyright expert answers questions on fair use, but states that her opinions should not be taken as legal advice).
134 See Carrie Russell, Carrie on Copyright, SCHOOL LIBRARY JOURNAL, June 01, 2003, at 35.
135 See Carrie Russell, Carrie on Copyright, SCHOOL LIBRARY JOURNAL, April 01, 2002, at 43.
138 See id.
139 See supra note XX.
140 Traditional course reserves rely upon the first sale doctrine, 17 U.S.C. § 109, and/or fair use to make materials available to students. The ways in which fair use must substitute for first sale in the digital age is an important subject that lies beyond the scope of this Article.
and a public-relations disaster. However, other institutions are less willing to rely on fair use for fear of litigation costs. A range of other educational fair use disputes that have arisen, or are likely to arise, in the digital transition are further highlighted in a recently-released white paper: "The Digital Learning Challenge: Obstacles to Educational Uses of Copyrighted Material in the Digital Age." As these emerge, demand for a procedure to clarify fair use will intensify.

3. News Reporting

Finally, those engaged in news reporting face as much or more uncertainty as do social commentators and educational users. News reporting is not entitled to a presumption of fairness, of course. As is the case with educational uses, fair use analysis must mitigate the tension between promoting favored uses while limiting the deleterious effects of such uses on markets for news items. Whereas most educational institutions are organized on a not-for-profit basis, most news gathering and news reporting organizations are for-profit. This distinction at times further complicates fair use analysis in news reporting cases.

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

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141 See Carlson, supra note XX, at 36.
142 See id. (quoting Jonathan Franklin, fair use scholar and associate law librarian at the University of Washington).
are commercial entities who have harmed the copyright holder’s market for the material.\textsuperscript{146}

For example, the odd career of the videotaped beating of Reginald Denny during the Los Angeles riots of 1992 highlights the uncertainty fair use poses for television news. The fair use defense failed for use of the video clip without permission for purposes of news reporting of the event by competing news outlets.\textsuperscript{147} However, use of the video in connection with news reporting of the attackers’ trial was deemed fair.\textsuperscript{148} (Postings of the video on the YouTube website have drawn a new lawsuit, but this issue of fair use is unlikely to be litigated.\textsuperscript{149})

Documentary film can also be a form of news reporting. Broadcasters and film distributors have greater lead time to evaluate fair use with this form of reportage than do those who report the daily news. This lead time appears to work against the role of fair use, however, because gatekeepers routinely demand clearance for most or all uses of copyrighted works without engaging in fair use analysis.\textsuperscript{150}

Professors Pat Aufderheide and Peter Jaszi report in Untold Stories: Creative Consequences of the Rights Clearance Culture for Documentary

\textsuperscript{146} See Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539 (1985) (holding that The Nation’s “scooping” of Time magazine’s exclusive right to first publish President Ford’s memoir not a fair use); Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc, 166 F.3d 63 (2d Cir. 1999) (holding that translating Japanese news articles into “abstracts” which were then sold not a fair use); Iowa State Univ. Research Found. v. American Broad. Cos., Inc., 621 F.2d 57, 60 n. 6 (2d Cir.1980); Richard Feiner & Co., Inc, v. H.R. Indus., 10 F.Supp.2d 310 (S.D.N.Y. 1998) (finding the use of a single still of copyrighted movie in article not fair use) \textit{rev’d on other grounds} 182 F.3d 901 (Table) (2d Cir. 1999).

\textsuperscript{147} L.A. News Serv. v. Reuters Television Intl Ltd. 149 F.3d 987 (9th Cir. 1998) (holding that Reuters distribution of copies of copyrighted Reginald Denny beating video to subscribers not fair use); L.A. News Serv. v. KCAL-TV Channel 9, 108 F.3d 1119 (9th Cir. 1997) (holding that showing Reginald Denny video on news without license was not fair use).

\textsuperscript{148} See L.A. News Serv. v. CBS Broad., Inc., 305 F.3d 924 (9th Cir. 2002) (holding that use of brief Denny beating clips to promote coverage of attackers’ trial is a fair use).

\textsuperscript{149} See Greg Sandoval, \textit{YouTube Sued Over Copyright Infringement}, CNet News, Jul. 18, 2006, at \url{http://news.com.com/YouTube+sued+over+copyright+infringement/2100-1030_3-6095736.html?tag=nl} (visited Aug. 25, 2006). Although YouTube could conceivably raise a fair use defense, almost certainly the primary issue will be whether YouTube fits within the remedial safe harbor set forth in 17 U.S.C. § 512(e) for online service providers that store copyrighted material at the direction of a user.

\textsuperscript{150} See generally KEITH AOKI, JAMES BOYLE & JENNIFER JENKINS, BOUND BY LAW (2006) (using format of graphic novel to explain difficulties faced by documentarians in clearing rights and obstacles to exercising fair use rights), available at \url{http://www.law.duke.edu/cspd/comics/digital.html} (visited Nov 1, 2006).
that a number of documentary filmmakers have been chilled in their expressive choices by an inability to rely upon their fair use rights. A few samples include the following fair use quotations from their report:

When Linda Goode Bryant was working on *Flag Wars*, a documentary chronicling conflict between African-Americans and newly-arrived gay and lesbians in a gentrifying area, she had to sacrifice a scene involving a principal character, Linda Mitchell. Mitchell was singing along with the radio while painting her front porch. To ensure the clip could be included in the film, Bryant attended a producer’s academy sponsored jointly by POV [Point of View] and WGBH in Boston on the subject of music rights. The lawyer there assured her that such a situation “shouldn’t be a problem. But in reality, it seems that there is a problem, because we met the criteria [cited by the PBS lawyer to be able to claim fair use] with the Linda Mitchell moment and we had to cut her out [anyway].” After consulting with public TV documentary series POV staffers and Sony, the music publisher, the consensus was that ultimately the musician/songwriter would be uncooperative and to just cut the scene. “It was a shame, because it was a moment which really showed an aspect of her character which was important.”

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

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151 See [http://www.centerforsocialmedia.org/rock/index.htm](http://www.centerforsocialmedia.org/rock/index.htm)
152 *Id.* at 18.
every magazine cover, I have to get the rights to. . . . Everyone is fearful of rights issues on every level.”

“If you’re doing a feature DVD or for theaters, you can’t invoke fair use,” said Robert Stone. “Or that is, you can say whatever you want, but at the end of the day you can’t sell your film—the corporations and the lawyers define what the terms are.”

D. Absence of Procedures to Clarify Fair Use

The uncertainty that prevails even in litigated settings makes the costs and risks associated with relying on the fair use doctrine problematic for many users. Enforcement strategies have intensified the pressure. For example, in some industries, customs and trade practices once recognized certain kinds of uses as fair, supplying sufficient certainty to exercise fair use rights for commercial works. That has now changed. Legal departments and licensing agents in companies with large portfolios of copyrighted works have discarded old understandings. In the atmosphere of fear and greed that the advent of new production and distribution technologies has bred, legal departments in media companies, once seen only as cost centers, have tried to turn themselves into revenue centers by threatening copyright litigation in order to extract licensing revenues from the targets of such threats. Nowhere has this trend been more noticeable than in the music and film industries.

From the perspective of expressive freedom, the response to this new aggression has not been encouraging. In a few cases, strong lawyers are willing to advise that a contemplated use is likely to be judged fair, or artists are willing to proceed from a fair use position. In the main, however, lawyers are unwilling or unable to provide

153 Id.
154 Id.
155 See HEINS & BECKELS, supra note 29, at 5-6; AUFDERHEIDE & JASZI, supra note 31, at 24.
156 See HEINS & BECKELS, supra note 29, at 5-6.
157 See, e.g., id.; see also Patry & Posner, supra note 23, at 1646-47 (casting this change in enforcement strategy more as a defensive move in response to uncertainty).
158 See HEINS & BECKELS, supra note 29, at 5 (describing rise of clearance culture in music and film industries).
159 See id. at 5-6.
sufficient assurance or clients are unwilling or financially unable to risk proceeding from a fair use position.\footnote{See id. at 46-51 (documenting cases of chilled fair use).} Making matters worse is a situation roughly analogous to that posed by Arrow’s information paradox: a potential fair user who seeks to acquire better information about the risks of relying on fair use by asking the copyright owner whether it would be willing to grant permission or a royalty-based license for the contemplated use thereby compromises his or her fair use position.\footnote{Arrow’s information paradox is that information cannot be evaluated by a potential buyer until it is disclosed, but disclosure destroys the buyer’s motivation to pay because he or she already has acquired it. See Kenneth J. Arrow, Economic Welfare and the Allocation of Resources for Invention, in THE RATE AND DIRECTION OF INVENTIVE ACTIVITY: ECONOMIC AND SOCIAL FACTORS 609, 614-16 (Richard R. Nelson, ed., 1962).} As a result, potential fair users generally choose between suffering expressive harms by foregoing their desired uses or acquiescing in licensing demands that further goad aggressive

\footnote{The fair use conundrum is only a rough analogy because asking for a license prejudices but does not destroy the user’s fair use case. Cf. Gibson, supra note XX, at 10-13 (reviewing law and commentary on when a foregone license counts as harm to market). The prejudice to the fair use case may not be self-evident. If the copyright owner refuses categorically to negotiate a license, the case for fair use may be strengthened. See SunTrust, 268 F.3d at 1282 (Marcus, J., concurring) (arguing that unwillingness to license should influence fourth fair use factor). However, if the copyright owner is willing to quote a price or at least enter into negotiations, this fact could influence a court’s harm-to-the-market inquiry. See, e.g., American Geophysical Union v. Texaco, Inc., 60 F.3d 913 (2d Cir. 1994) (rejecting fair use defense for selective photocopying of science journal articles on grounds that journal publishers had created a licensing market for such photocopying); Office of Legal Counsel, U.S. Department of Justice, Whether And Under What Circumstances Government Reproduction Of Copyrighted Materials Is A Noninfringing "Fair Use" Under Section 107 Of The Copyright Act Of 1976 (Apr. 30, 1999) available at 1999 WL 33490240 (O.L.C.): [If] government agencies routinely agree to pay licensing fees to engage in photocopying practices that were fair uses at the time, there is a chance some courts may conclude that a growing or longstanding custom of paying such fees weighs against a finding that such photocopying practices are fair uses when unlicensed. Thus, an agency that decides to negotiate a photocopying license should seek to limit the scope of the licensing agreement so as not to cover those photocopying practices that the agency, in good faith, concludes are not infringing. Moreover, although intent is not formally an element of fair use analysis, as a practical matter, it often is. See NXIVM Corp. v. Ross Inst., 364 F.3d 471, 478-79 (2d Cir. 2004); Rogers v. Koons, 960 F.2d 301, 309 (2d 1992); Fisher v. Dees, 794 F.2d 432, 436-38 (9th Cir. 1986); Religious Tech. Ctr. v. Netcom On-Line Commun. Servs., Inc., 923, F. Supp. 1231, 1244 n. 14 (N.D. Cal. 1995); Shady Records, Inc. v. Source Enter., Inc., 2004 U.S. Dist. LEXIS 26143 at **60-62 (S.D.N.Y. Jan. 3, 2005).}
legal and licensing departments into making license demands for fair uses.

If post hoc litigation is too risky, one might ask whether some form of anticipatory adjudication might be available to a determined fair user. In contemporary copyright law, the principal procedure available is a suit for a declaratory judgment. This option is subject to stringent limitations. The federal courts have exclusive jurisdiction over copyright claims. Article III of the U.S. Constitution and the federal Declaratory Judgment Act require a case or controversy to have arisen for the court to have subject matter jurisdiction. As a practical matter, the declaratory judgment route is available to a fair user only after a user has made an investment in use of the copyrighted work and is preparing to distribute it publicly and when a copyright owner has made a sufficiently specific and credible threat of litigation.

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

164 U.S. CONST. art. III § 2 (extending federal judicial power to a range of cases and controversies).
165 28 U.S.C. §§ 2201-02
166 See, e.g., Diagnostic Unit Inmate Council v. Films, Inc., 88 F.3d 651, 653 (8th Cir. 1996) (setting forth declaratory judgment standard for copyright cases); see also Clean Flicks of Colorado, LLC v. Soderbergh, 433 F. Supp.2d 1256 (D. Colo. 2006) (declaratory judgment case involving works already created and distributed).
168 Id. at *2 (quoting complaint).
169 See id.
In sum, fair use plays an essential role in brokering expressive freedoms among first-generation authors and their successors in theory, but in practice, fair use is broken. The high costs associated with interpreting standards and the financial risks associated with relying on fair use greatly limit the degree to which those who produce works for public consumption are willing to rely on fair use.

**II. FIXING FAIR USE: A PROPOSAL**

Copyright law must adjust to the new reality by supplying copyright owners with sufficient means to enforce their rights against commercial piracy while securing to users their necessary freedoms to use the copyrighted works of others under certain circumstances. Regrettably, copyright law currently is not up to the task. The time has come to fix fair use. There are four options for overcoming the problems caused by fair use uncertainty: (1) reduce the costs of obtaining a fair use determination *ex ante* under the current legal standard; (2) reduce the *ex post* penalties for misjudging fair use in good faith; (3) sharpen the fuzzy edges of the doctrine by establishing clearly-delineated safe harbors or by making the entire doctrine more rule-like; or (4) implement a combination of these measures.

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

**A. Description of Proposal**

Congress should extend the advisory opinion function available in other bodies of federal law to copyright law by amending the Copyright Act to create a Fair Use Board in the U.S. Copyright Office analogous to the recently-created Copyright Royalty Board.\(^{170}\) Fair Use

\(^{170}\) See 17 U.S.C. § 801(b). Under the Act, the Copyright Royalty Judges will conduct proceedings to “make determinations and adjustments of reasonable terms and rates of royalty payments as provided in [Copyright Act] sections 112(e), 114, 115, 116, 118, 119 and 1004;” to make determinations concerning the adjustment of the copyright royalty rates.
Judges would have the authority and the obligation to consider petitions for a fair use ruling on a contemplated or actual use of a copyrighted work. The copyright owner would receive notice of the petition and would have the opportunity to participate in the proceeding.

If the Fair Use Judge determines that such a use is or would be a fair use, the petitioner and the petitioner’s heirs or assigns, would be immune from liability for copyright infringement for such use. Such a ruling would not affect the copyright owner’s rights and remedies with respect to any other parties or any other uses of the copyrighted work by the petitioner. If the Judge rules that such use is not, or would not be, a fair use, the petitioner retains all other defenses to copyright infringement. In either case, the Judge’s determination would be administratively reviewable by the Register of Copyrights.\textsuperscript{171} The Register’s decisions would be reviewable de novo in the federal circuit courts of appeals.

1. The Fair Use Board

   a. Selection and Composition

The Fair Use Board should initially be comprised of a Chief Judge and two associate judges. The Board’s composition could then be adjusted with experience. As is the case with Copyright Royalty Judges, members of the Fair Use Board should be appointed by the Librarian of Congress in consultation with the Register of Copyrights. Ideally, Fair Use Judges would be impartial, efficient, and wise. However, impartiality will be difficult to achieve. As a practical matter, members of the Fair Use Board should be lawyers with demonstrated

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The Reform Act, three permanent Copyright Royalty Judges are to be appointed by the Librarian of Congress to encourage settlements and, when necessary, resolve statutory license disputes. “The expectation is that the Copyright Royalty Judges, appointed to staggered, six-year terms, will provide greater decisional stability, yielding the advantages of the former Copyright Royalty Tribunal, but with greater efficiency and expertise.” 37 C.F.R. ch. III §; 70 Fed. Reg. 30901 (May 31, 2005).

\textsuperscript{171} Cf. The Register “may review for legal error the resolution by the Copyright Royalty Judges of a material question of substantive law under this title that underlies or is contained in a final determination of the Copyright Royalty Judges.” 17 U.S.C. § 802(f)(1)(D).

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experience in copyright law. The requirement of prior experience with copyright law generally will mean that applicants will have represented primarily copyright owners, which will skew their understanding of the scope of fair use.

This is an unavoidable feature of this proposal. Even with a cramped understanding of fair use, members of the Fair Use Board will be obliged to rule against some of the blatant overreaching by copyright owners that has become increasingly common.\(^\text{172}\) A related risk is the ever-present problem of the revolving door. Fair Use Judges with an eye toward returning to practice will have strong incentives to render rulings favorable to copyright owners. To minimize this risk, I propose that Fair Use Judges agree to serve for 5-year renewable terms subject to review. Fair Use Judges would be subject to dismissal only for cause. As part of the renewal procedure, the public would be invited by notice to comment on a Judge’s impartiality and productivity. Given the experimental nature of this proposal, Congress should include a sunset provision to induce legislative review at the end of the first decade.\(^\text{173}\)

**b. Administrative Procedures**

Congress should delegate to the Copyright Office authority to establish such procedures as it sees fit, subject to relatively brief legislative guidance. This guidance should contain three essential requirements. First, a fair use petitioner should be required to serve notice on the copyright owner, if the owner can be found by a good faith search. Second, the copyright owner should have a full opportunity to participate and to contest the petition. Third, the record of a proceeding before the Fair Use Board should be restricted to a paper record, analogous to that used by ICANN’s Uniform Dispute Resolution Policy for trademark disputes concerning domain names.\(^\text{174}\) Subject to these conditions, and with the benefit of notice

\(^{172}\) See HEINS & BECKELS, supra note 29, at 33-36 (documenting overreaching cease-and-desist letters issued by copyright owners).

\(^{173}\) I was persuaded to add this provision to the proposal by Jessica Litman. See also Jacob E. Gersen, *Temporary Legislation*, 73 U. CHI. L. REV. ___ (forthcoming 2006) (arguing in favor of sunset provisions).

and comment, the Copyright Office would be tasked to balance substantive and procedural fairness with efficiency.

I suggest the following procedural outline to give the reader a sense for how this proposal might be implemented. A proceeding would commence when a potential fair user files a Fair Use Petition with the Copyright Office and certifies that such petition has been served upon the copyright owner(s), if known. Close attention should be paid to the appropriate filing fee, which will serve as a measure of the option value of a fair use ruling. Ideally, this system would be self-funding, but it would also be critical to ensure equitable access for poorly-resourced petitioners. Price discrimination in the form of either a sliding scale or some form of *in forma pauperis* filing would be a desirable means to achieve this end.

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

Alternatively, under the administrative process, the copyright owner would have 10 working days to give notice of intent to participate, and another 20 days to file any such response. The petitioner would be given the option to reply within 7 days. The Fair

175 In the event that the petitioner cannot identify or locate the copyright owner(s), the petitioner would be required to describe in detail the efforts made to find the copyright owner(s). The current proceeding concerning “orphan works,” see supra note 17 and accompanying text, likely will result in procedures along these lines and should be incorporated into the proposed procedure as appropriate.

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

Use Judge would have discretion to grant reasonable extensions. Of course, the absence of the copyright owner would not result in a default judgment. The Fair Use Judge would be obliged to make an independent fair use assessment. The Fair Use Judge would have a deadline, perhaps 45 days after the petition and any response from the copyright owner has been filed, to issue a brief, written decision.

This decision would be non-precedential insofar as a favorable fair use ruling would insulate only the petitioner from liability for the use described in the petition. However, the Fair Use Judge’s decision would be published on the Copyright Office website to assist the public in monitoring the Fair Use Board’s performance. The petitioner or the copyright owner would have a right to seek review from the Register of Copyrights, who would have 10 days to decide whether to review the decision. If the Register declines review, the Fair Use Judge’s decision would become final agency action. If the Register grants review, she will have 30 days in which to issue a decision.

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

c. Administrative Record

The petition would consist of a copy of the copyright owner’s work and either a copy of the petitioner’s work, if already created, or a detailed description of the petitioner’s proposed fair use. Any testimony would be in affidavit form, including any expert testimony on the effect on the copyright owner’s market under the fourth fair use factor.177 Although one can imagine a number of reasons for why a live evidentiary hearing with cross-examination would be desirable, the

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177 See supra notes 79-86 and accompanying text (discussing factor four).
stakes are limited enough that the benefits of a streamlined procedure outweigh the costs of any erroneous determinations that the streamlined procedures cause.\footnote{See infra notes 136-39 and accompanying text (discussing why Due Process Clause would not require evidentiary hearing).}

2. Judicial Review

Judicial review of the Copyright Office’s fair use determinations will serve as an important check on legal errors. Under this proposal, a Fair Use Ruling would be subject to review in any federal circuit court of appeals. The court’s standard of review should be \textit{de novo} for three reasons. First, the record before the court will be identical to that before the Board. Under such circumstances, the court would be the more appropriate body to determine which inferences may be drawn from the record and to resolve any credibility issues raised by the parties.\footnote{\textit{Cf.} Wall Data Inc. v. Los Angeles County Sheriff’s Dept., 447 F.3d 769, 777 (9th Cir. 2006) (standard of review is \textit{de novo} when reviewing summary judgment ruling on fair use).} Second, deference to the agency’s expertise would be inappropriate in these circumstances. The proposal would be a limited delegation from Congress to the Copyright Office to make individual fair use determinations, but the power to make generally binding interpretations of the law would remain with the federal courts.\footnote{\textit{Cf.} Bonneville Intern. Corp. v. Peters, 347 F.3d 485, 490 n.9 (3d Cir. 2003) (two judges on panel would have ruled that Copyright Office interpretation of sound recording statutory license not entitled to substantial deference because Congress had not shifted interpretive authority from the courts to the agency).} Indeed, the Fair Use Board would be obliged to apply judicial fair use precedent to the extent that it can be applied.\footnote{See supra Section I (describing difficulty of acquiring guidance from fair use precedent).} It would therefore be inappropriate for an appellate court to defer to the agency’s interpretation of judicial precedent. Finally, as has been observed, fair use now serves as one of copyright law’s “built-in free speech safeguards.”\footnote{See Eldred v. Ashcroft, 537 U.S. 186, 221 (2003).} The Supreme Court has noted in analogous circumstances that \textit{de novo} appellate review is appropriate when constitutional interests are at stake.\footnote{\textit{Cf.} Bose Corp. v. Consumers Union of U.S., Inc., 466 U.S. 485 (1984) (independent appellate review is necessary when issue is mixed question of fact and law regarding availability of First Amendment privilege); see also Brett McDonnell & Eugene Volokh, \textit{Freedom Of Speech and Independent Judgment Review in Copyright Cases}, 107 YALE L. J. 2431 (1998).}
B. Benefits of the Proposal

This proposal will fix fair use in three ways. First, fair use will become available to users for whom it is currently not an option. This group includes poorly-financed potential fair users who currently must sacrifice their expressive freedom in the face of increasingly aggressive and unreasonable demands from powerful copyright owners.\textsuperscript{184} This group also includes creators such as literary authors, illustrators, and filmmakers whose opportunities to exercise their fair use rights are overly circumscribed by the clearance culture that predominates among risk-averse intermediaries.

For example, under this proposal, documentary filmmakers would be able to rely upon fair use so long as their production schedule permits the time necessary for the process envisioned herein to run. The reason that the proposal will come to these creators’ aid is that intermediaries should accord a favorable fair use ruling the same weight as a license from the copyright owner.\textsuperscript{185} Even if they do not – because there may be a legally significant gap between the proposed and actual use – the added certainty of a fair use ruling ought to be sufficient to make reliance upon it an insurable risk. The benefits of enabling fair use flow not only to the creators but also to their audiences.

Moreover, as the body of non-precedential, but educational, fair use rulings grow, relying on fair use may become an insurable risk in related circumstances. A strong impetus toward a permission culture is the absence of insurance for commercial distributors who may otherwise be inclined to rely on a creator’s fair use judgment or to make their own.\textsuperscript{186} In many, but not all, cases that position is a reasonable response to the legal uncertainty that fair use poses in its currently enfeebled state. To the extent that Fair Use Rulings, and judicial review thereof, will improve legal certainty, as has happened with reverse engineering of software for purposes of interoperability, it

\textsuperscript{184} See supra notes 88-93 and accompanying text (describing increase in copyright owner aggression).
\textsuperscript{185} See id. (describing copyright clearance culture in film and music industries).
\textsuperscript{186} See id. (explaining reasons for rise of clearance culture); see also AOKI, BOYLE & JENKINS, supra note XX, at 52-55.
would be reasonable to expect to see insurance companies offer fair use riders to standard errors and omissions policies. The availability of such insurance should lead the legal departments of large commercial distributors to take a more pragmatic approach to whether reliance on fair use would be acceptable.

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

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

Fair use rulings also are likely to increase public awareness of increasing aggression of some copyright owners. It will be particularly beneficial for appellate courts to have access to this information because currently they rarely hear cases involving gross overreaching due to the limited resources and limited political will of the victims of

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187 See HEINS & BECKELS, supra note 29, at 5 (describing one insurance broker’s view of conditions for fair use rider).
188 Recall that a favorable fair use ruling would insulate the petitioner from liability only for the proposed use as detailed in the petition.
189 Cf. Wendy Gordon, Fair Use: Threat or Threatened?, 55 CASE W. RES. L. REV. 903, 904 (2005) (“In the legislative domain, conceivably fair use is a false promise that keeps the public from demanding, or Congress from providing, limits on copyright.”).
such aggression.\textsuperscript{190} It is my prediction that appeals from adverse fair use rulings would reaffirm for the appellate courts the importance of striking the appropriate balance between copyright owners and those who seek to express themselves with the aid of words, images, melodies, or sounds created by others.

C. On the Legality and Desirability of the Proposal

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

1. Constitutional Challenges to the Fair Use Board

Opponents of this proposal are likely to challenge its lawfulness, arguing that it violates three provisions of constitutional law: (1) the doctrine of separation of powers; (2) the Fifth Amendment’s Due Process Clause;\textsuperscript{191} and (3) the Article III case-or-controversy requirement.\textsuperscript{192} It is beyond the scope of this Article to fully brief each of these issues. Instead, this subsection identifies the key points that must be addressed, and sketches in the reasons why each of these challenges should fail.

a. Separation of Powers

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

\textsuperscript{190} Cf. Noam Scheiber, \textit{The Hustler}, THE NEW REPUBLIC, Apr. 10, 2006, (describing how Thomas Goldstein’s appellate advocacy has persuaded the Supreme Court to hear an increasing number of cases involving less wealthy parties) \textit{reprinted at http://www.tnr.com/doc_posts.mhtml?i=20060410&s=scheiber041006} [\textit{Law & Society cite}]

\textsuperscript{191} U.S. CONST. amend. V.

\textsuperscript{192} U.S. CONST. art. III § 2.
The proposal would permit officers employed by an arm of Congress to have the power to declare the rights of two or more private parties under the Copyright Act, subject to review by an Article III court. The Copyright Office is part of the Library of Congress. The Register of Copyrights is appointed by the Librarian of Congress and is under the Librarian's supervision. While the Librarian of Congress is appointed by the President with the advice and consent of the Senate, the Library, as its name suggests, is organized under Title Two of the United States Code, which governs Congress.

An opponent would argue that the proposal violates the doctrine of separation of powers by granting an arm of Congress the right to exercise executive power reserved to the President. According to this argument, Article I of the Constitution grants Congress the power only to legislate, with certain explicit exceptions, and legislation requires bicameralism and presentment. Relatedly, the power to execute the laws cannot be exercised by either Congress or an officer under its control.

The short response is that this argument has force only to the extent that a court would be attracted to deploy formalist rather than functionalist separation-of-powers analysis with respect to this proposal. One cannot completely discount this risk because some jurists are ideologically disposed toward formalist constitutional interpretation as a general principle. But in the main this proposal differs materially from the kinds of legislation that has attracted a formalist response from the Court. Unlike cases that prompt such a response, this proposal does not have any feature that could be

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197 See id. at 954-955 (quoting U.S. Const. art. I, § 2, cl. 5 (House power to initiate impeachment); U.S. Const. art. I, § 3, cl. 6 (Senate power to conduct impeachment trials); U.S. Const. art. II, § 2, cl. 2 (Senate power to approve presidential appointments, and to ratify treaties)).
characterized as a legislative usurpation of executive or judicial power. No executive agency is charged with the duty of implementing the Copyright Act, and Congress has not sought to insulate Copyright Office decisions from judicial review.

Moreover, in recent years, Congress has delegated increasing authority to the Copyright Office. Most notably, the Librarian of Congress has power to declare certain provisions of the Digital Millennium Copyright Act inapplicable to classes of work so designated by the Librarian after notice-and-comment rulemaking. Although commentators have flagged the risk, the constitutionality of the provision has not been challenged. Indeed, when courts have reviewed Copyright Office interpretations of the Copyright Act, they have applied standard administrative law principles as if the Office were an executive agency. Consequently, there is little judicial precedent to support the separation-of-powers challenge to this proposal and no feature of it likely to cause a moderate jurist concern for the integrity of the constitutional scheme.

b. Due Process

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

202 See, e.g., Universal City Studios L.L.P. v. Peters, 402 F.3d 1238, 1242 (D.C. Cir. 2005) (applying rule that agency’s interpretation of its own rules entitled to substantial deference); Bonneville Intern. Corp. v. Peters, 347 F.3d 485, 490 (3d Cir. 2003) (choosing not to decide what level of deference appropriate under standard administrative law principles concerning scope of legislative delegation); Satellite Broadcasting and Comm. Ass’n of America v. Oman, 17 F.3d 344, 347 (11th Cir. 1994) (“The Copyright Office is a federal agency with authority to promulgate rules concerning the meaning and application of § 111.”).
203 Although there are structural reasons to believe that members of the Fair Use Board would be pre-disposed against broad interpretations of fair use, see supra Section II.A.1.a, this form of pre-disposition does not amount to bias under the Due Process Clause.
A court would assess whether due process requires an evidentiary hearing for non-binding, anticipatory adjudication of fair use by applying the balancing framework established by *Matthews v. Eldridge*. The court must assess:

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

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

Second, the risk of an erroneous fair use judgment is minimal. A cynic might quip that the fair use standard is so indeterminate that one cannot identify a determination that is legally erroneous, but that argument reaches too far. Instead, while close cases will generate significant differences of opinion, there are a range of decision points that most would recognize as being within the zones of correctness and error. However, the risk of error caused by reliance on a written record is low because the most important evidence to the legal determination is the comparison of the owner's and the user's works. For that reason, fair use is frequently determined as a matter of law.
A critic might argue that witness credibility is material to determinations of the user’s intent or the copyright owner’s assertions regarding harm to actual or potential markets and that this credibility requires a live evidentiary hearing. However, by conditioning the Fair Use Board’s decision upon the facts asserted in the written record, either the user or the copyright owner could argue that the Board decision does not apply to an actual use if the facts can be proven to be significantly different than were asserted in the administrative record. As important, the copyright owner would have the opportunity to opt out of the administrative proceeding by filing suit in federal district court, where a full evidentiary hearing would be available. For this reason, little value should be assigned to a requirement of an evidentiary hearing in all cases when such a hearing is available as an option.

Finally, requiring a full evidentiary hearing would be nearly fatal to the proposal. The government’s interest in giving access to fair use to those who cannot otherwise afford it for reasons of time or financial resources while preserving the copyright owner’s ability to manage her own assets depends upon a streamlined procedure. In other procedural due process cases, the government’s interest in expediency is, and should be, outweighed by the substantiality of the private interest and the risk of erroneous deprivation of that interest. Here, however, where the issue to be decided by the Fair Use Board is quite narrow, and the value of requiring an evidentiary hearing would do little to minimize the risk of erroneous deprivation while significantly undermining the government’s interest in creating and administering the Fair Use Board’s procedures, the balance favors the procedures as outlined in this proposal.

material fact as to such issues.”); Beebe, supra note 27, noting that fair use was decided on summary judgment in a substantial minority of cases.

207 In theory, a fair use petitioner might also be able to terminate the administrative proceeding and sue for declaratory judgment if the copyright owner files a notice of intent to participate in the administrative proceeding. The petitioner would argue that the notice of intent to participate generates a concrete case or controversy under Article III and the Declaratory Judgment Act. See supra notes 96-99 and accompanying text (discussing the case or controversy requirement). If the courts did accept this argument, it would further bolster the case against mandating a full evidentiary hearing in the administrative process, but this is a speculative enough issue that it is not necessary to the argument.
c. Article III

Finally, an opponent of the proposal might argue that even if the administrative process is constitutional, judicial review of a Fair Use Ruling would not be. On this view, it is not the job of the federal courts to determine whether an administrative agency has correctly issued an advisory opinion. Although one can imagine a more thoroughgoing attack, let us limit discussion to its strongest version – the court lacks jurisdiction in a case in which the copyright owner has chosen not to participate and in which the Board has ruled against the petitioner. The impulse behind this argument is understandable. Under the proposal, petitioners such as those in the declaratory judgment case described above who were dismissed from federal district court for lack of jurisdiction would now have direct access to a federal appellate court on exactly the same facts. How can that be?

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

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

\footnote{See \textit{infra} notes 100-02 and accompanying text.}
against the petitioner, will present the case against fair use and the petitioner will present the case in favor.

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

2. On the Merits of a Fair Use Board

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

a. Fairness

Some copyright owners are likely to complain that instituting such a procedure would unfairly diminish the value of copyright ownership. On this view, copyright owners would have to expend precious resources monitoring and litigating fair use petitions. In particular, they would be burdened to supply evidence concerning the fourth fair use factor concerning harm to the copyright owner’s market because the Board would otherwise lack sufficient information to make reasonable judgments on this score. Finally they would argue that the anticipatory nature of the adjudication would make application of the fourth factor particularly difficult to assess and would lead to a high error rate.

Undoubtedly, large copyright owners would want to devote some resources to monitoring and participating in fair use adjudication.

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

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

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

Users’ rights advocates would be likely to raise a separate fairness concern. Some may argue that the availability of such a procedure would serve to prejudice users’ rights because the availability of an administrative procedure could create an expectation that it be used in all cases.210 Courts may be led to disfavor defendants who choose to rely on their own fair use judgments, and a potential fair user may, at a minimum, feel obliged to explain why he or she made a purported fair use without having first sought an advisory opinion.

This concern is meritorious. However, even if the proposal were to have this prejudicial effect, the net effect of this proposal should be a greater exercise of fair use rights given the dismal state of fair use reliance in the current environment.

b. Efficiency – The Value of Fair Use

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

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

211 Professor Richard Fallon summarizes the overbreadth doctrine as follows:

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


The First Amendment vagueness doctrine also is animated by concerns about chilling protected speech. Rather than an exception, however, this doctrine is a more demanding version of its due process relation. See, e.g., Smith v. Goguen, 415 U.S. 566, 572-73 (1974) (“Where a statute’s literal scope, unaided by a narrowing state court interpretation, is capable of reaching expression sheltered by the First Amendment, the [vagueness] doctrine demands a greater degree of specificity than in other contexts.”).
These doctrines do not import neatly into copyright law because in the traditional First Amendment setting, the court must balance the government’s interest in regulating speech against the speaker’s and audience’s interest in communicating. In a copyright case, courts view the government’s interest in suppressing second-generation authors’ speech as a means to encourage first-generation authors’ speech.\textsuperscript{212} Vagueness and uncertainty in this context might then be defended as having speech-protective features.\textsuperscript{213} However, it is not vagueness and uncertainty themselves that are speech-protective, but the context-sensitive definitions of the legal entitlements that protect speech. Vagueness and uncertainty merely are by-products of that design. This Article’s proposal enables the law to maintain its context-sensitive entitlements while creating a procedure to dispel the fog of fear, uncertainty and doubt that shrouds them, thereby achieving the ends of the vagueness and overbreadth doctrines by different means.

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

\textsuperscript{212}See Harper & Row Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 558 (1985) (labeling copyright the “engine of free expression” because it makes author’s speech marketable);

\textsuperscript{213}See Tushnet, supra note 30, at 70 (arguing that vagueness attendant to fair use and idea/expression more speech protective than copyright regime with rule-like definition of scope).
c. Fair Use Jurisprudence

Not all observers would agree that the spillover effects of this proposal would be positive. Indeed, the dynamic effects of the proposal may be of greatest concern to critics on both sides. The proposal would increase access to fair use. Undoubtedly, if adopted, the proposal would lead to the creation of a body of Fair Use Rulings analogous to the body of Private Letter Rulings by the Internal Revenue Service and No Action Letters by the Enforcement Bureau of the Securities and Exchange Commission. As has been the case in those areas of law, this body of non-binding fair use rulings would be likely to influence the development of binding fair use decisions by the federal courts.

Some critics will argue that this influence would be corrosive. In their view, the Copyright Office has become a captured agency. They will argue that the Board will also be captured and will give fair use a very cramped reading. The proposal acknowledges this risk. On balance, however, the professionalism of the administrative decisionmakers should reduce the scope of this risk, and the availability of de novo judicial review should serve as an important corrective in the event that this risk is realized. For example, any self-respecting copyright lawyer would hold that an author’s quotation of two lines from the lyrics of a popular song is a fair use, notwithstanding the routine practice of music publishers to quote a license fee for such a use.214

The argument may shift to a concern about distortions in fair use jurisprudence because fair use petitioners may not be able to adequately represent their interests before the Board or a court. This view suggests a principle by which access to adjudication should be increased only if there is a concomitant increase in access to legal representation. To my mind, this argument is too idealistic, and it should not be surprising that a pragmatic proposal such as this might be unpalatable on that view. But even for the idealist, there is some hope because pro bono assistance to some fair users might be available through committees of lawyers for the arts found in many cities.215 In

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214 [Find Cite]
addition, a number of law schools now offer intellectual property clinics that might be available to represent fair users.\footnote{See \url{http://www.law.berkeley.edu/clinics/samuelson/about.html}; \url{http://cyber.law.harvard.edu/home/mission}; \url{http://www.wcl.american.edu/clincial/ipclinic.cfm}.} 

If the real jurisprudential argument centers on the likely outcomes of appellate litigation regardless how well represented a petitioner may be, I am unpersuaded. In my view, the appellate courts are the best-situated governmental decisionmakers to properly understand and apply the fair use doctrine’s allocation of expressive freedoms.\footnote{Accord McDonell & Volokh, \emph{supra} note 116 at 2468-69.} A more subtle critique would be that even if appellate courts are the best-situated adjudicators of fair use, they may be led astray if they receive a case in the posture of an appeal from an adverse Fair Use Ruling. In such a case, the courts may be more likely to defer to the views of the allegedly captured Fair Use Board than the views of a district court. In this way, the mutually mediating relationship between the courts and the Board will lead to the ratification of a circumscribed view of fair use.

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

\textbf{D. Good Policy, Bad Politics?}

Readers who are at this point persuaded that the proposal would improve copyright law may nonetheless harbor skepticism about its political prospects. As a practical matter, for this proposal to become law, it would have to garner the support of the Copyright Office and at least avoid resistance from any of the larger organizations...
that represent copyright owners. The discussion above explains why
the principal proposal is not a threat to the interests of copyright
owners. Indeed this proposal should be even more welcome than the
pending orphan works legislation promoted by the Copyright Office.

The orphan works bill is analogous to this Article’s principal proposal
insofar as the bill is designed to promote ex ante certainty with respect
to uses of expressive works whose copyright owner cannot be
identified through a reasonably diligent search.

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

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

218 See, e.g., Thomas P. Olson, The Iron Law of Consensus: Congressional Responses to Proposed
Copyright Reforms Since 1909, 36 J. COPYRIGHT SOC. 109 (1989) (identifying veto points in
legislative process).

http://thomas.loc.gov/cgi-bin/query/z?c109:H.R.5439

220 See, e.g., Daryl Lang, Congress to Consider Softer Version of Orphan Works Bill, PHOTO
(visited Aug. 25, 2006); Advertising Photographers of America, Urgent Message Regarding
Orphan Works Bill, (undated) (urging members to lobby against bill’s passage) at

221 See, e.g., Marybeth Peters, Statement of the United States Copyright Office
to the Subcommittee on Courts, the Internet, and Intellectual Property, Committee on the
Judiciary, United States House of Representatives, 109th Congress, 2nd Session, Mar. 29,
Fair Use Board would place the Office in unfamiliar territory and would likely present some management, budgetary, and public relations challenges that Office personnel might just as well avoid. In my view these concerns can be addressed and overcome in the course of deliberations over this proposal.

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

E. Summary

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

2006, Remedies for Small Copyright Claims (cautiously offering to study issues related to establishing small claims tribunal for copyright cases).

III. FIXING FAIR USE: ALTERNATIVE PROPOSALS

Section II argues that the best way to solve the problem of ex ante uncertainty in copyright law is to provide ex ante clarity through anticipatory adjudication. In the event that the political tide has not risen sufficiently to make safe passage for this approach to fair use clarification, I sketch in this section two less effective proposals to fix fair use that could be more readily steered through the legislative shoals and briefly address why proposals to fix fair use by rendering it more rule-like through legislation should be resisted.

A. Reallocating Risks of an Erroneous Fair Use Judgment

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

1. Fair Use Rulings as Limit on Liability

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

This version of the proposal resonates with other provisions or proposals to use non-binding adjudication as a means of clarifying the scope of intellectual property rights. For example, the United Kingdom recently amended its patent law to give the U.K. Patent Office authority to provide a non-binding opinion concerning patent validity or infringement for £200 to assist parties with licensing and litigation decisions.223

In addition, treatise author David Nimmer has advanced a proposal analogous to this alternative.224 Under the Nimmer proposal, Congress would provide for non-binding fair use arbitration to be funded entirely by the parties.225 Although non-binding, the arbitration decision could be used by either party to influence the remedy for infringement. An unfavorable decision would be admissible as evidence of willfulness. A favorable decision would limit the copyright owner’s remedy to that proposed by the Copyright Office for infringement of an orphan work.226 A favorable decision also would be admissible as relevant to the question of attorney’s fees.227

2. Broaden Relief for Good Faith

In the alternative, if Congress does not see fit to create a Fair Use Board, it should fix fair use by reducing the scope of liability for those who infringe with an erroneous but good faith belief that the infringing use was a fair use. One reason that potential fair users are

225 A petitioner would pay $1,000 and the copyright owner would also have to pay $1,000 if he, she, or it wished to participate and submit the matter to a single arbitrator. If either party preferred a panel of three arbitrators, such party could designate the matter as complex and be required to pay an additional $9,000. See id. at 12 n.3.
226 See id. (incorporating by reference UNITED STATES COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS, Jan. 31, 2006, which proposes adding a new remedial section to Copyright Act).
227 See id.
unwilling to challenge overreaching by aggressive copyright owners is that the penalties for doing so can be quite severe.228

Under this alternative proposal, the availability of injunctive relief should be curtailed and statutory damages should be unavailable against those who use a copyrighted work in good faith but with a mistaken belief that such as use was a fair use. If the copyright owner were limited to proving actual damages flowing from a colorable fair use, the damages would be less attractive, reducing the threat of litigation and potentially increasing the owner's willingness to offer reasonable terms to license colorable fair uses.

The Copyright Act already makes some allowance for innocent infringers, by lowering the floor for statutory damages to $200 where an infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright.229 However, courts do not accept this defense readily.230 In addition, for members of certain privileged classes of users who prove that they made an unauthorized reproduction of a copyrighted work with a good faith belief that making such a copy or copies was a fair use, statutory damages are to be remitted.231

Under this alternative, Congress would make the defense of innocent infringement more robust and would extend the benefits currently granted to special classes of users to all users who exercise any of the copyright owner's exclusive rights with an objective and subjective good faith belief that such use was a fair use. Other commentators have proposed limited expansions of the remittance privilege under Section 504(c)(2) in the field of education.232 For the reasons stated above, however, fixing fair use is necessary for all users.

Section 504(c)(2) should be amended to limit monetary liability, including attorneys’ fees, and to limit the availability of injunctive relief

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228 See supra notes 43-46 and accompanying text (describing remedial provisions of Copyright Act).
229 See 17 U.S.C. § 504(c).
231 See 17 U.S.C. § 504(c)(2).
to cases in which a colorable fair use would have a deleterious effect on the copyright owner’s actual market from an ex post perspective, such as a use that would displace actual licensing opportunities unless enjoined. In most cases of mistaken but good faith judgments of fair use, the defendant will be liable for a reasonable royalty as actual damages for colorable fair uses that do not harm copyright owner’s existing markets.

B. Fair Use Rules

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

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

However, it certainly would be possible to promulgate fair use rules either directly by legislation or through rulemaking under the auspices of the Copyright Office. The principal objection to fair use

236 See generally Kenneth D. Crews, The Law of Fair Use and the Illusion of Fair-Use Guidelines, 62 OHIO ST. L.J. 599 (2001) (discussing these attempts and identifying circumstances in which guidelines have been misunderstood or misused).
237 This is assuming that such rulemaking would be constitutional. See supra notes 126-35 and accompanying text (discussing potential constitutional objections to rulemaking by Copyright Office). Alternatively, an executive agency such as the Commerce Department,
rules is the general objection to rules: the costs of over- and under-inclusivity outweigh the benefits of *ex ante* certainty and cheaper administrability. As Congress recognized when codifying fair use, rulemakers will be unable to predict the range of uses for copyrighted works, particularly as technological evolution enables new uses and new markets for such uses. Consequently, my views align with Judge Leval’s on this subject because *ex ante* rulemaking lacks the important context-sensitivity that the proposals submitted above would preserve.

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

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

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which houses the United States Patent and Trademark Office, might be granted such regulatory authority.

238 House Report at 65-66 (“[T]he endless variety of situations and combinations of circumstances that can rise in particular cases precludes formulation of exact rules in the statute.”).

239 Pierre N. Leval, *Toward a Fair Use Standard*, 103 *Harv. L. Rev.* 1105, 1135 (1990) (“A definite [fair use] standard would champion predictability at the expense of justification and would stifle intellectual activity to the detriment of the copyright objectives. We should not adopt a bright-line standard unless it were a good one – and we do not have a good one.”).

240 Arguably this is what has happened with respect to use of domain names under the ICAAN Uniform Dispute Resolution Policy. [http://www.icann.org/udrp/udrp-policy-24oct99.htm](http://www.icann.org/udrp/udrp-policy-24oct99.htm) An oft-litigated issue has been the use of a trademark in a domain name of the form www.[trademark]sucks.com. Courts routinely have held such uses to be non-infringing. Arbitrators issuing non-precedential decisions under the UDRP have been less uniform. However, the pattern is now consistent enough that it is clear enough that a “[trademark]sucks” second-level domain will be non-infringing, at least if the content of the site reflects some speech critical of the trademark owner.
IV. CONCLUSION

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

The best way to improve certainty concerning fair use would be to institute an administrative procedure to provide anticipatory, non-precedential adjudications that would offer immunity from suit. Such a procedure would maximize ex ante certainty for fair users and copyright owners in individual cases, would lead to a more robust body of fair use interpretations that others could refer to for guidance, and would reduce the frequency of unreasonable bargaining impasse in the shadow of such a procedure.

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