

2009 WL 8684205 (C.A.2) (Appellate Brief)  
United States Court of Appeals, Second Circuit.

J.D. SALINGER, individually and as Trustee of the J.D. Salinger Literary Trust, Plaintiff-Appellee,  
v.  
Fredrik COLTING, writing under the name John David California, Windupbird Publishing Ltd.,  
Nicotext A.B. and ABP Inc., doing business as SCB Distributors, Inc., Defendants-Appellants.

No. 09-2878-cv.  
August 22, 2009.

On Appeal from the United States District Court for the Southern District of New York

**Brief of Amicus Curiae Motion Picture Association of America, Inc. in Support of Plaintiff-Appellee**

David E. Kendall, Thomas G. Hentoff, Kannon K. Shanmugam, Hannah M. Stott-Bumsted, Scott K. Dasovich, Williams & Connolly LLP, 725 Twelfth Street, N.W., Washington, D.C. 20005, (202) 434-5000, Attorneys for Amicus Curiae Motion Picture Association of America, Inc.

**\*I CORPORATE DISCLOSURE STATEMENT**

Pursuant to [Rule 26.1 of the Federal Rules of Appellate Procedure](#), *Amicus Curiae* Motion Picture Association of America, Inc. (“MPAA”), certifies that it has no parent or subsidiary corporations, and no publicly held company owns 10% or more of its stock.

**\*ii TABLE OF CONTENTS**

CORPORATE DISCLOSURE STATEMENT .....	i
INTEREST OF <i>AMICUS CURIAE</i> .....	1
INTRODUCTION AND SUMMARY OF ARGUMENT .....	3
ARGUMENT .....	7
I. THE ENTERTAINMENT INDUSTRY RELIES ON COPYRIGHT LAW’S PROTECTION OF FICTIONAL CHARACTERS AND OF RIGHTS TO MAKE SEQUELS AND OTHER DERIVATIVE WORKS. ....	7
A. Sequels and Other Works Based on Licensed Fictional Characters and Stories Are a Vital Part of the Motion Picture Business. ....	8
B. Longstanding Copyright Law Protecting Fictional Characters Justifies Industry Expectations. ....	10
II. DEFENDANTS’ AND <i>AMICI</i> ’S “TRANSFORMATIVE” USE TESTS MISSTATE FAIR-USE LAW AND WOULD UNDERMINE RIGHTS TO SEQUELS AND OTHER DERIVATIVE WORKS. ....	14
A. A “Transformative” Use Is One That Does More Than Add New Meaning to an Original Work. ....	14
B. Defendants’ and <i>Amici</i> ’s Tests Would Create Confusion Regarding the Distinction Between a Protected Fair Use and an Infringement of the Right To Prepare Derivative Works. ....	18
C. The “Transformative” Use Inquiry Is Only One Part of the Multifactor Fair-Use Analysis. ....	22
III. AN AUTHOR’S CHOICE NOT TO LICENSE SEQUELS OR OTHER DERIVATIVE WORKS IS ENTITLED TO FULL-TERM PROTECTION. ....	25
CONCLUSION .....	28
CERTIFICATE OF COMPLIANCE .....	30

**\*iii TABLE OF AUTHORITIES**  
**CASES**

<a href="#">Bill Graham Archives v. Dorling Kindersley Ltd.</a> , 448 F.3d 605 (2d Cir. 2006) .....	17
<a href="#">Blanch v. Koons</a> , 467 F.3d 244 (2d Cir. 2006) .....	17, 18

<i>Burroughs v. Metro-Goldwyn-Mayer, Inc.</i> , 519 F. Supp. 388 (S.D.N.Y. 1981), <i>aff'd on other grounds</i> , 683 F.2d 610 (2d Cir. 1982) .....	11
<i>Campbell v. Acuff-Rose Music</i> , 510 U.S. 569 (1994) .....	<i>passim</i>
<i>Capitol Records, Inc. v. Naxos of Am., Inc.</i> , 262 F. Supp. 2d 204 (S.D.N.Y. 2003) .....	24
<i>Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.</i> , 955 F. Supp. 260 (S.D.N.Y.), <i>aff'd</i> , 150 F.3d 132 (2d Cir. 1998) .....	<i>passim</i>
<i>Eldred v. Ashcroft</i> , 537 U.S. 186 (2002) .....	26
<i>Filmvideo Releasing Corp. v. Hastings</i> , 509 F. Supp. 60, (S.D.N.Y.), <i>aff'd in relevant part</i> , 668 F.2d 91 (2d Cir. 1981) .....	11
<i>Fox Film Corp. v. Doyal</i> , 286 U.S. 123 (1932) .....	24, 25
<i>Gaiman v. McFarlane</i> , 360 F.3d 644 (7th Cir. 2004) .....	12, 13
<i>Goodis v. United Artists Television, Inc.</i> , 425 F.2d 397 (2d Cir. 1970) .....	11-13
<i>Jarvis v. K2 Inc.</i> , 486 F.3d 526 (9th Cir. 2007) .....	18
<i>Micro Star v. Formgen Inc.</i> , 154 F.3d 1107 (9th Cir. 1998) .....	13
<i>Nichols v. Universal Pictures Corp.</i> , 45 F.2d 119 (2d Cir. 1930) .....	11, 13
<i>Norton v. Sam's Club</i> , 145 F.3d 114 (2d Cir. 1998) .....	8
<i>NXIVM Corp. v. Ross Institute</i> , 364 F.3d 471 (2d Cir. 2004) .....	22
<i>Olson v. NBC</i> , 855 F.2d 1446.....	12
<b>*iv</b> <i>Salinger v. Colting</i> , 641 F. Supp. 2d 250, 2009 WL 1916354 (S.D.N.Y. July 1) .....	3
<i>Salinger v. Random House, Inc.</i> , 811 F.2d 90 (2d Cir. 1987) .....	26
<i>Schiller v. Tower Semiconductor Ltd.</i> , 449 F.3d 286 (2d Cir. 2006) .....	8
<i>Silverman v. CBS Inc.</i> , 870 F.2d 40 (2d Cir. 1989) .....	11
<i>Stewart v. Abend</i> , 495 U.S. 207 (1990) .....	24, 25
<i>Walt Disney Prods. v. Air Pirates</i> , 581 F.2d 751 (9th Cir. 1978) .....	12
<i>Warner Bros. Inc. v. ABC</i> , 720 F.2d 231 (2d Cir. 1983) .....	11
<i>Warner Bros. Pictures v. CBS</i> , 216 F.2d 945 (9th Cir. 1954) .....	12
<b>STATUTES</b>	
17 U.S.C. § 101 (2006) .....	<i>passim</i>
17 U.S.C. § 102 (2006) .....	12
17 U.S.C. § 106 (2006) .....	4
17 U.S.C. § 107 (2006) .....	14, 22
<b>OTHER AUTHORITIES</b>	
Benjamin A. Goldberger, <i>How the "Summer of the Spinoff" Came To Be: The Branding of Characters in American Mass Media</i> , 23 Loy. L.A. Ent. L. Rev. 301 (2003) .....	9, 10
H.R. Rep. No. 105-452, p. 4 (1988) .....	26, 27
Pierre N. Leval, <i>Nimmer Lecture: Fair Use Rescued</i> , 44 UCLA L. Rev. 1449 (1997) .....	21
Pierre N. Leval, <i>Toward a Fair Use Standard</i> , 103 Harv. L. Rev. 1105 (1990)	14, 23, 24
<b>*v</b> 1 Melville B. Nimmer & David Nimmer, <i>Nimmer on Copyright</i> § 2.12, § 3.03 (2009) .....	12, 19
Neil Terry, <i>et al.</i> , <i>The Determinants of Domestic Box Office Performance in the Motion Picture Industry</i> , 32 Sw. Econ. Rev. 137 (Spring 2005) .....	8, 9

**\*1 INTEREST OF AMICUS CURIAE**

The MPAA is a non-profit trade association founded in 1922 to address issues of concern to the United States motion picture industry.<sup>1</sup> Its members and their affiliates produce and distribute the vast majority of filmed entertainment in the domestic theatrical, television, and DVD/home-video markets. Accordingly, the MPAA advocates for the protection of the creative works produced and distributed by the filmed entertainment industry, fights copyright theft around the world, and provides leadership in meeting new and emerging industry challenges.

The motion picture and television industry is one of the nation's most valuable cultural and economic resources. In 2007, it was responsible for 2.5 million American jobs, more than \$41 billion in wages to American workers, more than \$38 billion

in payments to American vendors, suppliers, small businesses and entrepreneurs, \$13 billion in income and sales taxes, and \$13.6 billion in trade surplus.

To a great extent, the motion pictures, television programs, and other filmed entertainment that drive this economic activity are made possible by copyright owners utilizing their own existing copyrighted works, and licensing exclusive rights to preexisting fictional characters and stories, to produce sequels, film \*2 adaptations, remakes, television series, spin-offs, books, legitimate theatrical productions, and many other forms of entertainment.

As producers of creative content, the MPAA's members rely on protection for free speech, as embodied in the First Amendment and the copyright fair-use defense, as well as on laws that permit the effective enforcement of creators' copyrights. As owners of rights to produce sequels, and as licensees of rights to prepare derivative works that are based on preexisting literary or other copyrighted works, the MPAA's members have a particular interest in supporting the continued copyright protection of the fictional characters and stories on which countless licensing agreements and creative projects are based. Any ruling that diminishes, or creates confusion regarding, the exclusive right to produce character-based sequels or prepare other derivative works based on preexisting copyrighted characters could have a significant adverse impact on the filmed entertainment industry.

### **\*3 INTRODUCTION AND SUMMARY OF ARGUMENT**

In this case, the district court determined that the novel *60 Years Later: Coming Through the Rye*, published by an author under the pen name John David ("J.D.") California, is an admitted sequel to J.D. Salinger's classic novel *The Catcher in the Rye* and a continuation of the story of its protagonist Holden Caulfield "such that it constitutes a derivative work as defined by 17 U.S.C. § 101."<sup>2</sup> The court rejected the defendants' fair-use and other liability defenses and granted the plaintiff's request for a preliminary injunction.

In briefing on appeal, the defendants or their *amici*<sup>3</sup> argue for departures from established law that would (i) weaken copyright protection of fictional characters, *see* Public Citizen Br. 2-20, (ii) overstate the impact on the overall fair-use analysis of asserted "transformative" uses made by a defendant's secondary work, while undermining a copyright owner's exclusive rights to prepare derivative works based on the original work, *see* Library Br. 14-26, Defendants'-Appellants' ("Def.") Br. 39-47, and (iii) disregard a copyright owner's right to choose when or whether to prepare or license derivative works during the full term \*4 of a work's copyright, *see* Public Citizen Br. 19-20, Library Br. 26-28, Newspaper Br. 4, 29-31.

Representing members of an industry acutely concerned with the legal protection of sequels and other character-based derivative works, and with the appropriate application of the fair-use defense, the MPAA in this brief addresses the following three issues in response to the arguments of the defendants and their *amici*:

1. A copyright owner's right to create and publish sequels falls within its exclusive [Section 106](#) rights, including the right to prepare or authorize derivative works. Sequels typically feature the continued story of preexisting fictional characters. The entertainment industry in this country relies on copyright protection of fictional characters and stories in creating sequels, adaptations, and other derivative works. This is especially true in the motion picture and television industries. The production of sequels or adaptations based on preexisting characters is widespread, representing most of the highest-grossing films ever made and, by definition, all television series. Longstanding precedent has justified this reliance by consistently protecting characters and stories. Accordingly, it is well established that publishers are not free to create and exploit new adventures featuring fictional characters such as James Bond, Jack Ryan, Harry Potter, or Spider-Man that they do not own and have not licensed.

\*5 2. In evaluating the fair-use defense, the Court should reject attempts to overly expand, or give disproportionate weight to, the fair-use factor one concept of “transformative” use.<sup>4</sup> Contrary to the assertions of defendants and their *amici*, a defendant does not meet his burden to show that an unauthorized sequel is a fair use merely by showing that it has crossed a threshold of “ ‘add[ing] something new, with a further purpose or different character, altering the first with new expression, meaning, or message,’ ” Def. Br. 40-41 (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994)), or that “a new meaning or message is reasonably discernable” in it, Library Br. 19.

Such an expansive definition and application of “transformative” use would overwhelm a copyright owner's exclusive right to prepare derivative works, which themselves are in part defined as works that “transform[]” an original work, 17 U.S.C. § 101 (2006), and often do so in precisely the manner that the defendants and their *amici* would call a fair use. Sequels, adaptations, and other derivative works by their very nature differ from the original, sometimes greatly, and often add new meaning and messages that “add[] something new, with a further purpose or different character, altering the first with new expression, meaning, or message.” \*6 Courts, therefore, must be careful not to apply overly broad definitions of “transformative” use that would permit unauthorized sequels and adaptations that “transform[],” 17 U.S.C. § 101, unfairly to compete against copyright owners' own works and licensed derivative works.

The approach to “transformative” use advanced by the defendants and their *amici* is also contrary to Supreme Court and Second Circuit precedent. The Supreme Court in *Campbell* made clear that, in order to qualify as “transformative” for purposes of the fair-use defense, a use must not only add something new, but must also avoid superseding or supplanting the protected uses of the original work. This is not a bright-line concept, instead, the extent to which a use is considered “transformative” is influenced by a variety of factors, including the risk that the secondary work would serve as a market substitute for the original or derivative works based on the original. *Campbell*, 510 U.S. at 577-79, 580 & n.14.

Finally, the extent to which a use is “transformative” is but one part of one factor in a multifactor fair-use analysis. As the *Campbell* Court made clear, each factor must be examined in connection with all the others, including the amount and substantiality of the portion taken from the original work and the effect on the potential market for the copyrighted work or its derivative works, among others. *See id.* at 579, 588-90.

\*7 3. An author should not be penalized for refraining from exploiting the market for sequels or other derivative works based on his original creations. Nor should the fact that the author's work has enjoyed considerable financial success during the first portion of its copyright term mean that it is entitled to less protection during the remainder of the term. Numerous successful sequels to novels and motion pictures have been released only after the passage of decades, an exploitation of rights that benefits authors and their heirs. In some cases, it may take decades before technological advances enable literary works to be adapted in new media in artistically and commercially successful ways.

## **ARGUMENT**

### **I. THE ENTERTAINMENT INDUSTRY RELIES ON COPYRIGHT LAW'S PROTECTION OF FICTIONAL CHARACTERS AND OF RIGHTS TO MAKE SEQUELS AND OTHER DERIVATIVE WORKS.**

Decades of copyright protection of fictional characters have created settled expectations in the entertainment industry that rights to popular fictional works and characters may be exclusively exploited or licensed to create filmed entertainment including adaptations, sequels, and remakes. The availability of such protection has enabled authors, playwrights, and film and television producers to work together, and with investors, to create successful character-based sequels and other derivative works that are responsible for a substantial portion of the motion picture industry's revenues.

\*8 The defendants themselves do not go so far as to argue that the district court erred in holding that the Holden Caulfield character is protected from copyright infringement. *See* Def. Br. 24, 48-49. This challenge to settled law is made by only *amicus* Public Citizen - and, as such, is not preserved for this Court's review. *See Schiller v. Tower Semiconductor Ltd.*, 449 F.3d 286, 294 (2d Cir. 2006) (declining to address ground for appeal raised only by *amicus*), *Norton v. Sam's Club*, 145 F.3d 114, 117 (2d Cir. 1998) ("Issues not sufficiently argued in the briefs are considered waived and normally will not be addressed on appeal"). We nevertheless address this argument in the event the Court chooses to consider it.

### **A. Sequels and Other Works Based on Licensed Fictional Characters and Stories Are a Vital Part of the Motion Picture Business.**

The creation of sequels, adaptations, and other derivative works based on preexisting fictional characters is a bedrock of the entertainment and motion picture industries. To give just one example, of the ten films with the highest all-time domestic box office revenues, seven were either sequels, adaptations based on fictional characters from other media, or both.<sup>5</sup> In the words of the authors of one study: "There are no guarantees in the motion picture industry but the positive relationship between moviegoers and a specific storyline and characters is as close \*9 as it gets." Neil Terry, et al., *The Determinants of Domestic Box Office Performance in the Motion Picture Industry*, 32 Sw. Econ. Rev. 137, 145 (Spring 2005), *see id.* at 137 (concluding that status as a sequel is worth \$18 million to a film's bottom line).

These sequels and adaptations in turn depend on the ability of producers and investors to possess exclusive rights to create or license sequels or adaptations based on fictional characters - that is, sequels or adaptations that are not subject to competition from unauthorized works based on the same characters. As one commentator has observed: "Although other aspects of a work can be reused to create new works, it is the character that is most portable and most profitable. Characters such as James Bond, Hercule Poirot, and even Bart Simpson transcend any one work in which they appear. The thing that makes them so valuable is that they can appear over and over again in a variety of media. With these brand name characters, the ability to use them in derivative works is even more valuable than the right to sell any one particular work." Benjamin A. Goldberger, *How the "Summer of the Spinoff" Came To Be: The Branding of Characters in American Mass Media*, 23 Loy. L.A. Ent. L. Rev. 301, 302 (2003).

Thus, a significant percentage of the entertainment industry economy is based on exploitation and licensing of fictional characters - not only for such derivative works as sequels and film adaptations, but also for adaptations in video \*10 games, on Broadway, in theme parks, on licensed merchandise, and in a host of other ways. "Although it is most apparent in the movie theater, mass media art of all types in the United States is becoming increasingly derivative. Our movies were once television shows, our television shows were once video games, our video games were once books, and our books were once movies," *id.* at 301 (footnote omitted), and all *vice versa*.

The incentive to invest in the creation and distribution of motion pictures, television series, and other forms of entertainment is directly tied to the expectation of exclusive control over the right to produce sequels and other derivative works. In television, it is the *sine qua non*, and in legitimate stage productions (particularly musicals), control of motion picture rights is often the condition precedent to obtaining financing. It is proper and unsurprising, then, that copyright law protects that incentive.

### **B. Longstanding Copyright Law Protecting Fictional Characters Justifies Industry Expectations.**

Notwithstanding *amicus*'s suggestion to the contrary, *see* Public Citizen Br. 3-10, the law protecting clearly delineated fictional characters from copyright infringement is well established and longstanding, under both the prior and current versions of the Copyright Act.

In the seminal case in this area, this Court recognized that misappropriation of a fictional character, whether or not pictorially depicted, can constitute \*11 copyright infringement: "If *Twelfth Night* were copyrighted, it is quite possible that a second

comer might so closely imitate Sir Toby Belch or Malvolio as to infringe. . . .” *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930). Since then, numerous other courts have similarly recognized, and this Court has continued to recognize, the right to copyright protection for sufficiently delineated characters. They have done so in claims arising under both the 1909 Copyright Act, *see, e.g., Goodis v. United Artists Television, Inc.*, 425 F.2d 397, 406 (2d Cir. 1970), and the 1976 Copyright Act, *see, e.g., Warner Bros. Inc. v. ABC*, 720 F.2d 231, 238 (2d Cir. 1983), *Burroughs v. Metro-Goldwyn-Mayer, Inc.*, 519 F. Supp. 388, 391 (S.D.N.Y. 1981) (“It is beyond cavil that the character ‘Tarzan’ is delineated in a sufficiently distinctive fashion to be copyrightable”), *aff’d on other grounds*, 683 F.2d 610 (2d Cir. 1982), *Filmvideo Releasing Corp. v. Hastings*, 509 F. Supp. 60, 65-66 (S.D.N.Y.) (holding that copying of three literary characters, described in words only, constituted infringement), *aff’d in rel. part*, 668 F.2d 91 (2d Cir. 1981), *Silverman v. CBS*, 870 F.2d 40, 50 (2d Cir. 1989) (popular characters from radio scripts protected from infringement). *See also Campbell v. Acuff-Rose Music*, 510 U.S. 569, 598 (1994) (Kennedy, J., concurring) (“[C]ourts should not accord fair use protection to profiteers who do no more than . . . place the characters from a familiar work in novel or eccentric poses”).

\*12 The leading treatise on copyright law thus concluded that “it is clearly the prevailing view that characters *per se* are entitled to copyright protection,” and that the copyright status of characters under the 1909 Act and 1976 Act “remains unchanged.” 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 2.12 & n.8 (2009) (other footnotes omitted).<sup>6</sup>

The single decision on which Public Citizen relies to counter this line of authority is *Warner Bros. Pictures, Inc. v. CBS*, 216 F.2d 945, 950 (9th Cir. 1954), in which the court stated that the literary character Sam Spade was not protectable. This Court, however, has rejected that decision, *see Goodis*, 425 F.2d at 406 n.1 (refusing to follow *Warner Bros.* as “untenable from the standpoint of public policy, for it would effectively permit the unrestrained pilfering of characters”), others have criticized it, *see, e.g., Gaiman v. McFarlane*, 360 F.3d 644, 660 (7th Cir. 2004) (“*Warner Bros.* . . . is wrong”) (citation omitted), and the Ninth Circuit itself receded from it more than thirty years ago, *see Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 755 & n.11 (9th Cir. 1978).<sup>7</sup>

\*13 Accordingly, courts recognize not only that fictional characters are entitled to copyright protection, but also that such protection is integral to the rights that a copyright owner uses when preparing or licensing sequels or other derivative works. *See Goodis*, 425 F.2d at 406 (emphasizing the importance of “the author’s exclusive ownership of the valuable characters he created in that one work, when he may well desire to create sequels of his own using these same characters”), *Micro Star v. Formgen Inc.*, 154 F.3d 1107, 1112 (9th Cir. 1998) (“A copyright owner holds the right to create sequels, and the stories told [here] . . . are surely sequels, telling new . . . tales of Duke [Nukem]’s fabulous adventures. A book about Duke Nukem would infringe for the same reason, even if it contained no pictures.”)<sup>8</sup>

## \*14 II. DEFENDANTS' AND AMICI'S “TRANSFORMATIVE” USE TESTS MISSTATE FAIR-USE LAW AND WOULD UNDERMINE RIGHTS TO SEQUELS AND OTHER DERIVATIVE WORKS.

The defendants and their *amici* argue for a near-boundless expansion of the fair-use defense. They do so by ignoring parts of the definitions of “transformative” use under fair-use factor one and by downplaying the importance of the other fair-use factors. In response, this section: (i) sets forth Supreme Court and Second Circuit guidance for evaluating the “transformative” use prong of factor one, (ii) shows that adopting the defendants’ and *amici*’s definitions of “transformative” use would undermine copyright owners’ rights to control preparation of sequels and other derivative works that “transform[.],” 17 U.S.C. § 101 (2006), and (iii) places the “transformative” use inquiry in proper context - as one prong of one fair-use factor that is not dispositive and that must be evaluated along with the other fair-use factors in an aggregate analysis.

### A. A “Transformative” Use Is One That Does More Than Add New Meaning to an Original Work.

In *Campbell v. Acuff-Rose Music*, 510 U.S. 569 (1994), citing Judge Leval's influential 1990 law review article,<sup>9</sup> the Supreme Court adopted the concept of “transformative” use to inform the application of the first factor of the multifactor fair-use defense analysis: the “purpose and character of the use.” \*15 17 U.S.C. § 107(i) (2006). In beginning its analysis, the Court described a “transformative” use as one that “adds something new” to the earlier work, “with a further purpose or different character, altering the first [work] with new expression, meaning, or message.” *Campbell*, 510 U.S. at 579.

The defendants and their *amici* isolate this language to support the assertion that a work with almost any changes from the original can be deemed a “transformative” use that satisfies fair-use factor one. Reciting this partial definition, the defendants argue that they need only satisfy a “low threshold,” Def. Br. 40, of showing that *60 Years Later: Coming Through the Rye* “ ‘adds something new’ ” to *The Catcher in the Rye*, “ ‘with a further purpose or different character, altering the first with new expression, meaning, or message,’ ” Def. Br. 40-41 (quoting *Campbell*, 510 U.S. at 579). The Library *Amici* contend that this burden will be satisfied merely by showing that a “new meaning or message is reasonably discernable” in the defendants’ work. Library Br. 19.

These unbounded definitions of “transformative” use downplay, *see* Def. Br. 40-41, or ignore, *see* Library Br. 18-20, the rest of the *Campbell* Court's definition, including its statement that a use that merely “supplant[s]” or “supersede[s] the object of the original creation” is not transformative. *Campbell*, 510 U.S. at 579 (quotations omitted). Where a secondary work is defended on the ground that it comments on the original, the Court advised (in the context of parody), it is \*16 unlikely to be found “transformative” if it “has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh.” *Id.* at 580.

Rather than treat the transformative use concept as a “low threshold” to be crossed once “something new” is added, the *Campbell* Court explained that the concept operates on a sliding scale, with the extent of a secondary work's transformative character weighed against factors such as risk of market substitution and extent of copying. Thus, the Court emphasized, the more the secondary work “runs the risk of serving as a substitute for the original or licensed derivatives,” the more “incumbent” it is “on one claiming fair use to establish the extent of transformation and the parody's critical relationship to the original.” *Id.* at 580 n.14, *see also id.* at 583 n.16 (“[A] work with a slight parodic element and extensive copying will be more likely to merely supersede the objects of the original”) (quotation omitted).

By the same token, certain types of uses are more likely to favor the secondary work because they are less likely to serve the function of market substitution. *See id.* at 579-80 & n.14 (collecting cases found to be parodies, including skits on variety programs, and noting that relevant factors favoring a parody as a transformative use include “the large extent of transformation of the earlier work” and “the small extent to which it borrows from an original”).

\*17 Similarly, in *Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.*, 150 F.3d 132 (2d Cir. 1998), this Court explained that, although “transformative uses” like “parody, criticism, scholarship, [or] news reporting” tend to support a finding of fair use because they occupy derivative markets that a copyright owner would not “ ‘in general develop or license others to develop,’ ” *id.* at 145 (quoting *Campbell*, 510 U.S. at 592), uses that do occupy markets that would be occupied or developed by a copyright owner must have a greater transformative character to support fair-use factor one. *See Castle Rock*, 150 F.3d at 145, *accord Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 609-11 (2d Cir. 2006) (thumbnail-size images of plaintiff's concert posters used in biographical work “as historical artifacts to document and represent the actual occurrence of Grateful Dead concert events” were transformative, in part because they were too small to compete with the posters as decoration), *Blanch v. Koons*, 467 F.3d 244, 253 (2d Cir. 2006) (collage painting was transformative of plaintiff's photograph because of, *inter alia*, “changes of its colors, the background against which it is portrayed, the medium, the size of the objects pictured, the objects' details and, crucially, their entirely different purpose and meaning”), *id.* at 252 (no transformative use “when the defendant has done no more than find a new way to exploit the creative virtues of the original work”).

**\*18 B. Defendants' and *Amici's* Tests Would Create Confusion Regarding the Distinction Between a Protected Fair Use and an Infringement of the Right To Prepare Derivative Works.**

The defendants' and their *amici's* overly broad definitions of “transformative” use pose an additional problem: The Copyright Act already uses the word “transformed” in a different context. By statute, a copyright holder's exclusive right to prepare derivative works includes works that have been “recast, *transformed*, or adapted.” 17 U.S.C. § 101 (emphasis added).<sup>10</sup> Thus, while some works that are “transformative” are fair uses under *Campbell*, other works that “transform[]” (as the term is used in Section 101) are simply derivative works, which, absent authorization or some other defense, are infringing. Compare *Blanch*, 467 F.3d at 253 (holding that inclusion of plaintiff's photograph in defendant's collage painting was “transformative” use supporting fair-use finding) with *Jarvis v. K2 Inc.*, 486 F.3d 526, 527, 532 (9th Cir. 2007) (holding that, because plaintiff's photographs were “transformed” in defendant's photo collage advertisement, advertisement was an infringing derivative work rather than a non-infringing collective work as defendant had argued).

\*19 Unmoored from Supreme Court and Second Circuit guidance regarding the meaning of “transformative” use in the fair-use context, the defendants' and *amici's* “transformative” definitions would make it impossible for a court to distinguish between a protected fair use and an infringing derivative work. Countless authorized sequels are derivative works that “transform” the original works in the very way described by defendants and *amici* - by adding “something new” that changes the perception of the original work or gives a “new meaning or message” to it. Library Br. 17, 19, 1 *Nimmer, supra*, § 3.03 at 3-10 (derivative works include those injecting “additional matter . . . in a prior work” or “otherwise transforming a prior work”). Yet no one would suggest that the fact that sequels explore new themes in ways that deepen or alter one's understanding of the originals means that they could have been created as unauthorized works without infringing copyright.

Imagine that, instead of publishing *60 Years Later: Coming Through the Rye*, the defendants had produced the *Empire Strikes Back* as an unauthorized sequel to *Star Wars* and claimed it to be a “transformative” fair use. Under the exact same analysis advanced here by defendants and their *amici*, that obvious infringement of exclusive derivative rights would nevertheless be considered permissible.

\*20 In *The Empire Strikes Back*, “something new” is added to *Star Wars*: among other things, the character representing evil in *Star Wars*, Darth Vader, is revealed as the father of the character representing good, Luke Skywalker. In opposing evil, therefore, Luke Skywalker is opposing his father. This surprising twist to the relationship between the two characters casts their conflict in *Star Wars* in an entirely new light. *The Empire Strikes Back's* creator would assert his or her intention to “examine[] the widely-held impression of [Darth Vader] as an [evil villain],” Def. Br. 6, and that its purpose was “a critical examination of the character [Darth Vader] and the way he is portrayed in [*Star Wars*],” Def. Br. 9. Experts would be brought in to opine that *The Empire Strikes Back* “seeks to change opinions about [*Star Wars*], not just scholarly opinions, which have always been mixed, but the sentimental fetishizing of this [motion picture] by three generations of fans.” Def. Br. 19. The creator of *The Empire Strikes Back*, it would be argued, “takes this figment of our collective imagination, the seemingly [inhuman and villainous Darth Vader] and adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message to create a new work of fiction - a new story that is entirely transformative.” Def. Br. 41.<sup>11</sup>

\*21 Rejecting such an overly expansive definition of “transformative” use is necessary not only correctly to apply *Campbell*, but also to protect copyright owners' rights to exploit the markets for sequels and other character-based derivative works without unfair competition from unauthorized derivative works. In *Castle Rock*, this Court recognized this very point, noting the “potential source of confusion in our copyright jurisprudence over the use of the term ‘transformative.’ ” 150 F.3d at 143 (citing 17 U.S.C. § 101 definition of derivative work). This Court explained that, “[a]lthough derivative works that are subject to the author's copyright transform an original work into a new mode of presentation, such works - unlike works of fair use - take expression for purposes,” such as market substitution, “that are not ‘transformative.’ ” *Id.*

Similarly, in a law review article revisiting the fair-use defense after *Campbell*, Judge Leval emphasized that a court must refrain from defining “transformative” use so broadly as to impinge on copyright owners’ right to prepare derivative works that “transform[]”: “In the assessment of transformation and market harm, Justice Souter [in *Campbell*] made clear that *we must recognize the copyright holder’s rights to exploit the market for derivative works.*” Pierre \*22 N. Leval, *Nimmer Lecture: Fair Use Rescued*, 44 UCLA L. Rev. 1449, 1465 n.58 (1997) (emphasis added). Thus: “If the claimed transformation consists really of having occupied a derivative market within the copyright owner’s entitlements, such as turning a novel into a film, or a photograph into a sculpture, *this is not the kind of transformation that supports a finding of fair use.* What has been done is to tap a market within the copyright’s protection.” *Id.* (emphasis added).

### C. The “Transformative” Use Inquiry Is Only One Part of the Multifactor Fair-Use Analysis.

In *Campbell*, the Supreme Court also made clear that the “transformative” use inquiry is to be conducted as part of the multifactor fair-use analysis prescribed by 17 U.S.C. § 107. Those factors, the Court explained, are meant to be non-exclusive: they “are to be explored, and the results weighed together, in light of the purposes of copyright,” *id.* at 577-778, with no single factor treated as dispositive, *see id.* at 590 n.21.

The defendants thus misstate the law when they cite this Court’s decision in *NXIVM Corp. v. Ross Institute* for the argument that “[t]here is a strong presumption in favor of *fair use* where the allegedly infringing work serves one of the purposes listed in” § 107. Def. Br. 39 (quoting 364 F.3d 471, 477 (2d Cir. 2004)) (emphasis added). First, *NXIVM Corp.* states only that “there is a strong presumption that *factor one* favors the defendant if the allegedly infringing work fits the description of uses described in § 107.” 364 F.3d at 477 (emphasis added) \*23 (quotations omitted). Second, the defendants’ assertion is directly contradicted by the *Campbell* Court’s caution that the “suggestion that any parodic use is presumptively fair has no more justification in law or fact than the equally hopeful claim that any use for news reporting should be presumed fair.” 510 U.S. at 581. Although each factor has its own independent meaning, the analysis under one factor may provide context to the analysis under the others. *See Castle Rock*, 150 F.3d at 144. For example, in *Campbell*, the Supreme Court expressly evaluated the risk of market substitution in connection with analyzing fair-use factors one and four, and the extent of the taking from the original in analyzing fair-use factors three and four. *See Campbell*, 510 U.S. at 581 n.14, 587, *see also Castle Rock*, 150 F.3d at 144.

*Campbell* itself underscores that no one factor of the multifactor analysis is dispositive. Although holding that the 2 Live Crew song at issue in the case was a transformative parody, the *Campbell* Court did not proceed to hold that the song was protected as a fair use. Instead, the Court remanded the case for further consideration of fair-use factors three and four. *See* 510 U.S. at 592-93, 594. With regard to factor three, the Court “remand[ed] to permit evaluation of the amount taken, in light of the song’s parodic purpose and character, its transformative elements, and consideration of the potential for market substitution.” *Id.* at 589. With regard to factor four, the Court directed that a record be developed regarding \*24 the 2 Live Crew song’s impact on the “derivative market for rap music.” *Id.* at 594.

Judge Leval’s original fair-use article makes the same point. Contrary to the suggestion of the defendants and the *Library Amici* that transformativeness is a “low threshold” that gives a defendant absolute protection once crossed, *see* Def. Br. 40, *Library Br.* 19, the mere

existence of *any* identifiable transformative objective does *not*, however, guarantee success in claiming fair use. The transformative justification must overcome factors favoring the copyright owner. A biographer or critic of a writer may contend that unlimited quotation enriches the portrait or justifies the criticism. The creator of a derivative work based on the original creation of another may claim absolute entitlement because of the transformation. Nonetheless, extensive takings may impinge on creative incentives. And the secondary user’s claim under the first factor is weakened to the extent that her takings exceed the asserted justification. The justification will likely be outweighed if the takings are excessive and other factors favor the copyright owner.

Leval, *supra* note 9, at 1111-12 (emphasis added).

Determining a secondary work's qualification for the fair-use defense based on its assertedly “transformative” purpose or character thus requires a thorough and fact-specific review. Such a review helps avoid confusing derivative works that must be authorized with fair uses that need not be.

### **\*25 III. AN AUTHOR'S CHOICE NOT TO LICENSE SEQUELS OR OTHER DERIVATIVE WORKS IS ENTITLED TO FULL-TERM PROTECTION.**

“Unlike the ‘use-it-or-lose-it’ principle in trademark law, copyright owners . . . have the right not to distribute a work.” *Capitol Records, Inc. v. Naxos of Am., Inc.*, 262 F. Supp. 2d 204, 211 (S.D.N.Y. 2003). Thus, as the Supreme Court has advised, “nothing in the copyright statutes would prevent an author from hoarding all of his works during the term of the copyright.” *Stewart v. Abend*, 495 U.S. 207, 228-229 (1990), *see also Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932) (“The owner of the copyright, if he pleases, may refrain from vending or licensing and content himself with simply exercising the right to exclude others from using his property”).

Minimizing Salinger's choice not to authorize sequels or other derivative works as merely a matter of “authorial dignity” or “moral rights,” Newspaper Br. 4, 30, 31, Library Br. 26-27, *amici* suggest that the author's choice is entitled to diminished legal protection, *see* Newspaper Br. 30-32, Library Br. 26-28, and that Salinger has already been sufficiently incentivized by the considerable revenues earned during the first 58 years of *The Catcher in the Rye*'s copyright term, *see* Public Citizen Br. 20. These views are contrary to the law and promote bad policy.

The right of a copyright owner to exclude, *see Stewart v. Abend* and *Doyal*, *supra*, would have little meaning if an author who hoards his copyrights has less \*26 of a right to enforce them than an author who regularly exploits them. As then-District Judge Sotomayor stated in a passage quoted with approval by this Court: “It would . . . not serve the ends of the Copyright Act - i.e., to advance the arts - if artists were denied their monopoly over derivative versions of their creative works merely because they made the artistic decision not to saturate those markets with variations of their original.” *Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc.*, 955 F. Supp. 260, 272 (S.D.N.Y. 1997) (Sotomayor, J.), *aff'd*, 150 F.3d 132, 145-46 (2d Cir. 1998) (quoting passage).

Thus, in both *Castle Rock* and *Salinger v. Random House, Inc.*, 811 F.2d 90 (2d Cir. 1987), this Court analyzed fair-use factor four, the effect “upon the potential market for or value of the copyrighted work,” by conducting an objective review of markets that might reasonably be exploited by a copyright owner in the plaintiff's position, rather than by determining the copyright owner's subjective present intent. *See* 150 F.3d at 141, 811 F.2d at 99. This Court also recognized the copyright owner's “right to change his mind” later, *Salinger*, 811 F.2d at 99, emphasizing that the owner “is entitled to protect his *opportunity*” to exploit the market. *Id.* (emphasis in original).

It is not for *amici* to decide that Salinger already has been adequately compensated during the portion of the copyright term for *The Catcher in the Rye* that has elapsed so far. *See* Public Citizen Br. 20, Library Br. 25. Any suggestion \*27 that copyright protection should weaken with the passage of time during the copyrighted work's term would undermine Congress' purpose in establishing copyright terms. *See Eldred v. Ashcroft*, 537 U.S. 186, 207 n.15 (2003) (noting factfinding underlying Copyright Term Extension Act of 1998 that included testimony from prominent artists that assuring fair compensation “for themselves and their heirs was an incentive to create”), *id.* at 207 (“[T]erm extension ‘provide[s] copyright owners generally with the incentive to restore older works and further disseminate them to the public’”) (alteration in original) (quoting H.R. Rep. No. 105-452, p. 4 (1988)) (emendations in original).

Interest in possible sequels or adaptations may last for the full term of the copyright, the author and his heirs should have the opportunity to decide whether to satisfy such interest and, if so, to profit from doing so. Once the term of copyright has expired, copyright law does not prevent uses to which an author may have objected.<sup>12</sup> There are numerous instances of copyright

owners deciding to revisit one of their works with a sequel after extended periods of time, even \*28 decades.<sup>13</sup> In addition, among the most popular film adaptations in box office history were those released decades after the novels on which they were based, because it took that long for technology to progress to the point that a commercially and artistically successful film adaptation could be made.<sup>14</sup>

The Court should reject efforts to undermine Salinger's rights to full-term protection of his copyrighted works.

### CONCLUSION

For the reasons stated, we respectfully request that the Court apply settled law to protect longstanding entertainment industry reliance on copyright protection for fictional characters, and on the rights of copyright owners exclusively to exploit their own character-based sequels and to adapt character-based literary works in \*29 authorized derivative works. Unauthorized derivative works claiming the mantle of “reasonably discernable . . . transformative” use, Library Br. 19, should not be permitted to undermine these rights.

#### Footnotes

- 1 The MPAA's members are Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLLP, Walt Disney Studios Motion Pictures, and Warner Bros. Entertainment Inc.
- 2 *Salinger v. Colting*, 641 F. Supp. 2d 250, 2009 WL 1916354, \*8, 14 (S.D.N.Y. July 1, 2009).
- 3 As used herein, “Library Br.” refers to the brief of the American Library Association and four other organizations. “Newspaper Br.” refers to the brief of the New York Times and two other news organizations. “Public Citizen Br.” refers to the brief of Public Citizen, Inc.
- 4 Addressing this important and broadly applicable issue, this brief does not purport to advise the Court on what the specific result of that evaluation should be in this case. The district court record is sealed in part, and we thus have no basis for commenting on the district court's close analysis of the extent and manner in which *60 Years Later: Coming Through the Rye* copies from and comments on *The Catcher in the Rye* and main character Holden Caulfield.
- 5 They are: *The Dark Knight* (Batman), *Shrek 2*, *Star Wars: Episode I - The Phantom Menace* (prequel), *Pirates of the Caribbean: Dead Man's Chest*, *Spider-Man*, *Transformers: Revenge of the Fallen*, and *Star Wars: Episode III - Revenge of the Sith*. See IMDb, <http://www.imdb.com/boxoffice/alltimegross> (last visited Aug. 21, 2009).
- 6 The distinction Public Citizen seeks to draw between works that are copyrightable under 17 U.S.C. § 102 (2006) and clearly delineated characters that appear as part of those works, is ultimately a distinction without a difference. Public Citizen itself concedes that its arguments do “not mean that the Copyright Act permits the wholesale piracy of characters in copyrighted works.” Public Citizen Br. 8.
- 7 See *Gaiman*, 360 F.3d at 660 (“The Ninth Circuit has killed the decision . . . , though without the usual obsequies” (citing *Air Pirates*, 581 F.2d at 755 & n.11, and *Olson v. NBC*, 855 F.2d 1446, 1452 & n.7 (9th Cir. 1988))).
- 8 The “idea-expression dichotomy,” see Public Citizen Br. 10-20, does not alter the analysis. That dichotomy is already accommodated by the rule that characters that are clearly delineated receive copyright protection, whereas those that are not do not. As this Court stated in *Nichols*, “[i]t follows that the less developed the characters, the less they can be copyrighted, that is the penalty an author must bear for marking them too indistinctly.” 45 F.2d at 121, see *id.* (noting that a “riotous knight” or “vain and foppish steward” would be too indistinct to merit protection), *Gaiman*, 360 F.3d at 659-60 (citing “the fundamental idea-expression dichotomy” and holding that, although “a character described merely as an unexpectedly knowledgeable old wino” could not be protected by copyright, the clearly delineated versions of the comic-book character at issue in the case were protected by copyright).
- 9 Pierre N. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1111-12 (1990).
- 10 In full, the Section 101 definition provides: “A ‘derivative work’ is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a ‘derivative work.’ ”
- 11 Likewise, the Library *Amici* could explain that, because *The Empire Strikes Back* contained “new information, new aesthetics, new insights and understandings” to cast the more simplistic good vs. evil conflict of *Star Wars* in a new light, it was a “transformative

work[] that enrich[ed] the marketplace.” Library Br. 14. Thus, because *The Empire Strikes Back* was a “nonparodic, creative reworking[]” whose “author had a genuine creative rationale” for the use of *Star Wars*, it could be declared a transformative work entitled to fair-use protection. Library Br. 16.

- 12 See Jane Austen and Seth Grahame-Smith, *Pride and Prejudice and Zombies: The Classic Regency Romance - Now with Ultraviolet Zombie Mayhem!* (2009), Filmsite, <http://www.filmsite.org/rebert.html> (last visited Aug. 21, 2009) (noting possibly apocryphal film credit to 1929 film adaptation of *The Taming of the Shrew*: “By William Shakespeare, with additional dialogue by Sam Taylor”).
- 13 In motion pictures, examples include: *Bambi* (1942) and *Bambi II* (2006) - 64 years, *The Hustler* (1961) and *The Color of Money* (1986) - 25 years, *Ghost Busters II* (1989) and *Ghost Busters III* (scheduled for 2012 release) - 23 years. In novels: Charles Webb's *The Graduate* (1963) and its sequel *Home School* (2007) - 44 years, Joseph Heller's *Catch-22* (1961) and its sequel *Closing Time* (1994) - 33 years, Isaac Asimov's *Second Foundation* (1953) and its sequel *Foundation's Edge* (1982) - 29 years.
- 14 For example, C.S. Lewis published *The Lion, the Witch and the Wardrobe* in 1950. Released 55 years later as a live-action motion picture in 2005, the film version is the 33rd highest-grossing motion picture in U.S. box office history. See IMDb, <http://www.imdb.com/boxoffice/alltimegross> (last visited Aug. 21, 2009). The first *Spider-Man* movie, which ranks 8th on the list, see *id.*, was released in 2002, 40 years after the character's introduction in the comic book *Amazing Fantasy*.