

No. 19-55348

IN THE
United States Court of Appeals
for the Ninth Circuit

DR. SEUSS ENTERPRISES, L.P.,
Plaintiff-Appellant,

v.

COMICMIX LLC, *et al.*,
Defendants-Appellees.

On Appeal from the United States District Court
for the Southern District of California
No. 3:16-cv-02779-JLS-BGS
Hon. Janis L. Sammartino

BRIEF OF *AMICUS CURIAE*
THE MOTION PICTURE ASSOCIATION OF AMERICA, INC.
IN SUPPORT OF PLAINTIFF-APPELLANT

Jacqueline C. Charlesworth
ALTER, KENDRICK & BARON LLP
156 Fifth Avenue
Suite 1208
New York, New York 10010
212-707-8377
Jacqueline.Charlesworth@akbllp.com

Counsel for Amicus Curiae the MPAA

CORPORATE DISCLOSURE STATEMENT

Pursuant to Federal Rules of Appellate Procedure 26.1 and 29(a)(4)(A), *amicus curiae* the Motion Picture Association of America, Inc. states that it has no parent corporation and that no publicly held company owns 10% or more of its stock.

TABLE OF CONTENTS

TABLE OF AUTHORITIES	iii
INTEREST OF <i>AMICUS CURIAE</i>	1
SUMMARY OF ARGUMENT	6
ARGUMENT	9
I. ComicMix Did Not Satisfy the First Fair Use Factor.	9
A. Defendants’ Appropriation of Seuss’ Works to Create a For-Profit Substitute Was Not Transformative.....	12
B. Mash-Ups Are Derivative Works Subject to the Ordinary Rules of Fair Use.....	15
C. Defendants’ Commercial Intent Should Have Weighed More Heavily Against the Unauthorized Uses.	17
II. The Critical Fourth Factor of Market Harm Weighed Decisively in Plaintiff’s Favor.....	19
A. The District Court Misapplied the Test for Market Harm.	19
B. The Evidence Before the Court Was More Than Enough to Establish Market Harm.	22
CONCLUSION	25

TABLE OF AUTHORITIES

CASES

<i>Blanch v. Koons</i> , 467 F.3d 244 (2d Cir. 2006)	10
<i>Brownmark Films, LLC v. Comedy Partners</i> , 682 F.3d 687 (7th Cir. 2012)	6
<i>Campbell v. Acuff-Rose Music, Inc.</i> , 510 U.S. 569 (1994).....	<i>passim</i>
<i>Castle Rock Entm't, Inc. v. Carol Publ'g Grp., Inc.</i> , 150 F.3d 132 (2d Cir. 1998)	23
<i>Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.</i> , 109 F.3d 1394 (9th Cir. 1997).....	13
<i>Faulkner Literary Rights, LLC v. Sony Pictures Classics, Inc.</i> , 953 F. Supp. 2d 701 (N.D. Miss. 2013)	6
<i>Folsom v. Marsh</i> , 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4,901)	13
<i>Harper & Row, Publishers, Inc. v. Nation Enters.</i> , 471 U.S. 539 (1985)	19, 21
<i>Henley v. DeVore</i> , 733 F. Supp. 2d 1144 (C.D. Cal. 2010).....	23
<i>Leibovitz v. Paramount Pictures Corp.</i> , 137 F.3d 109 (2d Cir. 1998)	6, 10, 12
<i>Mattel Inc. v. Walking Mountain Prods.</i> , 353 F.3d 792 (9th Cir. 2003)	10
<i>Monge v. Maya Magazines, Inc.</i> , 688 F.3d 1164 (9th Cir. 2012).....	14, 19
<i>Nichols v. Universal Pictures Corp.</i> , 45 F.2d 119 (2d Cir. 1930)	11
<i>Ringgold v. Black Entm't Television, Inc.</i> , 126 F.3d 70 (2d Cir. 1997).....	21
<i>Seltzer v. Green Day, Inc.</i> , 725 F.3d 1170 (9th Cir. 2013).....	11, 13, 14, 21, 24, 25
<i>Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.</i> , 562 F.2d 1157 (9th Cir. 1977)	11

<i>Worldwide Church of God v. Phila. Church of God, Inc.</i> , 227 F.3d 1110 (9th Cir. 2000).....	23
---	----

STATUTES AND RULES

17 U.S.C. § 101	10, 15, 16-17
17 U.S.C. § 106	9
17 U.S.C. § 107	<i>passim</i>
Fed. R. App. P. 29	1

OTHER AUTHORITIES

Melville B. Nimmer & David Nimmer, <i>Nimmer on Copyright</i>	11, 21
<i>Merriam-Webster</i> , https://www.merriam-webster.com/dictionary/mashup	16
Pierre N. Leval, <i>Toward a Fair Use Standard</i> , 103 Harv. L. Rev. 1105 (1990).....	14

INTEREST OF *AMICUS CURIAE*

Amicus curiae the Motion Picture Association of America, Inc. (the “MPAA”)¹ respectfully submits this brief in support of appellant Dr. Seuss Enterprises, L.P. (“DSE” or “plaintiff”) with the consent of all parties. *See* Fed. R. App. P. 29(a)(2).²

The MPAA is a not-for-profit trade association founded in 1922 to address issues of concern to the motion picture industry. The MPAA’s members and their affiliates are responsible for producing some of the most creative and memorable copyrighted works in the world. Many of the motion pictures and television shows funded, produced and distributed by the MPAA’s members include instantly recognizable, iconic characters—from Bambi and Batman to Harry Potter and SpongeBob SquarePants. In addition to sequels and spinoffs, the MPAA’s members license and distribute entertainment-related products based upon characters and other content from the movies and shows they produce, including books, soundtracks, live theatrical productions, toys, games, clothing, videos and

¹ The MPAA’s members are: Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Universal City Studios LLC, Walt Disney Studios Motion Pictures, Warner Bros. Entertainment Inc., and Netflix Studios, L.L.C.

² Pursuant to Federal Rule of Appellate Procedure 29(a)(4)(E), the MPAA states that no counsel for a party has authored this brief in whole or in part; that no party or counsel for a party has made a monetary contribution intended to fund the preparation or submission of this brief; and that no person other than the MPAA, its members, and its counsel has made a monetary contribution intended to fund the preparation or submission of this brief.

other types of merchandise. The MPAA's members distribute these products in physical and digital formats through myriad channels around the globe.

The wide variety of such products and services demonstrates the great economic importance of the MPAA's members' exclusive rights under copyright law to produce derivative works. These rights are especially valuable in the case of popular and classic movies and television shows. The significant revenues from exploiting those rights help to fund future creative investments. In exercising their rights to create and authorize derivative works, the MPAA's members are careful to identify uses that will enhance rather than detract from the value of the underlying property, and won't compete with other licensed exploitations.

Significantly for purposes of this case, in addition to licensing derivative uses and merchandise in general, the MPAA's members and their affiliates frequently authorize derivative works that combine characters and other elements from two or more copyrighted properties owned by different parties. There is now, and for years has been, a valuable market for products of this type that is threatened by the reasoning and result in the instant case.

To cite a few examples:

An MPAA member entered into a licensing arrangement a number of years ago to produce several *Star Wars*-themed episodes of the popular television series

Family Guy, featuring *Star Wars* characters rendered in the distinctive cartoon style of the television show:



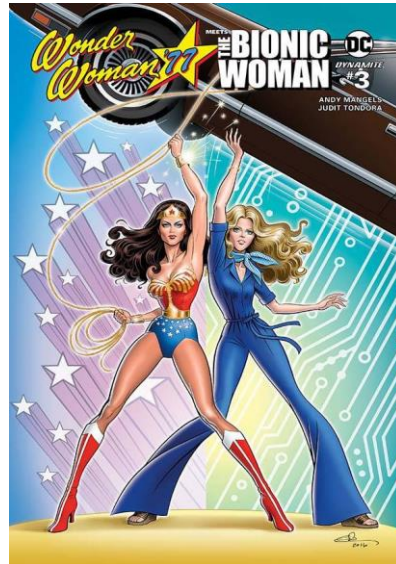
Still from *Family Guy* “*Blue Harvest*” episode (2007)

In recent years the creators of the *Lego* movie series (2014 to present) have obtained licenses from MPAA members to produce films featuring an array of characters as diverse as Batman, Albus Dumbledore of *Harry Potter* and The Cowardly Lion from *The Wizard of Oz*, all of which appear in the form of the popular *Lego* toys:



Poster for *The Lego Batman Movie* (2017)

The MPAA's members and their affiliates have also licensed numerous “crossover” comic books mixing cartoon, film and/or television characters. Such publications frequently entail licensing arrangements between competitors and some, notably, have included “mashed up” characters and characters from *Star Trek*:



Cover illustrations from *Superman vs. the Amazing Spiderman* (1976);

Wonder Woman '77 Meets Bionic Woman (2017);

Amazon (featuring Wonder Woman/Storm mash-up character) (1996);

and *Star Trek/Green Lantern* (2016)

The MPAA's members are not only owners and licensors of copyrighted works, but also depend upon the proper application of the fair use doctrine, which serves to protect the free speech interests of filmmakers and their distributors. *See, e.g., Brownmark Films, LLC v. Comedy Partners*, 682 F.3d 687 (7th Cir. 2012) (*South Park* parody was fair use); *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109 (2d Cir. 1998) (parodic replication of famous photograph was fair use); *Faulkner Literary Rights, LLC v. Sony Pictures Classics, Inc.*, 953 F. Supp. 2d 701 (N.D. Miss. 2013) (quotation of Faulkner in film was fair use). Accordingly, the MPAA is well positioned to provide the Court with a unique and balanced perspective on the proper contours of the fair use defense generally, and more specifically, its application to derivative works. A misinterpretation of the fair use doctrine—as occurred here—impairs the exclusive rights of the MPAA's members and other copyright owners to authorize, license and distribute derivative works, including so-called mash-ups, based upon their original creations and copyrighted libraries of works. Such a result undermines, rather than enhances, the goals of copyright.

SUMMARY OF ARGUMENT

Oh, the Places You'll Boldly Go! (“*Boldly*”) is an unauthorized excursion into others' copyright interests, for commercial gain, that does not satisfy the criteria for fair use. Focusing on defendants' adaptation of Dr. Seuss's (“Seuss”)

original artwork and story elements to include *Star Trek* characters and motifs—and deeming the end product a “highly transformative” mash-up—the district court failed properly to apply the four-factor fair use analysis required under section 107 of the Copyright Act, especially the first and fourth factors.

The district court got the careful balance of fair use wrong in suggesting that a work combining characters, settings and other recognizable elements from two (or more) popular copyrighted works—especially one that is designated a “mash-up”—is for that reason alone sufficiently “transformative” to override the market harm factor and other fair use considerations set forth in section 107. There is nothing original about merely combining or “mashing up” protected expression from two copyrighted works to justify such a sweeping exception to the normal rules of fair use. Like any other unauthorized derivative work, a mash-up needs to satisfy the statutory four-factor test to be found noninfringing of the primary works that have been combined.

As for the first factor, *Boldly* does not comment on or criticize, or add new meaning to *Oh, the Places You’ll Go!* (“Go!”), or any other work of Seuss, in a manner that rises to the level of a transformative use. Indeed, the district court firmly rejected the contention that *Boldly* was a parody. *See* Excerpts of Record (“ER”) 81 (alleged parodic character of *Boldly* could not “reasonably be perceived”) (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 582

(1994)); *see also* ER18. The facts of this case demonstrate that ComicMix LLC and the individual defendants (together, “ComicMix” or “defendants”) chose to copy and use Seuss’s works as a vehicle for their unauthorized book because it would lend their product instant consumer recognition and appeal. In producing a *Star Trek*-themed derivative work, using Seuss’s copyrighted illustrations, that mimicked *Go!*’s storyline and style, defendants hoped to capitalize on the market for the perennial bestselling Seuss original. Neither the nature nor purpose of *Go!* was transformed by defendants’ copying of Seuss’s work.

Equally troubling, with respect to the fourth factor, the district court declined to credit the overwhelming evidence that ComicMix’s unauthorized work would compete with *Go!* and licensed Seuss derivative works, thus harming plaintiff’s well-established market—a market that includes works that combine Seuss characters with other copyrighted properties. The court failed to appreciate that the *nontransformative* and commercial nature of defendants’ copying—directed as it was toward usurping the market for *Go!*—pointed decisively toward market harm. Most importantly, the court failed to apply the correct test to assess market harm, adopting a standard that was both impractical and inconsistent with controlling precedent.

If left to stand, the district court’s decision would seem to allow profit-minded parties to take substantial amounts of protectable expression from

copyrighted works and combine them at will to market unauthorized derivative works. As such, the opinion diminishes the exclusive rights of copyright owners such as the MPAA's members under the Copyright Act to prepare derivative works, 17 U.S.C. § 106(2), and conflicts with fundamental principles of fair use. The MPAA respectfully requests that this Court reverse the decision of the district court because it threatens the ability of movie and television producers, as well as all copyright owners, to exercise their exclusive rights and benefit from derivative exploitations of their works.

ARGUMENT

I. ComicMix Did Not Satisfy the First Fair Use Factor.

Section 107 of the Copyright Act, which codifies the fair use doctrine, sets out four factors to be considered and weighed together in evaluating a claim of fair use as a defense to infringement, among them the purpose and character of the use, including whether it is commercial (the first factor), and the effect of the use upon the potential market for or value of the copyrighted work (the fourth factor). *See* 17 U.S.C. § 107. Congress provided additional guidance to courts examining questions of fair use by citing representative examples of potentially justifiable uses in the preamble to section 107, listing “criticism, comment, news reporting, teaching ..., scholarship [and] research” as types of uses that may be noninfringing. *Id.*

There is no question that the use of a copyrighted work to produce a derivative work may, in appropriate circumstances, qualify as a fair use.³ For example, a parody that targets and makes fun of the original copyrighted work will often be found to be a transformative and justifiable use. *See, e.g., Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 803 (9th Cir. 2003) (photographer’s use of Barbie to create works constituting “social criticism and parodic speech” was fair use); *Leibovitz*, 137 F.3d at 114 (copying of photograph was fair use where secondary use could “reasonably be perceived as commenting on the seriousness, even the pretentiousness, of the original”); *see also Campbell*, 510 U.S. at 579 (parody has “an obvious claim to transformative value” because it provides “social benefit, by shedding light on” the underlying work).

Apart from parody, the use of a copyrighted work to comment on or criticize a work, or to add new meaning to a work, may also satisfy the criteria for fair use. For example, where there was no discernible secondary market for a photograph advertising footwear, an artist’s use of a portion of the photo in a collage to comment on mass media was held to be transformative and fair use. *See Blanch v. Koons*, 467 F.3d 244, 259 (2d Cir. 2006). More recently, this Court held that an

³ Although the district court correctly observed that a derivative work can qualify as a fair use, ER20, it failed to recognize *Boldly* as a derivative work (“The Court need not resolve whether *Boldly* is a derivative work”). *Id.* But *Boldly* plainly is a derivative work under the Copyright Act’s definition in section 101. *See* 17 U.S.C. § 101 (“A ‘derivative work’ is a work based upon one or more preexisting works”).

image taken from a street art poster and juxtaposed with other elements to make a statement about religion in relation to a rock band's performance was justifiable where it did not interfere with the market for the plaintiff's art. *See Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1179 (9th Cir. 2013).

Here, however, defendants' takings were far afield of the type of limited borrowing that courts have previously upheld as legitimate. Working directly from Seuss's illustrations, and with a profit motive in mind, defendant Ty Templeton "slavishly" and "painstakingly" copied a large number of Seuss's fanciful landscapes, characters and color choices, rendering these elements in a manner "nearly identical" to the originals. ER8 (quoting defendant). Meanwhile, defendant David Gerrold "rewrote *Boldly*'s text to more closely match *Go!*" so defendants' work would mirror the title, style and overall progression of Seuss's original story. *Id.*⁴ Although the individual instances of copying were not itemized by the district court on summary judgment, it appears from the record that defendants appropriated substantial portions of some 17 Seuss illustrations, *see* Opening Br. of Plaintiff-Appellant Dr. Seuss Enterprises, L.P. ("Pl.'s Br.") at 10-

⁴ This sort of "nonliteral" copying of the essence and structure of a text by creating a close parallel is infringing when the end result is substantially similar to the original. *See* 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 13.03[A][1] (2019) (discussing "comprehensive nonliteral similarity") ("Nimmer"); *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1167 (9th Cir. 1977) ("[C]opyright 'cannot be limited literally to the text, else a plagiarist would escape by immaterial variations.'" (quoting *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930))).

13, 30-31, 43-44, in addition to devising Seuss-style substitute text to “closely match” and ““parallel”” that of *Go!*, ER7, ER81 (quoting defendant).

Regardless of whether a derivative work draws upon a single preexisting work, a pair of works, or more—and regardless of whether it can be called a “mash-up”—it is not sufficient for purposes of fair use that an original work has merely been altered or combined with another in some fashion. There must be a legitimate purpose for the use. As the Second Circuit succinctly observed: “Being different from an original does not inevitably ‘comment’ on the original.” *Leibovitz*, 137 F.3d at 114.

A. Defendants’ Appropriation of Seuss’s Works to Create a For-Profit Substitute Was Not Transformative.

It is readily apparent that *Boldly*, a work intentionally designed to compete with *Go!*, does not comment on, criticize or provide deeper insight into the artwork or style of Seuss that is so prominently featured on its pages. *Cf. Campbell*, 510 U.S. at 583 (accused song “reasonably could be perceived as commenting on the original or criticizing it, to some degree”). And it is likewise clear that *Boldly* is not a parody.⁵ In fact, ComicMix admitted that it considered copying other famous

⁵ In concluding—correctly—that *Boldly* was not a parody, the district court’s explanation was telling: “[T]here is no [parodic] juxtaposition [with Seuss] here; *Boldly* merely uses *Go!*’s illustration style and story format as a means of conveying particular adventures and tropes from the Star Trek canon.” ER81.

illustrated works instead to produce its *Star Trek*-themed derivative. ER6.⁶ That defendants could have chosen another picture book as their vehicle, or replaced Seuss's illustrations with their own drawings,⁷ confirms that there was no intent to comment on DSE's copyrighted properties. Rather, the record makes clear that defendants were simply trying "to get attention [and] avoid the drudgery in working up something fresh." *Campbell*, 510 U.S. at 580.⁸

In *Campbell*, the Supreme Court explained that the "central inquiry" of the first fair use factor is whether the new work "adds something new, with a further purpose or different character" or instead merely "'supersede[s] the objects' of the original creation," *id.* at 578-79 (quoting *Folsom v. Marsh*, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901)); *Seltzer*, 725 F.3d at 1176 (same). Drawing upon a law review article by Judge Pierre Leval, the Court invoked the term "transformative" to describe uses that might satisfy the first factor in that they "provide social benefit, by shedding light on an earlier work, and, in the process,

⁶ Defendants' original idea was to combine *Star Trek* themes with the preschool book *Pat the Bunny* or another famous children's work. ER6.

⁷ Upon the initiation of this action, one of the defendants suggested replacing the "artwork ... based on Dr. Seuss's artwork" with new original illustrations as a way to "weaken" the plaintiff's case. ER11.

⁸ Surprisingly, the court's summary judgment opinion does not analyze or even mention *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, in which this Court rejected a fair use defense for use of the Cat in the Hat character in a Seuss-style retelling of the O.J. Simpson story. *See generally* 109 F.3d 1394 (9th Cir. 1997).

creating a new one.” *Campbell*, 510 U.S. at 578-79 (citing Pierre N. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1111 (1990) (“Leval”)).

Accordingly, “transformative use,” which is employed as a term of art under the first factor analysis, does not mean simply that copied elements have been “adapted or transformed” in the lay sense, as the district court seemed to believe, ER19, but something more. To be transformative, a use “must be productive and must employ the quoted matter in a different manner or for a different purpose from the original.” *Seltzer*, 725 F.3d at 1176 (quoting Leval, 103 Harv. L. Rev. at 1111). Such was not the case here, where defendants copied from Seuss to produce a substitutional book aimed at the same market as the original. *See* ER6-11; *see also Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1182 (9th Cir. 2012) (“In a true transformation, such as the parody in *Campbell*, ‘it is more likely that the new work will not affect the market for the original....’”) (quoting *Campbell*, 510 U.S. at 591). As Judge Leval explained, transformative uses may include “criticizing the quoted work, exposing the character of the original author, proving a fact, or summarizing an idea argued in the original in order to defend or rebut it.” Leval, 103 Harv. L. Rev. at 1111. *Boldly* does none of these things. It serves the same purpose as Seuss’s original books—namely, to entertain and inspire the reader with a parallel and visually similar story.

B. Mash-Ups Are Derivative Works Subject to the Ordinary Rules of Fair Use.

Significantly, the word “transform” nowhere appears within the fair use provision of the Copyright Act. *See* 17 U.S.C. § 107. But it *is* found within the Act’s definition of derivative work. *Id.* § 101. In pertinent part, that definition provides that

[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....*

Id. (emphases added). A work that transforms or adapts an earlier work to make a new work, like *Boldly*, is therefore a derivative work under the Copyright Act. But just because a secondary work is a derivative work, it does not necessarily mean that the secondary work is a transformative use of the primary work under the first factor of the fair use analysis.

DSE argued to the district court that a finding of fair use in this case would undermine its exclusive right to authorize derivative works. The district court however, brushed this argument aside, opining that

[a]lthough Defendants certainly borrowed from *Go!*—at times liberally—the elements borrowed were always adapted or transformed. The Court therefore concludes ... that Defendants’ work, while commercial, is highly transformative.

ER19. Under the district court’s troubling logic, because *Boldly* “adapted” and “transformed” Seuss’s originals—that is, because it is a *derivative* of Seuss’s originals—it did not infringe DSE’s derivative work rights. But the fact that a copyrighted work is altered to some degree—including by virtue of its being combined with another copyrighted work—is not a sufficient basis to conclude that a work is transformative for purposes of fair use. If so, every derivative work would presumably qualify as a fair use, regardless of whether it offered any new insight concerning the original.

Nor is there anything exceptional about mash-ups that would somehow privilege them over other species of derivatives for purposes of fair use. The district court’s opinion seemed to attach special significance to its characterization of *Boldly* as a “literary and pictorial ‘mash-up’” in observing:

This case presents an important question regarding the emerging ‘mash-up’ culture where artists combine two independent works in a new and unique way [I]f fair use was not viable in a case such as this, an entire body of highly creative work would be effectively foreclosed.

ER85. As the court itself seemed to appreciate, however, a mash-up can be understood simply as a work “‘created by combining elements from two or more sources’” ER80 (quoting *Merriam-Webster*, <https://www.merriam-webster.com/dictionary/mashup>). As such, mash-ups are not new and fit squarely within the definition of derivative work in the 1976 Copyright Act. *See* 17 U.S.C.

§ 101 (derivative work is work based on “one or more” preexisting works). Regardless of its label, a mash-up is subject to the ordinary requirements of fair use—and if it is not a fair use, requires a license from the copyright owner(s). *Cf. Campbell*, 510 U.S. at 570 (“[L]ike other uses, parody has to work its way through the relevant factors.”).

Illustrating the point, as shown above, the MPAA’s members regularly license and derive revenue from secondary works that combine copyrighted characters and properties in much the same manner as *Boldly* and can fairly be described as mash-ups. Indeed, the blending of characters is a well-established practice, particularly in the comic book genre. The example above of *Amazon*, featuring an amalgam of DC Comics’ Wonder Woman character with Marvel’s Storm, is just one of many licensed character mash-ups between those two competitors. The idea of merging separate copyrighted works has been translated to many categories of creative endeavor, including film and television, as shown above. The district court’s reference to an “emerging mash-up culture” is simply misplaced.

C. Defendants’ Commercial Intent Should Have Weighed More Heavily Against the Unauthorized Uses.

It is undisputed that defendants took DSE’s works to produce their own marketable Seuss-based storybook—featuring a Seuss-based title that they thought would amount to “printing money”—and anticipated that they could sell “posters,

mugs, and all the merchandise that will push this thing over the top.” ER6-7 (quoting one of the defendants). To this end, they ran a Kickstarter campaign that raised tens of thousands of dollars to fund their production costs. ER9. Defendants speculated that DSE would want to publish the book themselves when they found out about it, rewarding defendants with ““a nice payday.”” Pl.’s Br. at 7-8 (quoting defendant). Defendants’ intended publisher for *Boldly* described the book’s target market as “[g]raduates and parents of graduates (college, high school, 8th grade); fans of Star Trek; fans of Dr. Seuss.” *Id.*, ER30-31. As the district court confirmed, “there is no question that Defendants created their work for profit.” ER81, ER18.

In *Campbell*, the Supreme Court observed that when the challenged use has “no critical bearing on the substance or style of the original,” the “commerciality[.]” of the use “loom[s] larger.” 510 U.S. at 580. Here, despite the overt intent to capitalize on Seuss’s famous books and artwork, the district court concluded that defendants’ money-making purpose counted only “slight[ly]” against fair use. *See* ER81, ER18. The court did not adequately consider the for-profit nature of the use, instead overweighing its transformative finding to discount defendant’s commercial motive. The court erred in minimizing such blatant commercial exploitation of DSE’s copyrighted works without a transformative purpose.

II. The Critical Fourth Factor of Market Harm Weighed Decisively in Plaintiff's Favor.

Especially in light of the nontransformative nature of *Boldly*, the district court failed to appreciate the full significance of market harm under the fourth factor, traditionally understood to be a critical component of the fair use inquiry. *See Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985); *Monge*, 688 F.3d at 1180 (citing *Harper & Row*, 471 U.S. at 566); *see also Campbell*, 510 U.S. at 591 (superseding work serving as a market replacement likely to cause market harm). The district court departed from the express directive of section 107, as well as the Supreme Court's guidance, to conclude that *Boldly*—a derivative work that defendants sought to sell in the same “graduation gift” market as *Go!*—posed no threat of market substitution.

A. The District Court Misapplied the Test for Market Harm.

After ruling twice at the preliminary motion stage that the fourth factor appeared to favor DSE,⁹ the district court reversed course on summary judgment, concluding that the fourth factor was instead “neutral” and the overall fair use analysis now tipped in *Boldly*'s favor. ER34-35. Based on its erroneous conclusion that ComicMix's copying was “transformative,” the court rejected any presumption of market harm arising from defendants' unauthorized work, applying

⁹ *See* ER58 (“Defendant's production of *Boldly* may result in an adverse impact on Plaintiff's derivative market”); ER84 (“[O]n balance, th[e fourth] factor ... weighs in favor of Plaintiff.”).

questionable logic to support its ultimate determination that *Boldly* would not encroach on DSE’s market for Seuss derivatives. ER24-34.¹⁰

As detailed below, DSE offered compelling evidence of an extensive licensing program for Seuss works, including licensing of exactly the sort of derivative use at issue here. But the district court declined to credit these facts, concluding that DSE had failed to demonstrate adverse consequences resulting from sales of the specific work at issue. In effect, the court held that because DSE could not quantify the future financial impact of defendants’ unpublished book, there could be no cognizable harm to DSE under the fourth factor. ER31-32 (“Plaintiff has introduced no evidence concerning the likely incidence of such purchases or the possible impact—if any—on its considerable licensing revenues.”).

This is not a correct application of the law. Section 107 requires courts evaluating a claim of fair use to consider “not only the extent of market harm caused by the particular actions of the alleged infringer, but also ‘whether unrestricted and widespread conduct of the sort engaged in by the defendant ... would result in a substantially adverse impact on the potential market’ for the

¹⁰ *Campbell* instructs that when a use is sufficiently “transformative,” market substitution is less certain, so a court should not “so readily infer[]” market harm. 510 U.S. at 591. In referencing *Campbell* on this point, however, the district court appeared to confuse the Supreme Court’s observation concerning the *presumption* of harm with *burden of proof* regarding market harm. See Pl.’s Br. at 48-50.

original.” *Campbell*, 510 U.S. at 590 (quoting Nimmer § 13.05[A][4]); *see also* 17 U.S.C. § 107(4). In other words, the court is to consider not only the defendant’s specific use, but the broad and general consequences of allowing unauthorized uses such as the one at issue to continue.

Accordingly, in addition to the existing market for the original work, for purposes of assessing market harm courts are to consider the market for uses “that creators of original works would in general develop or license others to develop.” *Id.* at 592. Recognizing that “the licensing of derivatives is an important economic incentive to the creation of originals,” *id.* at 593, the Supreme Court has directed lower courts evaluating fair use to “take account not only of harm to the original but also of harm to the market for derivative works.” *Id.* at 590 (quoting *Harper & Row*, 471 U.S. at 569). This guidance makes clear that the adverse impact to be considered is not nearly as limited as the district court held. As this Court has elaborated, in assessing market harm, the reviewing court is to weigh “any impact on ‘traditional, reasonable, or likely to be developed markets.’” *Seltzer*, 725 F.3d at 1179 (quoting *Ringgold v. Black Entm’t Television, Inc.*, 126 F.3d 70, 81 (2d Cir. 1997)) (emphasis added). Here, the court should have considered not only the existing market for *Go!*, but also DSE’s potential market for an authorized *Star Trek*-themed derivative.

B. The Evidence Before the Court Was More Than Enough to Establish Market Harm.

DSE produced substantial, convincing evidence to establish that *Boldly* could adversely impact DSE's thriving market for *Go!* and Seuss-based derivative works. *Go!* is an enduring bestseller that is frequently purchased as a gift for graduates. ER5. The undisputed evidence demonstrated that defendants' anticipated publisher planned to target the same consumers—families of graduates—that make up much of *Go!*'s buyer base. *Boldly* was clearly poised to supplant the market for *Go!*.

It is also clear that *Boldly* would encroach upon DSE's licensing market for Seuss derivatives. In this regard, it should have been conclusive for DSE simply to establish that copyright owners can and do authorize derivative works based on literary copyrights and characters within them, including derivatives in the form of books. But DSE went well beyond this, submitting uncontroverted evidence that it has licensed a host of *Go!* derivatives, and has also collaborated with other copyright holders “to develop new works and products that have combined appeal to larger audiences,” including works that could be termed “mash-ups.” ER5-6, ER31-32. For example, DSE collaborated with the Jim Henson Company to create a television and book series featuring “muppetized” versions of Seuss characters and, in another example, worked with a different copyright proprietor to produce a

“Grinch Panda Pop” video game. ER6, ER31-32.¹¹ The evidence indisputably showed that DSE administers a robust licensing program for Seuss derivatives, including *Go!*-based derivatives.

Fair use cases rarely present such a clear example of a defendant’s intent to usurp the very market enjoyed by the original copyrighted work. But the district court nonetheless determined that the fourth factor was “neutral,” rather than weighing definitively against a finding of fair use. According to the court, because *Boldly* was “targeted at those who have an appreciation of both” Seuss and *Star Trek*, DSE, whose products are aimed at Seuss fans—fans who might also like *Star*

¹¹ The district court seemed to infer from a style guide issued by DSE to some licensees, which prevented the mixing of Seuss characters with others, that DSE would never have licensed a use such as ComicMix’s. ER30. But the record is clear that DSE did not apply such rules to every licensee and in fact has at times authorized mash-up type works. ER6, ER31-32. Even if DSE had considered and decided against a *Star Trek*-themed Seuss project, however, such a determination should not have counted against DSE in the fair use analysis. “[E]ven an author who ha[s] disavowed any intention to publish his work during his lifetime [i]s entitled to protection of his copyright, first, because the relevant consideration [i]s the “potential market,” and second, because he has the right to change his mind.” *Monge*, 688 F.3d at 1181 (quoting *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1119 (9th Cir. 2000)); *Henley v. DeVore*, 733 F. Supp. 2d 1144, 1162 (C.D. Cal. 2010) (same); *see also Castle Rock Entm’t, Inc. v. Carol Publ’g Grp., Inc.*, 150 F.3d 132, 145-46 (2d Cir. 1998) (“Although [plaintiff] has evidenced little if any interest in exploiting this market for derivative works ... the copyright law must respect that creative and economic choice.”). A copyright proprietor is entitled to be selective in its licensing programs so as to maximize the value of its library of works. In this regard, MPAA’s members make decisions every day concerning which types of exploitations will enhance, rather than detract from, their copyrighted properties.

Trek—was unlikely to experience market harm. ER29-30. And, while acknowledging that “it is possible that some would-be purchasers of *Go!* would purchase *Boldly* for a Trekkie graduate,” the court nevertheless expressed concern about a perceived

dearth of evidence or expert testimony permitting the Court to extrapolate the likely effect—if any—that *Boldly* may have on Plaintiff’s sales of *Go!*... Plaintiff has introduced no evidence tending to show that it would lose licensing opportunities or revenues as a result of publication of *Boldly* or similar works.

ER31-32.

The high bar imposed by the district court for establishing market harm goes well beyond the requirements of section 107 or the Supreme Court’s exegesis of that section in *Campbell*. Section 107 speaks broadly of “potential markets,” not proof of lost sales or licensing opportunities. It does not require the copyright owner to render an accounting of future damage attributable to the specific unauthorized use. Rather, it is sufficient that the accused work is shown to occupy the market for the original or a market that the creator of the original “would in general develop or license others to develop.” *Campbell*, 510 U.S. at 592; *see also Seltzer*, 725 F.3d at 1179. As noted above, the pivotal question is “whether unrestricted and widespread conduct of the sort engaged in the defendant ... would result in a substantially adverse impact on the potential market’ for the original.”

Campbell, 510 U.S. at 590 (internal quotation omitted); *Seltzer*, 725 F.3d at 1179 (same).

Here, there can be no question that if defendant and others are free to produce and market derivatives like *Boldly* without permission, DSE would have little left to license. The same is true for the MPAA's members, who depend upon the ability to license secondary works and products—including mash-ups of copyrighted properties—to recoup their substantial investments in the films, television shows and other works that they produce, as well as to fund their future projects.

CONCLUSION

The MPAA respectfully requests that this Court reverse the judgment below.

Dated: August 12, 2019

Respectfully submitted,

/s/ Jacqueline C. Charlesworth

Alter, Kendrick & Baron LLP
156 Fifth Avenue, Suite 1208
New York, New York 10010
212-707-8377

Counsel for Amicus Curiae the MPAA

CERTIFICATE OF COMPLIANCE

This brief complies with the type volume limitation of Federal Rules of Appellate Procedure 29(a)(5) and 32(a)(7) and Circuit Rule 32-1(a) because it contains 5,485 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(f) and Circuit Rule 32-1(c). The brief also complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Office Word in Times New Roman, 14 point.

Dated: August 12, 2019

/s/ Jacqueline C. Charlesworth

CERTIFICATE OF SERVICE

I hereby certify that on August 12, 2019 I caused to be filed electronically the foregoing with the Clerk of the Court for the United States Court of Appeals for the Ninth Circuit, using the appellate CM/ECF system. I further certify that to my knowledge all participants in the case are registered CM/ECF users so service on them will be accomplished through the CM/ECF system.

Dated: August 12, 2019

/s/ Jacqueline C. Charlesworth