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Supreme Court Roundtable: Fogerty v. Fantasy, Inc. and Campbell v. Acuff-Rose Music, Inc.

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SUPREME COURT ROUNDTABLE: *FOGERTY V. FANTASY, INC.*¹ AND *CAMPBELL V. ACUFF-ROSE MUSIC, INC.*²

EDITORS' NOTE:

The following is a transcript of a roundtable discussion held on April 11, 1994. The discussion was hosted by Roger L. Zissu, a partner at Weiss Dawid Fross Zelnick & Lehrman, P.C., then President of the Copyright Society. The participants were Marcia B. Paul, a partner at Kay Collyer & Boose; Irwin Karp, counsel for many years to the Authors' League and currently counsel to the Committee for Literary Property Studies; Robert M. Callagy, a partner at Satterlee Stephens Burke & Burke; Professor of Law Marci Hamilton, Benjamin N. Cardozo School of Law, Yeshiva University; Frank R. Curtis, a partner at Rembar & Curtis; Bernard Sorkin, Senior Counsel, Time Warner Inc.; and Professor of Law Beryl R. Jones, Brooklyn Law School.

ROUNDTABLE DISCUSSION

Fogerty v. Fantasy

- Zissu We have a knowledgeable group gathered here to discuss two recent Supreme Court decisions in the copyright area, the *Fogerty v. Fantasy* case and then *Campbell v. Acuff Rose Music, Inc.* My name is Roger Zissu. I may say various things which express my views, but may not, and they may be provocative and they may be to stimulate the discussion.
- Paul We cannot quote you in the future on anything you say here, because you may have said it simply to be provocative and promote discussion.
- Zissu Correct, you can quote me.
- Callagy Anyway it works, we are going to quote you.
- Karp Roger.
- Zissu Yes.
- Karp I guess I should warn you . . .
- Zissu Yes.
- Karp . . . that we are going to transcribe this and print it in the Journal of the Copyright Society.
- Zissu Correct.
- Karp But everybody will have a chance to edit their remarks before we do that.

¹ 510 U.S. —, 127 L. Ed. 455, 114 S. Ct. 1023 (1994).

² 510 U.S. —, 127 L. Ed. —, 114 S. Ct. 1164 (1994).

- Zissu You can quote me. I am just saying some of my questions will not reflect my views. It probably will be apparent, but anyway, why don't we go forward on the *Fogerty* case. Let me start off by asking, who was surprised by the result of this case and why?
- Sorkin I was not surprised, I agree with the result but I have a question about its application. But I will leave that for later and let you put your question to the others around here.
- Karp I wasn't surprised, but I didn't think it was that sure a thing. I think that the Court had to consider the Second Circuit and the Ninth Circuit's longstanding preference for plaintiff recovery and I think they came out with the right result.
- Callagy I would echo Irwin's conclusion. I tried a case recently—a copyright infringement case—where the jury awarded plaintiff \$1.00 but when it came to the application for attorneys' fees plaintiff's counsel sought \$212,000. Now, certainly *Fogerty* would not preclude the application for attorneys' fees, but it underscored the fact that an award should be discretionary on both sides.
- Zissu Is it that the Fourth Circuit was right all along? The Fourth Circuit said, and that is quoted in the opinion, that all the other Courts, like the Second and the Ninth, made something out of nothing. Wasn't this discretionary for all the Circuits all along, and isn't that what the statute says?
- Paul I think that the Supreme Court is saying that yes, of course, it is discretionary and has always been. But they are saying something other than what the Fourth Circuit has said, by stating that the same standard needs to be applied within that discretion to both plaintiffs and defendants.
- Hamilton The problem with that account of the case, though, is that they give absolutely no guidance on the criteria for such discretion. They say it's an equitable set of considerations and, as we know from all the fair use cases, equitable sets of considerations can't occupy the entire universe. So I don't think it is at all clear after this case, who will get attorneys' fees and who won't. It will be difficult to predict whether you should bring the suit or not.

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- Curtis I think you are jumping ahead now, from the question of surprise to the substance of it, but I think that's a very apt observation. As far as how to reach the decision, obviously questions of culpability, bad faith, objective unreasonableness, are very relevant, but the Court does not say very much. It leaves us rather in the open about what comes into play beyond that. If you don't have a very clear case of bad faith or unreasonableness, the balance isn't clearly on one side or the other. The Court isn't saying that those are the only considerations, but they say rather little about what other considerations should be brought into play.
- Paul What other statutes which provide for an award attorneys' fees are you aware of, where the Court has stepped in and spelled out the parameters of that discretion?
- Curtis I don't think I can speak to that, maybe others can.
- Zissu I think maybe one thing we could say is that we do have a history of fee awards in the copyright area and we do have one standard with the prevailing party. And plaintiffs, as prevailing parties, frequently, I won't say automatically, recover reasonable attorney's fees and maybe that may happen with defendants. The courts are going to have to define this. I am not sure we can ask the Supreme Court to do that.

- Curtis I think there will be a somewhat greater tendency to award fees to plaintiffs even after this case, because if you take out the cases where there is a clear imbalance, somebody was clearly acting out of a bad motive, somebody was clearly wrong, and think about whether there are any cases that are more closely balanced in which there should be an award of attorneys' fees, I think it is easier to summon up considerations in cases where plaintiff prevails, than where the defendant prevails. Despite the Court's emphasis on the fact that it's supposed to be an even handed rule, I think there may still be little greater tendency to award fees to prevailing plaintiffs. And I don't think that's necessarily a wrong thing, because what I keep returning to in my own mind is the fact that, in at least most cases, the defendant is the party that has done something that is being objected to, the defendant is the one who had the opportunity to decide how close to the line he was going to go. And I think there is some merit in saying that maybe that factor should be taken into account when you get to an award of fees. The plaintiff didn't have a chance to say "keep a little farther away from the line." It was the defendant's choice, to some extent, to take the risk that he would be found wrong if he got too close to the line.
- Sorkin May I ask a question? Mr. Curtis has listed a number of elements that might be taken into consideration, presumably even handedly on both sides. Would another element, do you think, be the relative economic standing of the two parties?
- Paul I don't think it should be, do you?

- Karp I think we have to read a footnote, unfortunately. At the very end of the opinion, the Court says, quoting from *Hensley v. Eckerhart*, “there is no precise rule for making these determinations. Equitable discretion should be exercised in the light of considerations we have identified.” (Footnote 19.) Then they refer to *Lieb v. Topstone Industries*, a Third Circuit 1986 decision, pointing out that in *Lieb* the Third Circuit listed several non-exclusive factors that the courts should consider in making awards of attorneys’ fees to any prevailing party: “These include ‘frivolousness, motivation, objective unreasonableness . . . and, the need in particular circumstances, to advance considerations of compensation and deterrence.’” And the other factors in *Lieb* include, and I’m reading from *Lieb* now at 788 F.2d at 156. Is that okay, Roger?
- Zissu That’s okay. It’s not only okay, it’s impressive.
- Karp “Having decided that fees should be awarded, the District Court must then determine what amount is reasonable: “As we noted in *Chappel*”—I’m not going to cite that one, Roger— “the relative complexity of the litigation is relevant. Also a sum greater than what the client has been charged may not be assessed, but the award need not be that large. The relative financial strength of the parties is a valid consideration.” There are citations for all of these. In keeping with your observation, or cases, I had to point this out. “The relative financial strength is a valid consideration as are the damages when bad faith is present. That too may affect the size of the award.”
- Hamilton The problem with that listing, though, is the fact that the Supreme Court decided *not* to list any of these particular factors you just read. The Court leaves us in the dark.
- Karp Oh no! The Court said in the footnote, we agree that such factors may be used “to guide the courts’ discretion,” so long as such factors are faithful to the purposes of the Copyright Act and are applied to prevailing claimants and defendants in an even-handed manner.

- Callagy The problem I have that is the list of factors you have just reviewed, Irwin, is more in line with the conduct penalized under Rule 11 where you brought a case either in bad faith or where you knew you had no claim. But when a plaintiff wins, just by being the prevailing party, without more, plaintiff often receives an award of counsel fees. This litany of reasons why a party gets attorneys' fees does not simply say, "you're the winner or the loser," you've got to show much more. I guess I have a problem with that, because I think that a defendant will have a tough time receiving an award to the extent that you rely on the factors included on the list.
- Karp Bernie's employer was a defendant in an infringement suit called *Denker v. Uhry and Time Warner*. Henry Denker, a very prolific novelist and a fairly successful playwright who had four good plays on Broadway, was convinced that Alfred Uhry had stolen "Driving Miss Daisy" from a play of Henry's which ran a week on Broadway—called "Horowitz and Mrs. Washington." In fact, I looked at the two. He didn't retain me, but he asked my opinion. I looked at the two, and I wrote him a short note. I said you cannot copyright boy meets girl—boy loses girl—boy gets girl—; the only similarities between these two plays are that in both, one protagonist is white and the other one is black and they don't like each other, the black helps the white, and after a while they get friendly. That's what the judge decided. It was argued on appeal a few months ago. The argument was at 11:00 and at 2:00 the Clerk of the Court of Appeals called Henry's attorney and said we have a decision for you—affirmed. It took the Court of Appeals probably only five minutes to do it, not even the three hours. I looked at that and I wondered, now, how is he going to get away without paying attorneys' fees? Now, I don't know why . . .
- Zissu Second Circuit?

- Karp Second Circuit. I would have still moved, even under the Second Circuit rules. This case had so little merit, that I'm sure the Second Circuit would have awarded attorneys' fees. Anyway, by now I thought we'd all learned the Second Circuit is a lousy copyright court. You want to start ticking off all of the Second Circuit opinions that the Supreme Court has reversed in the copyright field. A whole string of them. My assumption is that in a case where the plaintiff's contention was so tenuous, that you would ask for attorneys' fees even in light of the decision, and they didn't. And in answer to you, Bob, is that I think one of the reasons that we haven't had more effective application of attorneys' fees, a lot of lawyers don't ask for them when they should.
- Zissu Don't you think the Court should now award attorneys' fees in that kind of case? In other words, it's not necessarily frivolous or in bad faith, but it's objectively without merit. It's over the borderline.
- Karp Yes, I think they should.
- Zissu Don't you think that it's a little bit of a message that the Supreme Court is sending, and it may have to do with docket control and being anti-litigation?
- Curtis I'm going to start. I think undoubtedly they are sending the message, but I think there is also some validity to the point made before. In thinking about going forward with litigation, whether you litigate something or don't litigate it, what does this decision do to the calculus of litigating or not? And I suggest that, except in those very strong cases, where one side is very clearly in the right, this case will tend to eliminate a consideration of attorneys' fees, except perhaps as a wild card in the sense that there is so much discretion, it's so hard to tell in advance of the case, except where the merits are really clear, how a court is going to assess those equities, that I think you will tend to throw it in the air and say, "Well, I can't really come to grips with that question, except for the fact that it just increases the general uncertainties of litigating anything."

- Paul I think that we are all focusing, at least implicitly, on the idea that it might discourage plaintiffs with borderline cases, which is the whole reason that the American legal system does not provide for automatic award of attorneys fees to the prevailing party absent statutory authorization. But I think, from my own experiences in practice, it may have another quite the opposite effect. In representing publishers many times, they settle as defendants rather than spend the amount of money on attorneys' fees that would be involved in litigating the point. I believe that certain of the publishers may, if they believe that there is a realistic chance of getting attorneys' fees at the end of the day—which involves not just consideration of whether the same standard is applied, but also the deepness of the pocket involved—may tend to fight more things as a matter of principle rather than enter routine settlements which might affect their insurance premiums or their legal budgets. So I think it could cut two ways.
- Jones It seems to me in a similar manner, however, that it reduces the chance that a plaintiff with a meritorious claim will feel confident that attorneys' fees will be available at the end of the day. Thus, one might see a reduction in the number of plaintiffs who bring suits. If you can't calculate what the discretion is about, you may end up being most unwilling to bring the suit.
- Karp If those factors will come into play, they have already been in play in some of the circuits anyway, where they have applied the even handed approach. I don't know that you could do a test to find that there is less litigation there or unmeritorious claims than any other circuits.
- Zissu It would be interesting.

- Curtis To the extent that this change discourages meritorious claims, I think that one thing that should be thought about is further increasing the provisions we have for statutory damages. They finally doubled them recently, but they are still, especially in non-willful cases, rather small numbers. Maybe that's a way to deal with it rather than dealing with it through attorneys' fees, because the case in which this becomes the most critical problem is where you have the plaintiff who thinks he has a good case, maybe not black and white, but very good case, but where the damages are comparatively modest, and if he can be pretty sure he's going to get attorney's fees, maybe it's worth proceeding with, but if he's not so sure about that, it isn't worth it. Those caps that we have on such statutory damages, I think, are perhaps too modest.
- Sorkin Isn't it likely that a court would apply very similar discretionary factors to the range of the amount of statutory damages to be awarded? You'll find yourself right back where you started from in that sense, won't you?
- Curtis Yes and no. I don't think that that's entirely true. I think that in view of the Court's decision, if it wasn't a strong case, one way or another, I could easily imagine the Court denying the attorneys' fees and yet, if it were permitted, allowing a more substantial award of statutory damages.
- Paul But the lack of predictability in terms of the parameters and standards remains.
- Callagy Roger, I just wanted to pick up on one point that you made and that is, maybe the potential for attorneys' fees is aimed at trying to speed up the Court docket. There is a provision in the federal rules which permits an offer of judgment where you are defending a case you don't think is worth a great deal where you can offer an amount of judgment, and if the plaintiff doesn't pick the offer up, then they don't get costs. But in some cases where there is an offer of judgment they don't get attorneys' fees either. However, in the copyright arena, they still may receive attorneys' fees. I guess it all comes down to who is the prevailing party and will *Fogerty* serve as a deterrent?

- Zissu Taking Marcia's idea that some publishers might now fight it as a matter of principle, it is also possible, is it not, that they might fight and after a year or two, when a couple of them have won, then maybe some of the misguided litigation might subside somewhat. What do you people think about that?
- Paul I think that that might be a real salutary effect—and I'm sure the insurance community in this country would be very glad if that would happen—but I think that if more publishers assert themselves and aren't seen as a "soft touch" by plaintiffs, there may well be, over time, a decrease in the amount of suits, even apart from the availability of attorneys' fees. I just had a question for Bob Callagy; I didn't understand something you said. Are you saying that if you've made an offer of judgment under the Federal Rules as they now stand, and that offer is not accepted, and if at the end of the day your recovery is the same or less than the amount offered, you cannot recover attorneys fees? Are you saying that because of the Copyright Act, even given the discretion of the judge, there is a different rule?
- Callagy The courts have been awarding attorneys' fees despite an offer of judgment.
- Karp And an award coming in below the offer?
- Callagy Correct.
- Zissu One of the ways you can sometimes deal with that is in your offer of judgment, you put in a provision relating to attorneys' fees. I've had that experience. It has been helpful to me.
- Karp Roger, one thing that people should keep in mind when they start writing law review articles or doing surveys about this, is that attorneys' fees are far from unusual in federal court. I always thought that—having read some of the literature (in particular, the propaganda from publishers on section 412) that this is an extraordinary remedy, and in violation of the American rule. But the U.S. Code is full of federal statutes which provide for the award of attorneys' fees and statutory damages. The Copyright Act is far from unique, so that there is a whole body of law and case law that has to be looked at in order to test some of these assumptions we're making. It isn't a phenomenon confined to copyright law.

- Hamilton Except for the fact that this case proves that all of that existing case law is not necessarily going to be determinative in a copyright context. This case is all about why attorneys' fees will be considered differently than when they are considered, for instance, in the Title 7 context.
- Karp Yes, but that was because of the legislative history to Title 7.
- Hamilton Thus, the existing attorneys' fees case law is not going to provide much guidance in the copyright context. The footnote that you were reading earlier ended with the quote that we're not going to use those Third Circuit criteria necessarily. We're only going to use them if they are consistent with the policies of the Copyright Act, whatever those are.
- Karp I agree, but the range of statutory damage and attorneys' fees provisions goes beyond the civil rights cases where they have the element of a private attorney general being encouraged to bring suits. They're in all sorts of statutes.
- Paul I think we are also forgetting, or at least not paying enough attention to the fact, that our federal judges, for the reasons that Irwin just stated, and as a general proposition, are conducting fee hearings all of the time, and they are used to dealing with "lodestar" approaches, "vexatious" standards and all the other factors. There are *some* factors which are peculiar to copyright cases. But, by and large, we're talking about a range of discretion based on novelty of issues, relative strength and weakness of the parties—the same kinds of standards which were applied in federal court virtually every day by virtually every judge.
- Hamilton My problem with that is two fold: One, is that I don't know what the policies of the Copyright Act are. It's an amalgam of compromises, and you can't find one single policy that will inform you how to determine or how to assign attorneys' fees in any particular case. But that's the standard the Court provides: courts are supposed to apply the policies of the Copyright Act to determine whether or not to award fees in a particular case. I think those are murky instructions and that the Court has left people in a difficult position in deciding whether or not to bring suit.

- Zissu Let me ask this question about these. We have all these other federal statutes. I've always been under the impression from my practice that attorney fee awards in copyright cases are not that big a deal in terms of hearings, discovery and having a whole trial on attorney's fees, whereas in the anti-trust or the securities business, these things can get to be quite complicated. Do you think that's going to change? First of all, do you think it's true that copyright is a sort of a shorter step-sister here? In other words, people put in fee applications frequently on papers, they put in their bills, people take a shot at it and maybe there is an argument in court, maybe not, and a fee award comes down. Is that going to change? First of all, do you agree that that is the way it has been, and second, will it change or are we going to encourage a second kind of a case that goes on in every case?
- Hamilton If Irwin is right that we have such a wide range of fee discussions already in the federal courts it seems inevitable that they're going to expand the fee decisions in copyright cases now to meet those sorts of considerations. But I think we're going to have a long time of courts feeling around trying to figure out what criteria are important in the copyright context.
- Callagy I don't think that the procedure for determining a fee application will change. I think it will be done on papers. I think where it will get complicated is that most of the complaints that you have these days not only have the copyright claim, but they've got Lanham Act claims, they have common law claims, and they've got the kitchen sink thrown in. So that when you get to the fee applications, it is going to be a big issue as to processing the claims, and as to how much time was spent on a given claim and maybe counsel fees are not awardable under various of the causes of action. So I think it would get complicated in that regard.
- Jones I think this is especially true if you look at the language that the Court does take from the *Topstone Industries* decision regarding compensation and deterrents. These contain uncertain standards with respect to what factors should be considered. It seems unlikely to me that there won't be a substantial amount of litigation around those issues.

- Karp I don't think you could get much more specific about the factors. What are you going to do—prescribe hourly rates? Then you have to appoint Herman Badillo a monitor to make sure people actually are doing the work that they claim in their fee schedules or time schedules. I think these are fairly reasonable descriptions of the factors and probably more could be developed, but, since, as Marsha points out, the courts are always dealing with these questions and there are no more specific guidelines in other areas of litigation. I really think the important question is how many cases really are going to be that difficult to categorize? The *Denker* case, simple as pie. No question that they should have awarded attorneys' fees. The *Time Warner* case where the lawyer, what was that guy who did you in, your attorney, where the District Court even awarded attorneys' fees to the defendant? The defendant had made an offer, and the judgement came in below the offer, and the defendant consented to an injunction.
- Sorkin This question that Irwin raises, leads me to wonder, as a matter of history, whether there have been appellate rulings on the exercise by lower courts of their discretion and application of the factors?
- Karp Yes. The *Warner Brothers* case I'm talking about went up to the Second Circuit. In fact, they reversed and said even though the plaintiff's attorney really should have been sanctioned, there is no provision in the Copyright Act that allows an award of attorneys' fees to a defendant who technically hasn't prevailed, even though from a practical point of view it had.
- Sorkin But that's a very narrow and specific . . .
- Karp That's one of many.
- Sorkin But I'm talking about the kind of standards that I read out of the lead citation. Have the courts dealt with that and said that these various equitable standards that you believe are so broad or are not in particular cases appropriate?

- Paul You have to start with the premise that (a) it is an abuse of discretion standard on appeal and (b) in many of these situations, cases settle out, rather than going through the costs of an appeal. What I think is interesting about where this whole discussion has led all of us collectively is that we've gotten completely away from the obvious ruling of the Court, which is that same standard applies to both plaintiff and defendant, and we have instead focused on either a perceived or an actual pre-existing lack of standards, whether as applied to plaintiff or defendant. Before, there were two different standards, one for plaintiff and one for defendant. Now, we have the same amount of loosey-goosiness, but it applies equally to both sides.
- Zissu I am having more trouble figuring out what it will be for defendants.
- Curtis Whether the standard is a better one or not, I think it is less clear now, at least on the plaintiff's side, because certainly there were cases that said a prevailing plaintiff should normally get attorneys' fees. Well, that gives you sort of a presumption going in. Whether that's a good rule or not is another matter. But I think it was a somewhat clearer rule. I also wanted to add a little dissent to the notion that this rule is likely to encourage defendants' standing up as a matter of principle where they think they are clearly in the right. It seems to me that even under the older rules, if you were clearly in the right and you had a nutty plaintiff, the defendant had a pretty good right to an award of fees. I think the new rule might be more encouraging to defendants, and I think it is intended to be more encouraging to defendants, in the more evenly balanced case. A lot of what comes through in this opinion is the fact that it is important for the proper functioning of the Copyright Act that lines be drawn through litigation as to the proper scope of copyright protection, and therefore defendants should be free when it's a legitimate matter of litigation and argument, they should be free to defend the case without this terrible fear that just because they lose by a little bit, they are going to be stuck with attorney's fees.

- Zissu Can't we take one category, maybe to be a little provocative. Many plaintiffs have brought invalid claims over the years, such as the misguided plaintiff who doesn't understand that ideas are not protectable. We see it against motion pictures, books. I think that's a whole area we could probably say where attorneys' fees may start to be awarded now, and, if that is so, is that a good thing? Is that a category we could say, it's not bad faith, but you have this misguided plaintiff. Is this a category?
- Curtis I think clearly it's a good thing in that case.
- Karp You've put a label on it before which is in the opinions—objectively without merit, and I agree with Frank that it is a good thing to discourage that type of suit.
- Callagy I think what it really comes down to, and to courts haven't spent a lot of time defining it, is who is the prevailing party? Because again, to the extent that you have multiple causes of action and while you might have no statutory claim for misappropriation, you might have a common law claim, and while you might be able to get beyond the motion stage with the case, I think determination of prevailing party is the area in which the Court has to focus. Is *Fogerty* realistic about that, because if you win a dollar, you are not the prevailing party when you've asked for 10 million dollars.
- Paul That depends on what your object was in bringing suit. If you're going for an injunction and you really care about the injunction, and you get the injunction but you have not been damaged or cannot prove damage, you have won and you are the prevailing party in my book, even if your damages are zero.
- Callagy In my book you are, too. But if you went solely for money damages and you wanted 10 million dollars in your *ad damnum* clause and you got a dollar because you wanted profits, to me you are not the prevailing party, but the courts have not said that.

- Curtis I think that in some other areas, if not in the copyright area, there is, I don't profess to be an expert on it, but there are a certain number of decisions saying that if you have a group of claims and there are some wholly distinct claims that you don't prevail on, you don't get fees for that part of the case. Often, of course, there are claims that are not wholly distinct. In the area that we're talking about, where you've got copyright, you've got unfair competition, you've got maybe contract and quasi-contract claims, the fact that you didn't fully prevail will be taken into account but in a very general kind of way. That's a problem that runs across all of these statutes where you have an award of attorneys' fees. I'm no expert in civil rights cases but it is certainly true in those cases. Somebody brings 20 different claims and sometimes they're wholly distinct, sometimes they're related and the courts have certain discretion to try to sort that out.
- Zissu Let me just ask this question. What impact on any of us did the dissent have? Justice Thomas is concerned about the way statutes will be looked at, and I think he was saying the Civil Rights Act should go the way the Copyright Act went. Does that have any sway with anybody, or nobody cares about it?
- Curtis Isn't that really a question more for civil rights lawyers? Which part of the opinion?
- Zissu He's a new Justice. Do we want to comment on it?
- Sorkin I'd like to go back to what Mr. Callagy said. I think I'm troubled by your one dollar example, and if I understood you right to say that in such a case the plaintiff would not be deemed as prevailing party, assuming they sue for damages.
- Callagy No, I was saying in the case in question it was a suit over a national advertisement. It was a suit for copyright infringement. But it also had claims for common law misappropriation and Lanham Act violations. There, the plaintiff was seeking very substantial damages for this ad which plaintiff claimed had been copied from an earlier work of art that she had executed.

- Paul I think that what Bob is alluding to is a situation in which there is an exceedingly weak copyright claim but plaintiff is awarded one dollar on it, yet clearly prevails on a companion Lanham Act claim. The Lanham Act only provides for attorneys fees to the prevailing party in unusual circumstances. The question is whether a court is going to try to sneak in through the back door of the copyright standard, an attorneys' fees recovery that would not otherwise be available under the Lanham Act standard.
- Karp I don't think they can. Some judge may do it, but I think the Supreme Court would knock it down.
- Paul You're assuming it got up to the Supreme Court.
- Karp Oh, I think it will get up. It may take time. This should have been up before the Supreme Court 10 years ago.
- Hamilton The Court at this point doesn't take anything unless there is a clear circuit split. The Court views itself as a referee. Their docket is down 35%; it is dramatic. So we can't rely on the Supreme Court to solve these problems. If you want a definition of "prevailing party," I don't think we should be waiting around for the courts. It is Congress' responsibility.
- Karp Having had a little experience with Congress writing copyright laws, do you think that is really safer in the long run than through patient waiting for the Supreme Court to work it out?
- Hamilton It depends on who's running the committees up on the Hill.
- Karp Does it make any difference which of those people do it?
- Hamilton I think it makes a tremendous difference. The question is whether Congress is going to take responsibility for the policy or whether it is going to defer all of its policy making to private parties. I think it makes a big difference.
- Paul I continue to maintain as a practitioner, that I would rather go with the luck of the draw on a case-by-case basis, with the discretion of the judge than have an arbitrary statement of principles and rules that have to be distorted and twisted to meet the facts of a particular case. I think that this is exactly the kind of area in which judges need to have discretion, need to exercise that discretion, and there is a fair body of law that enables them to do just that.

- Jones I want to ask a question picking up on something that Marcia said a little earlier about defendants being willing to resist cases that they would not otherwise have been willing to resist. Do you think that this case will produce a substantive change in the behavior of entities involved in using copyrighted materials? Will this affect who they will pay when they are using the works of others? Is this just going to have an effect on litigation? It seems to me that the clear underlying thrust of the decision is people ought to be able to use the things that are not protected by copyright without fear of some unwarranted litigation. It seems to me that many people in the copyright business are paying for things out of fear of litigation, paying for licenses that need not be purchased. Do you think that would change that kind of substantive behavior?
- Paul Potentially, yes, I think it would be a very slow change, exceedingly slow change. But it would be interesting to see in practice.
- Sorkin I have a question connected to that. Maybe it is the same question in a different way and that is does anybody see the impact of this decision on the repeal of section 412? Is there in anybody's view a connection between the two, which I think is maybe the obverse of what you're asking or maybe it is the same thing.
- Karp One thing I think that it does in that connection is to cut the little ground there was supporting the publisher's meretricious argument that eliminating 412 will start a flood of litigation. [laughter] This is the kind of speculation which makes legislative drafting so speculative itself. The publishers went in the past, before Congress to threaten that if they enacted the Berne Act, we would have a flood of moral rights litigation; and we haven't even had a trickle of that. And they're arguing on 412 that if you eliminate the requirement of registration prior to infringement, that that will encourage enormous litigation, which it won't. And one of the points that was made is that courts can award attorneys' fees to defendants' lawyers. I pointed out that one of the reasons it isn't as effective as it should be, is that a lot of defendants' lawyers, as witnessed in the *Uhry* case, are just not doing their job properly. They didn't ask for attorneys' fees, that's what I mean by not doing their job properly, and they should have done it.

But the *Fogerty* decision certainly is going to make it harder to argue that someone's going to try to make a fortune by bringing a strike suit on an invalid copyright claim because they think the defendant will settle rather than risk litigation without collecting attorneys' fees. Now the defendant can recover fees in that type of case, which I think encompasses a lot of litigation. A lot of it I think is brought by people who Bob described as nutty plaintiffs, with lawyers who don't really perform their obligations and bring complaints on works that are just not infringing at all. *Morrison v. Solomon* is a great example.

Curtis I think one of the interesting questions, and I'm not in the best position to answer it, is what effect this will have on defendants in areas where there are hotly contested issues about copyrightability and the extent of protection. I don't do a lot of computer work, but I would love to have those questions answered in that context. Certainly what the Court is trying to achieve is to encourage defendants in those cases that have reasonable positions to litigate out those cases with greater frequency, maybe not so much on the hope that they will get an award of attorneys' fees, but with some of the fear taken away that they will get socked with attorneys' fees as well as damages if they lose those cases. Certainly the Court is trying to encourage those defendants, but I would be interested in asking the people who are doing a lot of that day by day what they think the actual effect will be.

Karp Ask Roger. Assume you had registered, Harper & Row had registered, *The Memoirs*, President Ford's *Memoirs*, before Victor Navasky carved out an editorial column in *The Nation*, do you think you would have gotten back attorneys' fees? That was a hotly contested case.

Zissu In that case, I would. I think we probably would have.

Karp Do you think you would?

Zissu Yes. I don't think it would have been a big deal.

Karp What do you think, Marcia?

- Paul I think not, because I think that in my experience, particularly in first impression kinds of cases, judges have a tendency to say that was a close call; neither side brought this in bad faith; it could have gone either way. In these circumstances, even prevailing plaintiffs have not been awarded attorney's fees, notwithstanding the so-called "presumption." So, my bet in the *Nation* case, would have been no.
- Zissu In *Roth v. Pritikin* I think there was an award of attorneys' fees to the defendants. I think of Second Circuit held it an abuse of discretion and reversed.
- Karp Yes, I think you're right.
- Zissu I think, taking into account all the factors in the litigation, and the trial testimony, there was a reasonable chance that in the exercise of discretion we might have gotten attorneys' fees. But, the Second Circuit reversed anyway. So, I don't know what would have happened to it as it wound its way up to the top. I have a question, one question. It's kind of a loaded question. Do you think if a defendant is threatened with litigation for copyright infringement, let's assume it's a close case, or it's a frivolous case, do you think it's better for the defendant to seek a declaratory judgement and be a plaintiff asking for attorneys' fees, or can the defendant now feel just as comfortable seeking attorneys' fees when it wins, having defeated the claim for copyright infringement? In other words, I'm putting the ultimate question to you.
- Callagy Roger, I still think that you'll be better off as a plaintiff. I think as a matter of practice, the *Fogerty* opinion will not be a deterrent after a court speaks. I think where it works is with *pro se* plaintiffs or marginal lawyers who don't really know the area, taking on something that is not a great case. I don't think they are going to take a gander with something that is a long shot when defense counsel says, hey, you'd better think about *Fogerty* before you file that complaint because you could get nailed with an award of attorneys' fees. That's the area in which I think it will have an immediate effect. However, I don't know that it will have a real effect down the road.

- Paul I just wanted to inject the practical note again, in part in response to Irwin's comment about attorneys making mistakes by not seeking attorneys' fees. Part of the reason that there is somewhat of the dearth of law in point and part of the reason why we have not seen a lot of decisions on point—even on the District Court level, not to speak of going up—is that as a practical matter, lawyers usually want to settle without appeal; they forego attorneys' fees or reach some private agreement taking a nominal amount towards attorneys' fees in settlement, simply to avoid the further litigation costs. I'm sure there are some attorneys who mistakenly fail to ask for attorneys' fees, but, by and large, as a practical matter, it's cheaper to settle out.
- Karp I agree with you, but there are reported decisions, such as the *Uhry* decision, and others, I don't want to mention them, because some of us have been involved in some of them, where the party who lost really could have been soaked for attorneys' fees on either side, and no demand was made for them. Let me just give one example because Bernie wasn't personally involved. The SUPERMAN case—Time Warner against . . .
- Paul The Great American hero?
- Karp Time Warner against, yes.
- Paul Didn't that get decided primarily on Lanham Act grounds?
- Karp No, no. It was a copyright case.
- Zissu ABC, it was copyright.
- Karp Lanham was involved, but it was basically a copyright suit. The guy, the young kid, wearing that kind of uniform was clearly not an infringement of SUPERMAN. And it was a very strong Second Circuit opinion on that, too.

- Curtis One thing that has to be borne in mind in thinking about the deterrent effect when you're talking about the marginal lawyer who doesn't know what he's doing, is that under the Copyright Act I believe we're talking about an award against the other party, against the plaintiff. I don't know this for sure, but I don't think that the Copyright Act allows you to get it from the lawyers. You still have to go back to Rule 11 if you want to get it from the lawyer, which is perhaps unfortunate because surely this is an area in which the plaintiff who thinks that he's got a copyright infringement when it's really a theft of ideas, if he's not well advised, it's an honest mistake. The person who we should be getting at a lot more is the lawyer who doesn't know what he should know before he brings such a suit.
- Karp I think that if district court judges exerted themselves a little more to police the calendar, as Bob pointed out, one of the things they would do in the kinds of cases we're talking about, because they're pretty obvious, some of them, right from the beginning, is at pre-trial, raise the question very directly. And also ask the attorney representing the party that the judge thinks really hasn't got a chance to show the judge a copy of the letter the attorney wrote to his client warning his client about the danger of being assessed attorneys' fees.
- Paul Leaving the latter part of that out, Irwin, I do think that is what the Initial Case Management Conferences are supposed to be about, in the Southern and Eastern Districts under the new scheduling order and plan. Those kinds of issues are supposed to, at least in theory, be addressed upfront by the court with parties present, without probing attorney-client communications and demanding to see copies of letters about such things.
- Karp On the Sixth Circuit, they really have come that far almost with the mini-trial, where the parties have to be present.
- Jones I'm not sure that I agree with Karp's assessment of the *Warner Brothers v. ABC* case. I don't see that case as such a certain case that attorneys' fees ought to be awarded against the defendant under this even handed provision.
- Karp That's what makes for split decisions.

- Jones Well, I guess that also makes for what's troubling about the *Fogerty* case. It is not clear what is going to follow from this decision. This case is clearly affected by the unusual posture of the case: the person who produced the musical composition was sued for infringing himself. That created some considerable sympathy for that particular defendant.
- Karp I don't think the facts of the case have anything to do with it. I think the Court said here, we've got these conflicting positions by the Circuits on how to interpret 505, and we read 505 and there is nothing in there that allows a court to give preference to plaintiff or defendant.
- Zissu We'll learn that because this was remanded, I think. So we'll learn what the district judge . . .
- Jones Well, I think that insofar as you're talking about questions of deterrence or compensation and what one means by those terms, it is important that this case is about the author being sued for infringing his own work.
- Karp Authors have been sued for infringement of their own works and have lost.
- Callagy On remand, do you think one of the issues will be whether and to what extent the parties had settlement discussions before the case went to trial? Will the Court in deciding whether it is appropriate to award counsel fees want to know whether or not there was a reasonable dialogue?
- Paul Don't you think there is a problem with that approach under the Federal Rules of Evidence, Rule 408, a problem with the Court inquiring into the substance or fact of settlement negotiations whether pre-/or post-litigation?
- Callagy Well, my feeling is to avoid an award of attorneys' fees, you might want to show how unreasonable one side was in terms of their demand or vice versa.
- Paul If you do that then, you're getting in the way of another underlying policy consideration, which is the policy favoring and encouraging settlement and settlement negotiations.
- Zissu Now we'll do an exit question the way McLaughlin does. On a scale of one to ten, would those here prefer legislation or a common law or case law development of the standards for attorneys' fees? And we'll go right around the room on the exit question. Sorkin?

- Sorkin I would prefer, with one caveat, case development. The caveat being, I would, speaking from a parochial point of view I must admit, like to see legislation which says that the relative economic standing of the parties is not to be considered.
- Karp I would prefer to see it go to the case law route.
- Curtis I would generally prefer to see it go the case law route, because I'm pessimistic about Congress really coming to grips with it specifically in the copyright context. If there were to be a general change on the way we handled this—a different choice between the American rule and the English rule— I think you would almost necessarily have to involve Congress, and maybe we'll come to that someday.
- Callagy I believe in the case law approach.
- Jones I think I'm sort of evenly divided at this point. It seems to me that some clarity would be very useful and that for the next few years it's going to be very difficult for people who want to bring copyright suits. If some legislation were possible, I would prefer that.
- Hamilton I think predictability is probably the most important value in these sorts of decisions. For that reason I think Congress should take the responsibility and make a decision. I don't think the courts are going to be able to come up with an across the board rule, across the country, that will provide predictability and fairness for all the parties.
- Paul I'm emphatically in favor of the case by case approach, because I don't think that this kind of discretionary standard can be productively legislated.
- Zissu The answer: Nine—case law, according to the McLaughlin approach.
- Karp Who is McLaughlin? Oh, I thought you meant the former judge.
- Zissu The McLaughlin Group is a group that discusses public events on Sundays in various areas. They yell about it, it's chaotic and I love it for that reason. My life is so normal and reasonable that I love chaos on Sunday.

Campbell v. Acuff Rose

Anyway, I guess we'll go to the second decision. The second decision is the parody decision, *Campbell v. Acuff Rose*. I guess the first question we can start with is, what do you think the big points are, are there a lot of points, and what are the biggest points in this decision?

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- Callagy I believe in collapsing the four fair use factors by basically boiling them down to two. One is, what did you do to the market for the work that has been infringed? Then really the other three factors all seem to come back to the first factor, what is the nature of the work?
- Curtis I would say that to me that the two things that jump out the most is the very strong endorsement of parody as legitimate form of criticism standing almost in its own right. I think what Bob said has to be limited to parody type cases. While Judge Souter is careful to balance things out and say it could be this, it could be that, still, the message that comes through as far as parody is concerned, is, if it is primarily a parody and if, in the judge's eyes, you don't use more than you have to, you are maybe not 100% certainly, but almost certainly, in the clear. The other biggest factor, I think, is the strong emphasis on transformative use and the extent of transformative use, and that I would think is the part of the opinion that is likely to have the greatest impact outside the parody field.
- Karp I was taken by the definitional paradox. Richard Dannay always talks about pastiche, and I always have to go back and look up the definition which I promptly forget. But, ironically, and the Court now quotes the same definition of parody that I looked up this morning in Houghton-Mifflin's American Heritage: "Parody is a literary artistic or artistic work that broadly mimics an author's characteristic style and holds it up to ridicule." This wasn't parody, this was really pastiche. Pastiche is "a dramatic or musical piece openly imitating the previous work of another artist, often with satirical intent." I don't think that's critical, I think the Court is simply going to say, oh well, you call parody a pastiche, it's the same thing. But ironically, if it were true literary parody, I don't think it would be infringement to begin with, since it would only be copying the author's style, and you can copy Hemingway's style all you want, as long as you don't copy one of his books. But I agree with both Bob and Frank about what I think is the probably the basic impact. I think it weakens copyright protection quite considerably in this area.
- Paul You mean in the parody context?

- Karp The *Acuff* decision itself. One more point, I think that the Supreme Court in the past and whoever else, I guess it was Nimmer, began talking about the effect of the market being the most important factor in determining fair use, which was grievously in error. I don't think fair use ought to be determined primarily on that point. Because I can see uses that I would think were outrageous non-fair uses that have very little impact on the market value of a particular work. Someone had copied a big chunk out of Henry Roth's "Call It Sleep" while "Call It Sleep" was dormant between its publication and its revival thirty years hence. I don't think that should be considered fair use.
- Sorkin Judge Leval, I think, made that point in a slightly different way when he spoke of the unknown song that was given huge fame and economic value by being without authorization stuck into a movie. But I don't think it follows from that, that the opposite is not true, that is if there is an impact on the market it shouldn't be considered extremely important.
- Karp I agree.
- Paul There are three things that I thought were critical. One was how strongly the Court seemed to elevate parody and to protect it. Second, as you say, the demotion of the fourth fair use factor. My third point is that I think the Court went out of its way—and did not have to—to get rid of the presumption under the *Sony* case of the use being unfair if it was commercial. They seem to be looking for a case to undo what *Sony* had wrought, in that connection.
- Zissu But they did it.
- Curtis And that was a very welcome thing, wasn't it?

- Hamilton I agree. It seemed to me that the Court was looking for a case to try to take back its statements in *Sony* and *Harper & Row* about the first and fourth factors and to say that they weren't determinative. This case certainly gave them the opportunity because the lower court had such a shallowly reasoned opinion. But what I took away from this case is that if you compare it with *Feist*, the Court seems to have placed itself in the role of being the policy maker for copyright in the country. It seems to want to fill that role. Which is why I find *Fogerty* so interesting because the Court doesn't seem to want to fill that role at all in the particular case. But in *Feist* and *Acuff Rose* it goes out of its way to go beyond the statutory question on which *certiorari* was granted on, which they could have answered directly, decided the case and dropped the issue. In both cases, they go into the uncharted territory of defining and requiring creativity or originality or transformative uses. These are all part of the same package. The Court seems to be charting an extrastatutory aspect of copyright policy. And the Members are doing it in unanimous opinions.
- Jones There are a few things that I came up with on this. One is the parody notion that everyone has talked about and rejection of the "commercial" discussion in the *Sony* dicta. What I also found interesting is that this case is consistent with *Fogerty's* and *Feist's* view of using other people's works. There seems to be a willingness in the Court to consider it appropriate to use someone else's works. That tendency is evident in each one of these cases. The aspect of the case that I found most troublesome was the Court's unwillingness to look at the musical questions that were raised. The Court totally backed away from the music; gave no guidance on a how to handle the music questions and sent it back for remand. The record it had on the music was as strong as the record it had on the written components. The Court could have given some guidelines on how to evaluate the music. It did not.
- Curtis Isn't it simply the fact that we all know that most lawyers are literary people? They deal with the written word all the time, and they are usually quicker and more comfortable making judgments about a book or a story than they are in making judgments about a piece of music or art.

- Karp I would just like to ask Beryl, I couldn't get a fix, because I didn't go back and read the lower court decision on how much of the music really was taken. The Court's opinion seems to suggest it was an opening riff and not much of anything else.
- Paul No, it was a very definite, sizeable taking. One which leads to the whole issue of how much do you need to take and the parody question. But it was clearly a very sizable taking with frequent repetitions of the bar and parodying of the lyrics and music throughout. I think that perhaps the reason the Court didn't look at the musical questions, apart from the fact that they are not musicians and perhaps the record was not fully developed enough for them to do it, is that they were reaching for a vehicle for fair use analysis for some of the reasons we have discussed. I think that if you get into the music aspects of it, the compulsory licensing provisions change the fair use analysis in the music context in ways which might not apply to other kinds of fair use questions.
- Hamilton That's interesting because that came up during oral argument of the case. They spent at least 10 minutes on it and Justice Stevens was stuck on it: Why wasn't this a compulsory licensing case and why couldn't they decide it that way?
- Karp What's compulsory licensing got to do with writing a new composition and using somebody else's . . .
- Zissu Well, the Court, not being a specialty court, is not generally versed in such matters. But is anything left of the *Sony* decision, or is that now a *sui generis* case? In other words, the commercial nature and the presumption from that is not going to be a factor any longer, a major factor necessarily, in analyzing the first and fourth fair use factors. Then you have the transformative use which is inflated and given great respect here, whereas in *Sony*, I think, there was even a statement that a productive use is not necessarily dispositive. "Productive," I am using interchangeably with "transformative." So *Sony* now has retreated to being this time-shifting case, maybe involving privacy concerns about going into people's houses to see what they're doing. *Sony* has been greatly reduced. What do you think?

- Hamilton But *Sony* probably has terrific strength coming in the future if all of our information is going to come over the information superhighway into our homes. Even if all *Sony* stands for is home use exception, that may include every copying possibility in the world.
- Zissu That may be plenty.
- Hamilton It may be everything.
- Zissu Good and plenty.
- Curtis Certainly the case makes clear that you can't take that phrase of the *Sony* case in isolation and apply it to cases that involve what the Court regards as transformative uses as opposed to a reproductive use. It seems to me that common sense says that should always have been the case. That emphasis on commercial versus non-commercial should have been thought of primarily in the context of the *Sony* case or perhaps in a context where you really had something that was noncommercial in the sense of an educational use, and that's a special factor. But in most cases the fact that it is commercial in the sense that people are making money shouldn't be an important factor.
- Zissu Is parody too narrowly defined?
- Paul It has several definitions.
- Zissu It has several definitions but they all come back to, in one degree or another, relating it to some comment on the first work. Is that too narrow?
- Karp Semantically, all they had to do was say parody or pastiche and they would have covered the subject by dictionary definition. There have been a lot of parody cases, so we know what the courts are talking about when they talk about parody.
- Sorkin Irwin, I think if you would look to one or two other dictionaries, you would find definitions that encompass both uses.
- Karp Yeah, but they used my dictionary. They quote it. [laughter]
- Zissu Let's assume they use pastiche for parody.
- Sorkin I want to express a view on your question. I don't think it's too narrowly defined, and I think for this kind of case, at least, or at least in a copyright context, the notion ought to be limited to commenting on the work which is allegedly infringed rather than on society at large or . . .

- Callagy I believe that the Court has narrowly defined, too narrowly defined it. In fact, one of the things that has struck me about this is the Court really slaps commercial speech, that is, they say on page 4174 that if the use, for example, of the copyrighted work was for advertising, even in a parody, this will be entitled to less indulgence under the first factor of the fair use inquiry. I am reminded that in *New York Times v. Sullivan*, we were dealing with an advertisement. And yet here the Court slaps down a parody to the extent it is going to be used in an advertisement. There was a recent case in California that will never get to the Supreme Court involving Vanna White and a print ad. She sued over a robot wearing a blond wig claiming that the ad was conjuring up an idea of Vanna White.
- Paul I think, Bob, you're assuming that parody has to have the same definition for Section 43(a) or trademark purposes as it does for copyright purposes. And I don't think that is necessarily true. Granted, a dictionary is a dictionary is a dictionary, but, I think the scope of what is entitled to parodic protection for trademark purposes or unfair competition purposes should by definition be broader than that protected for copyright purposes.
- Karp In taking what Beryl says about music, I think that the Court has gone much too far in defining how much has to be taken. First of all, I looked at the lyrics and I don't think that's commentary on anything. I think they went for a ride on the music. And I don't think you really can parody music all that much. You don't have to take a lot to comment on it. I think if they took as much as they say you did, I think the Court simply has opened the door to alot more infringement on the part of the defendant.
- Jones I didn't say that. Marcia Paul said that. I don't care about the amount that was taken. I don't think there was too much taken.
- Karp I'm only referring, I asked you, and you said there was quite a bit of music taken. You talked about repeating the riff and there was other things.
- Jones No. Marcia said that.
- Karp It really doesn't make any difference to me who said it.

- Jones But, be that as it may, it seems to me that if you're going to do a parody of a song and you want to call to mind this song, that you may have to take a portion of the music. The music is the song, especially if it's a popular song. The music and the words have to work together. Separating them in ways the Court has done seems to me to be an artificial act.
- Karp I forget which Supreme Court decision had another factor in determining the fair use which was did the user make the original author really a co-author of the second work?—and if he did, that's not fair use. And that's exactly what I think is happening here. The group is using the first group's music not just for parody but because that music helps sell their songs.
- Paul You're arguing in effect that it's a derivative work . . .
- Karp It is a derivative work.
- Paul . . . and unlicensed. I think that there was a large amount of taking, but I do not believe that it was a derivative work.
- Callagy I agree with Beryl Jones that you had to take that amount to create the parody. One question I have for Beryl Jones is what happens on remand if the copyright holder now says that I'd like to license a parody. Remember earlier, when approached, they said they wouldn't do it. For the purposes of the remand, what happens if they say "we've changed our mind and we now feel that this is the greatest parody potential going."
- Jones Or even to license a rap version it seems to me that if you can't, if this doesn't fly, I don't see how you can do a parody rap of "Oh, Pretty Woman."
- Paul What doesn't fly? I don't understand you.
- Jones If 2 Live Crew's use of this song doesn't withstand scrutiny, how can you do a parody of "Oh, Pretty Woman" in a rap version? I think there's a difference between taking such student reviews and musicals, in which popular songs by chance are utilized in the music. There the music can be any popular music. The words are not connected with the music. That is different from what 2 Live Crew did. Here it was the music and the words that are connected together. I don't think you can do their parody without the music. The parody falls short without the music.

- Paul The parody would not have been as good without as much taking. But my problem is not a problem with the law as it has developed and what they've said: it's outcome-determinative. I think the amount of taking was more than need be, but I don't think the amount of taking was so excessive as to render it an unfair use. However, I do believe that because the taking was greater than it needed to be, defendants have totally obliterated the potential market—the fourth factor. I guess the facts will be developed on the record on remand, but I cannot fathom the later licensing of a derivative rap work, given both the success and the amount of taking of the 2 Live Crew version.
- Hamilton What I don't understand, if that's true, and I actually agree with you, is why should it be fair use then? Why shouldn't it be one of those cases where we might not permit an injunction but we would permit damages? It doesn't seem to me that justice has been served if you're going to take that much and it's going to be taken completely for free.
- Paul The only rejoinder I have to that is what Beryl said which is, it would have been a lousy parody had they taken less. It still, in my judgment, would have been parody, but it wouldn't have been as good.
- Hamilton But it would have been just as good if they paid for some of it.
- Paul Well, but they tried to pay for it which . . .
- Hamilton That's contested in the record.
- Paul In so many of these cases the mere fact that there was an approach made, winds up dictating the result.
- Curtis Well, it's not emphasized in the opinion. There's certainly a footnote in the opinion that suggests that no injunction but some damages is an appropriate outcome in some cases.
- Zissu Maybe this raises the question again, maybe the definition of parody is too tight. Maybe you should have a little breathing room to make a better parody, more than to have a minimal raising or conjuring up of the original work.
- Paul They're saying that this is a parody under what you're terming a "narrow definition." So I don't understand why you want to broaden the definition of parody.
- Zissu No, what I mean is, instead of limiting the amount of taking in the parody—it's a use for parody, but if you make it a better parody, if you go beyond, maybe you have excessively used, but maybe that liberality should be allowed.

- Paul Perhaps in a case like this you don't need to make it more liberal. But I'm troubled by a case such as the *Air Pirates* case where the court said that they needed to make the Mickey Mouse figures look less like Mickey Mouse. I don't understand that. It seems to me there that there is no reason to insist that the illustrator alter the Mickey Mouse figure in some way in order to be entitled to protection as parody. There's no change in the effect on the market, whether it's a better rendition of Mickey Mouse or not—and it makes it a better parody.
- Zissu Wouldn't *Air Pirates* maybe have been decided a little differently today? Do you think *Air Pirates* was affected by being a little scatological in another period, twenty years ago, almost, whereas that's not a factor in the Roy Orbison song parody?
- Sorkin I'm just wondering, a question for Professor Jones, whether you're suggesting that the fourth factor is a *sine qua non*, that there has to be a showing of damage to the copyright owner before you find infringement.
- Jones Oh no. It does seem to me that you need to look at the first factor and see what the purported use is. There are kinds of reproductions or uses which I would not agree are not permitted fair uses—regardless of whether there's market effect. Or are you limiting your question to parodies in particular?
- Sorkin No. Are you looking on the *Air Pirates* situation as a parody situation?
- Jones Yes.
- Sorkin And what do you think is being parodied there?
- Jones I think they were parodying the image of Mickey Mouse as a particular personification of the American ideals of purity and sweetness. They were parodying Mickey Mouse and American cultural ideals.
- Sorkin And you don't believe I take it that that could be done effectively absent of total replication of Mickey Mouse?
- Jones I see no reason to demand that the artist not reproduce the Mickey Mouse figure accurately. I don't see what difference it makes whether or not it's an accurate rendition of Mickey Mouse or Mickey Mouse whose ears are slightly askew. What difference does that make with respect to the market effect?

- Sorkin Well, we come back to what I perceive to be your view, that there has to be a market effect. Isn't it enough for the copyright owner to say: "This is my property and it's not to be reproduced." It's one of the rights the copyright owner has, irrespective of market effect.
- Jones No, because I've limited my comments to parodies. I am not arguing that reproductive uses which are not parodies, if they have no market effect, are outside of the protection of copyright.
- Karp What bothers me is that I think that if we are worried about lack of definition of the area of attorneys' fees, we ought to be trebly worried by lack of definition here, because I don't think the Supreme Court knows anything and has not really made any decision about what really constitutes parody in the case of music. I'm talking about the music, because here you realize, as I was saying to Frank, you had a work that is really two works: a musical composition accompanied by a set of lyrics.
Really, if anything, they would be trying to parody the lyrics which are much more susceptible to social comment. I don't think that music lends itself that role in a parody. If you have to copy half of a piece of music in order to parody it, I think there is something wrong with the definition of parody—if it's allowed as a parody. It's not just a suggestion of the work and then you comment on its style or whatever musical philosophy there is, and so forth. In this case I think what probably happened is they wanted to use the music because this was very attractive commercial, marketable music, and they wrote for themselves a new set of lyrics which were different and tacked it on to the copyrighted music.
- Paul I think the problem with that analysis, Irwin, is that, granted, there were two separate sets of rights, the copyright in the lyrics and the copyright in the melody. But the parody was not a parody of either the lyrics or the melody. The parody was a parody of the song. And the song is both. And you needed to take both and take from both in order to create a recognizable, good parody. The question is, how much did you need to take?

- Karp Marcia, let me put this hypothetical: suppose that the recording had been without the lyrics. Most popular songs these days that are recorded repeatedly (at least the standards, such as the Irving Berlin song that was subject to parodies) probably are recorded and performed more without lyrics than with lyrics. Suppose they had performed the Orbison song without lyrics. Just performed their version of it without lyrics. Would that be a parody of Orbison's song?
- Paul No, not in my opinion.
- Karp Not in mine either, because what the heck comment were they making about the music itself?
- Paul But, on the other hand, if they had simply written a parody of the lyrics and put it to totally different music, it wouldn't be a parody of this song.
- Karp Well that's tough luck. There's nothing in the Constitution that says everybody has to have a right to parody.
- Curtis I think it's sort of artificial to talk about, even though in legal terms there may be two copyrights involved here.
- Karp No. Frank, I'm talking artistically. I'm talking about what I hear on records everyday because I listen to tapes and records and I listen to songs without the lyrics.
- Curtis Unless you're going to limit parody to printed works,
- Karp No I'm not.
- Curtis You have to allow people to use some of the music. I haven't heard these songs, so I can't speak to the question of how much is too much and whether you could have done a reasonable parody just using the music of the first line or something like that. But the way people, the way the public gets a song is not in the form of two separate copyrights. It gets the song with music and lyrics and unless you are going to prohibit people from doing performed parodies of songs, you have to allow some use of music. Yes, it is possible in some context like in the *Mad Magazine* case that you might just deal with lyrics, but in the case of performed parodies you're going to involve, it's going to normally involve some of both.
- Karp Given again the fact that despite your statement that we hear both, in many types of popular music you never hear the lyrics. All you hear is the music being played, and I want to know, want the Court to tell me, what constitutes a parody of music without lyrics. I doubt that there's very much room for parody in music.

- Jones I don't think that's true, actually. I think there are a number of ways that you can make comments about a musical composition without using the lyrics. In fact, most of the music in rap compositions is, in fact, a use of music which comments on the duplicated music of another work. Through that duplication the composition makes a statement about the other performance, either a political statement, social statement or a referential statement. I certainly think it can be done. I don't think that is what was done in the 2 Live Crew piece. There the music was employed simply to enable the listener to understand what the words parodied. The average consumer of the "Oh, Pretty Woman" song hears both; it's certainly possible to separate them but the average consumer hears both.
- Karp The *Times* Style and Entertainment section had an article about Spike Jones. I remember Spike Jones. Every recording he ever made was parody, at least in the Supreme Court's definition of the song he was recording. He loused it up with gun shots, with all sorts of nonsense. You laughed at what he was doing to the music, but he was performing somebody else's copyrighted music, and under this definition, he probably could have gotten away without paying a performance fee on the ground that he was performing a parody. I don't think he should have.
- Sorkin How would you understand that to be a commentary?
- Karp I don't.
- Sorkin You yourself say "loused up."
- Karp He made more of a commentary. He was pointing up the mawkishness of a lot of popular music.
- Zissu I've heard jazz renditions of classical music. I've heard of Beethoven or Vivaldi or a Bach sonata put to a rock beat.
- Karp Is that a parody?
- Paul What about PDQ Bach?
- Zissu I think it can be.
- Karp No, that's different. That's different music. He writes his own stuff, and it's not really comment for Bach.
- Zissu I think it's a humorous comment, making fun of the style of another era and comparing it to today. So, I think it would qualify as a parody.
- Karp But if they did a performance of a William Schumann quartet or Aaron Copland in jazz style, would that be a fair use because it was a commentary?
- Zissu It could be. It could be. You would have to hear it.

- Curtis I think there is certainly something to Justice Kennedy's comment that this can all become a little bit too easy, which is the point you're making. It's always easy to say "Well I'm mocking the pretensions of the original." Well, "always" may be an overstatement. But sometimes it is a little bit too easy, and I'm not sure how we deal with that concern, but it certainly is a legitimate continuing concern when we talk about this parody.
- Karp There is probably a small handful of people who are sufficiently musically attuned to understand the literature, so to speak, of what we are hearing. When one reads or hears the lyrics of "Oh Pretty Woman," he can catch on to it.
- Curtis So you are saying the average listener is going to hear it as equivalent, even if the more sophisticated listener might understand it as a comment?
- Sorkin Either as an equivalent or as loused up, as Irwin suggests, but not necessarily as a commentary of any kind for good or . . .
- Jones Are you therefore saying that a sophisticated parody is not possible? It is only possible to make a parody that appeals to the lowest common denominator in our culture?
- Karp The Second Circuit said that a long time ago, the "ordinary observer."
- Jones Well, but I think there is some serious criticism of that test.
- Sorkin I am not suggesting that at all, and I think that would be a terrible limitation on what a parody should do. It's just that it increases or aggravates the difficulty of determining whether it's a parody or simply a taking. I guess it's expert testimony.
- Curtis It's also emphasizing the fact that, as the Court itself makes clear, sometimes these things function as both. And maybe the intention is mixed as well, that to some extent there may be an element of parody in what they are setting out to do and what they are being perceived to do, but there also may be a big element in which they just decided to do a version of the song and they think that people will remember the song and enjoy the song.

- Paul On the other hand, I would be very troubled, and I think the Court goes out the way to say this is not the case, if there were a necessity that there be social satire in order for something to be a parody. I don't think it has to have social satire. I think in this particular case, this particular song was both social satire and a parody. But, I think that it would be much too limiting to require social satire before you find parody.
- Sorkin Excuse me. I think this raises a kind of tree falling in the forest kind of question when nobody is there.
- Zissu On that point, I have a question for you.
- Sorkin It may be apparent only to the artist that there is a parody. If no listener can be aware of it simply because of the high sophistication involved, is it a parody? And does it serve a social purpose?
- Zissu Is anybody suggesting that we should have surveys? [laughter]. That we will have a survey to find out what the average, ordinary observer would perceive as to whether it's a parody or it's a serious statement?
- Jones The Court does say something about a defense of parody includes a determination as to whether the parodic character may be reasonably perceived. I think that's a reasonable way to look at it.
- Hamilton This discussion makes me feel less sanguine about the opinion than I was before. And the reason is because it seems that what we are talking about is a parody defense. There is no parody defense. Even if something is a parody, one still must satisfy the other four factors. The real problem with the transformation task is that it does lead people to start thinking in terms of, well, if something is a parody, it has strong social use, therefore, it is likely *to be* fair use. But I don't think it is going to be fair use, unless the use satisfies all the other factors, especially how much was taken. I think there are plenty of parodists, even that don't take a lot, who should be required to pay for the portion that they have taken.

- Callagy I had the treat of listening to both versions, and I must say that one of the saving features in terms of the 2 Live Crew version, was that the lyrics were so outrageous, and had they not gone as far as they went, in terms of their social commentary, they might have had a lot more trouble at the Supreme Court level than they did. My feeling is the Court says that even if you take the expressive heart, which clearly they did, that is not the end of the ball game. That as long as you have achieved or fit within the definition of parody, you are going to be all right, subject, or course, to remand.
- Karp Bob, how close was the melody, forgetting the lyrics?
- Callagy It was amazingly close.
- Jones I am not sure that's an accurate account. If you listen carefully to the music, what they've taken is the same component in the music that they took in the lyrics.
- Karp That's impossible.
- Jones They took the clearly identifiable riff and they play it over and over again, as is often the case with rap music. I might be wrong on this point, but I think that's why it sounds so similar.
- Zissu I heard them played. I thought they took, at least to an ordinary observer, namely, myself, a substantial amount of the music, or what was attractive in the "Oh Pretty Woman" music.
- Jones They do.
- Zissu It took me a couple of bars or couple of verses to really hear the parody. But I did hear it, eventually. I thought it was, I agreed with a lot of things the Supreme Court says, but I still think there is an issue as to whether it is too much. I don't know how that will come out.

- Curtis Responding to one of the comments before, I think that it *is* a parody defense. While the Court goes out of its way to say that you have to go through the four factors, what emerges from the opinion, as far as I can see, is that if it is really a parody, and if you don't take more than what the judge thinks you need to take, then they plainly say that the second factor, if I have my numbering right, is of very little use in parody cases. So the only further consideration, and I think the presumption is strongly in the plaintiff's favor going into it, the only remaining consideration is if the plaintiff can show that there is going to be a serious economic harm. But apart from that sort of case, and maybe in this case they can show that it is going to hurt their licensing of "straight rap versions," whatever that might be. But apart from that possibility, it seems to me that we really do have a parody defense here.
- Hamilton I disagree. Can I read from the case?
- Curtis Oh, I know what it says.
- Hamilton "The fact that parody can claim legitimacy for some appropriation does not, of course, tell either parodist or judge much about where to draw the line . . . 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." (citations omitted)
- Curtis Right. But if it is apparent . . .
- Hamilton It's just part of the preamble. Parody has just been added to the preamble then. The Court has not ameliorated the four factors in the fair use context.
- Curtis That's perfectly legitimate to add it to the preamble.
- Hamilton Why?

- Curtis Because the way the Court defines parody, it is a form of comment and, only to the extent it is a form of comment is it going really be treated as parody. Otherwise, it is a satire of some sort, and you are into a more general fair use comment analysis. But if it really is parody, the Court says, well, the first factor is in the defendant's favor and the commercial/non-commercial use is unimportant, so you win on number one. On the second one, the nature of the work, the Court has said it doesn't do the plaintiff any good. The third one comes to whether you have used more than you should have. And I think the only thing that really leaves in the plaintiff's court, is coming in and making a strong showing on the fourth one. Apart from that, despite the preamble, I read the opinion as giving you a parody defense.
- Hamilton You left off the second half of the opinion, though, which relies so heavily on Bill Patry and Shira Perlmutter's article. That part of the opinion says that there ought to be an equitable rule of reason analysis done on a case-by-case determination, like it has always been. If what you are saying is true, then this case should not have cited to them at all, instead of citing to them six times.
- Callagy Did you think they had to send it back for remand?
- Hamilton Yes. But I think Campbell likely will have to pay.
- Zissu I have one question for you. At least I thought one point was clear. Need we be concerned about asking for permission when we are considering a parody or another potentially fair use? Or has this been put to rest by the comment of the Court on permission? There was, you know, the dichotomy, I think in *Roy Export*, on the Charlie Chaplin, the usage of Chaplin films. The defendant was condemned for being refused permission, having asked, but in *Maxtone-Graham*, in the Second Circuit, I think Judge Kaufman said it was reasonable to ask for permission just as a precaution. In *Campbell v. Acuff*, I think the Supreme Court said it is not to be held against the defendant.
- Callagy Yet, in *Campbell v. Acuff* they said that was the one factor that hurt the defense. They had gone for permission.

- Jones The Court says as a matter of law it doesn't matter. It seems to me that, in fact, since this is an area in which the subjective judgments of the decision makers is important, I think, it will depend on what the judge feels. If the judge feels that asking is important, it will still be important, regardless of whether the Supreme Court says it is. It just won't be a line in the opinion.
I think it shouldn't matter one way or the other. Often the request concerns an assessment of the cost of litigation and not the merits of the claim.
- Paul As a practitioner, I have a problem with how I advise a client on whether to ask or not, and I don't think the Supreme Court decision helps me at all. I still believe that if you believe you have got a strong shot at parody, you are better off not asking. I mean, across the board, not just in the copyright context, but in the trademark and unfair competition context as well.
- Zissu What about anonymously asking? [laughter]
- Sorkin What about asking and surrounding your request with cautionary language, would that help? Would that solve . . .
- Paul You mean: "I know I don't really need to ask your permission, but just because I want to be a nice person . . ."?
- Callagy Having tried these cases, and having had the issue of the request, I would always prefer not to have the request there.
- Karp Well, in this case, did they offer to pay? That's a big difference, just asking for permission and saying I would like your permission and I am willing to pay so much.
- Paul If they got permission it would have been a mechanical license, or . . .
- Karp Well, but that's still payment.
- Zissu Let me ask Bob Callagy this. Do you still . . .
- Sorkin Let me react to what Mr. Callagy said. I can't disagree with you, of course, because I don't have the history. But it just seems to me bad social policy for a legal regime to develop where it wipes out the possibility of resolving something like this by a request for permission, which might be granted.
- Zissu Asking Bob Callagy, do you still feel that way after this decision?
- Callagy I do, yes.
- Jones I agree with Bernie that I think it is a bad idea to discourage people from asking permission.

- Karp I agree with Bernie too, because it isn't just money, it could resolve it by saying take a little less. If you take a little, I'll give you permission. That could have ended the problem.
- Callagy How about legal fees in this case?
- Karp No legal fees.
- Paul We know *Fantasy v. Fogerty* is the standard, but we don't know which side won yet.
- Jones I have a question about *Campbell v. Acuff Rose*. What is the collective sense of Kennedy's concurring opinion? Do you think that his characterization of the majority is an accurate characterization of the majority's opinion? He says the parody must target the original and not its general style or the genre of art to which it belongs or target society as a whole. He says if it targets the original, it may, however, target those features as well, citing the *Koons* decision. I think that Justice Souter's opinion is inconsistent with that interpretation.
- Curtis I think that, plainly, Justice Kennedy is trying to give a narrower spin to the opinion than the opinion itself would lend itself to.
- Zissu I agree with that, because Justice Souter's opinion is a little less clear on that, and I think that Justice Kennedy is concerned about it.
- Karp I think Kennedy's opinion, especially the last page, is very good. I think it is much more realistic in appraising what constitutes parody in a case of music. It gives an example of a jazz version of Beethoven's Sonata and so forth. I think he knows more about music than apparently Justice Souter does. Maybe in that little log cabin up there, he doesn't listen to much music, certainly. But I ask another question? Was anybody at the argument?
- Hamilton Yes.
- Karp Did the Court hear the music?
- Hamilton No. Both parties came prepared to play it, but they did not air it.
- Jones Did they have the music available for them to listen in their chambers?
- Karp They watch dirty movies when they decide pornography. [laughter]. Except for Justice Black, I think, he never watched. Some of the others loved it.
- Callagy I have a question. What's going to happen on remand? Will the defense prevail?
- Karp I am not so sure.

Hamilton I don't think so.

Zissu My feeling is that it is going to be tough. There is a chance that it could, but I think where we started out, Bob, was your remark about collapsing these factors a little. I think a lot of these factors do get collapsed. The commercial aspect of it is not going to weigh in; and then the nature of the copyrighted work, the second factor, didn't seem to both the Supreme Court; and then they looked at the amount of the taking in terms of what was appropriate for the parody, and that didn't seem to concern them; and they don't feel that the use of a parody which merely criticizes and hurts the market for the plaintiff's work in that way is significant. So you are left with this issue of the effect of the parody on the licensing of this music for straight rap or other kinds of uses. And I think that is a very difficult burden for the plaintiff to carry when he goes back.

Paul Reacting both to Roger's comment and to Frank's, I don't think you can divorce the third and the fourth factors. I think they may be saying that in and of itself, this is not too much of a taking not to qualify for protection as a parody, but I think there is a whole open ball game as to whether this is too much of a taking to have an impermissible impact on the market or the potential market for the work. While the message of the Court may be that you need to take more in order to have a good parody, I don't read Souter's opinion as saying that you don't revisit the issue all over again of how much of the taking there has been, in order to reach a determination of the fourth factor. I think the problem is going to be if the testimony is, as has been suggested, that as a result of this parody there is no market or potential market for a rap derivative version of the song, and if the conclusion is that there could have been less of a taking and still it would be a parody, the defendant may really have a problem.

Zissu But if you had to bet on that, do you still think that has been made more difficult by this opinion than it was before?

Paul Anything would have been better than the way it was before.

Jones Do you think that the 2 Two Live Crew is likely to prevail?

- Zissu I think they are likely to prevail. I think there is a chance they could lose. But I think it's a tough—they are going to compare Roy Orbison, what was the market for Roy Orbison's song for derivative works of the rap straight variety in the last twenty years—and that would be looked at against the claim that they had an area of licensing foreclosed.
- Jones Do you mean that they have to have someone come on the stand and testify that but for 2 Live Crew version, they would have done a rap rendition?
- Zissu No, not necessarily, but they have to do something.
- Callagy They are going to have an expert come now and say that the rap market has expanded dramatically and that there is a real likelihood that the 60's songs are going to lend themselves to phenomenal rap in the next ten years and that this song, and then talk about the musical riff, lends itself for the following reasons. You can collapse so many words, so many ideas into this song. They will have testimony that will establish that the market has been damaged for this song.
- Hamilton Which will mean that 2 Live Crew will lose.
- Callagy My own thinking is on remand, that that's a possibility.
- Paul Don't you think they are going to settle?
- Karp I think the fourth factor is a lot of nonsense here. Music doesn't destroy itself. What was the song in the termination clause case, "Who's Sorry Now"? There were 419 recordings of "Who's Sorry Now", and no one of them prevented the other 418. They are going to have a tough time if they have to comply with the standard that you have to show real damage to the market. There won't be any damage to the market, but it's an infringement nonetheless. One of the big problems with the whole fair use problem now is the overemphasis on the fourth factor. Plus the nonsense of saying he prevailed on one, the other side prevailed on—what if it comes out two to two? Does that mean which way do you decide?
- Zissu Let's end on this note. If that happens, there will be extra innings. Then the question is, how many versions of "Oh Pretty Woman" can we take?
- Karp 500, or at least 419.
- Zissu Thank you.
-