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996 F.2D 1366 (2D Cir. 1993)**

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**Twin Peaks Productions, Inc. v.  
Publications International, Ltd.,**

996 F.2D 1366 (2D CIR. 1993).

*Introduction*

Plaintiff, Twin Peaks Productions, producer of the popular television program “Twin Peaks,” brought suit against Publications International Limited alleging copyright and trademark infringement, unfair competition and trademark dilution stemming from its publication of a book based on the program. The United States District Court for the Southern District of New York found that the book infringed on Twin Peaks Productions’ exclusive right to prepare copies and derivative works.<sup>1</sup> The Court of Appeals held that: (1) the book’s detailed summary of the plots of several Twin Peaks episodes was not fair use of program’s teleplays; (2) because the book reported the program’s plots in detail, it risked impairment of the market for the copyrighted works themselves or derivative use; and (3) because the copyright holder had elected statutory damages, it gave up the right to seek actual damages and could not renew that right on appeal.<sup>2</sup>

*Facts*

The plaintiff, Twin Peaks Productions (TPP), produced the popular television series “Twin Peaks,” (the show) which appeared on ABC between April 1990 and June 1991. The defendant, Publications International Limited (PIL) published the book *Welcome to Twin Peaks: A Complete Guide to Who’s Who and What’s What* (the book) in October 1990. The book dealt with the popularity of the show, the show’s characters and the actors who play them, the plots of the first eight episodes, the show’s creator and its producer, the location of the show and the music of the show and trivia regarding one of the show’s characters. The Book’s cover contained a disclaimer stating that PIL is not affiliated with Lynch/Frost Productions (TPP’s former name) or ABC.

When the book was published, Simon & Schuster, which holds book rights to the “Twin Peaks” programs, threatened PIL with a copyright action. Simon & Schuster subsequently agreed in February 1991 to allow PIL to continue publication of the book with certain modifications. Following this settlement, TPP filed suit in the Southern District of New York, alleging copyright infringement, trademark infringement, unfair competition and trademark dilution. The district court found for TPP on the copyright, trademark and unfair

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1. 778 F.Supp. 1247 (S.D.N.Y. 1991)

2. The court’s discussion of the district court’s award of attorney’s fees is omitted from this summary.

competition claims, and for PIL on the trademark dilution claim. The district court held that PIL willfully infringed TPP's copyright in the show and enjoined further copyright or trademark violations. The court awarded TPP its choice of \$120,000 in statutory damages or \$125,000 in actual damages, based on a reasonable royalty, against PIL. The court also awarded \$26,584 in damages against Penguin USA, Inc. the distributor of the book, constituting Penguin's profits, \$3,000 against Scott Knickelbine, the book's author, and \$130,324.25 in attorney's fees against PIL.

PIL appealed the district court's findings of copyright and trademark liability, the finding of willfulness, the calculation of damages and the award of attorney's fees. TPP cross-appealed, arguing that the court should have awarded both actual damages and PIL's profits.

### *Legal Analysis*

The court addressed the issue of copyright liability first, discussing both *prima facie* copyright liability and the fair use defense. To make out a *prima facie* case of copyright liability, the copyright holder must prove "ownership of a valid copyright, and . . . copying of constituent elements of the work that are original."<sup>3</sup> Copying may be proven by either direct evidence or by showing that the defendant had access to the plaintiff's work and that the two works are substantially similar.<sup>4</sup> PIL argued that TPP's infringement claim fails as a matter of law because there is no evidence that it had access to the copyrighted teleplays. However, PIL admitted that it had access to the broadcast programs which contain virtually all the protected expression in the teleplays.

The court concluded that PIL's access to the broadcast programs was the functional equivalent of access to the protectible content of the teleplays. Therefore, if copyright registrations were obtained for the teleplays but not for the televised episodes, as the district court found, access was adequately shown. Alternatively, if the registrations applied to the televised episodes themselves, as TPP alleged, access was undisputed.

Continuing its infringement analysis, the court addressed the issue of "substantial similarity." The concept of similarity includes both global similarities in structure and sequence and localized similarity in language. With respect to both types of similarity, the trier of fact must determine whether the similarities are sufficient to qualify as substantial.<sup>5</sup> Here, two chapters of the book contained extensive direct quotations from the teleplays. Furthermore, one chapter contained a detailed recounting of plot details of the show's first eight episodes. On these facts, the court concluded that the district court was not in error when it found substantial similarity between the book and the protected works.

3. Feist Publications, Inc. v. Rural Telephone Service Co., 111 S.Ct. 1282, 1296 (1991).

4. Novelty Textile Mills, Inc. v. Joan Fabrics Corp., 558 F.2d 1090, 1092 (2d Cir. 1977).

5. 3 Melville B. Nimmer and David Nimmer, NIMMER ON COPYRIGHT § 13.03[A], at 13-28 to 13-29 (1992) (substantial similarity can take the form of "fragmented literal similarity" or "comprehensive nonliteral similarity").

Concluding its discussion of *prima facie* copyright liability, the court addressed the issue of infringement of the right to make derivative works. The court held that because the book contained a substantial amount of material from the copyrighted teleplays, transformed from one media to another, the book constituted a "derivative work based upon the copyrighted work."<sup>6</sup>

In the second part of its discussion of copyright liability, the court addressed the fair use defense. Section 107 of the Copyright Act provides that "the fair use of a copyrighted work, . . . for purposes such as criticism, comment, news reporting, teaching . . . , scholarship, or research, is not an infringement of copyright."<sup>7</sup> Although the book could not be described as "research" or "scholarship," the court concluded that it does qualify as "comment," and perhaps as "criticism" and "news reporting." Irrespective of the fact that it deals with pop culture, it is no less entitled to the defense of fair use. The ultimate issue, the court stated, is whether the comment in question borrows from the copyrighted work for purposes that advance the interests underlying the copyright law.

The court then went through a fair use analysis of the facts of the case. Fair use is determined from four factors: (1) purpose and character of use; (2) nature of the copyrighted work; (3) amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) effect of use upon the potential for or value of the copyrighted work.

As to purpose and character of use, an author's commercial purpose in writing a book does not preclude a finding of fair use. The court based this determination on the fact that most publishers of educational works intend to profit. Also, publishers of commercial works often seek to enlighten the public. Nonetheless, because PIL's detailed recounting of the show's plots was more than mere identification for the transformative purposes of comment or criticism, the court found it more like an abridgment<sup>8</sup> than fair use.

An abridgment falls within the Copyright Act's definition of a "derivative work."<sup>9</sup> The Act gives the copyright holder the exclusive right "to prepare derivative works based upon the copyrighted work."<sup>10</sup> Therefore, an abridgment of a copyright work is likely to constitute a *prima facie* infringement. Because the abridgment contained in the book served no transformative function and elaborated in detail beyond what is required to serve any legitimate purpose, the court concluded that purpose and character of use weighed against fair use in this case.

The second factor in fair use analysis, nature of the copyrighted work, must

6. 17 U.S.C. § 106(2) (1988).

7. 17 U.S.C. § 107 (1988 & Supp. III 1991).

8. An abridgment is recognized in the Copyright Act as a form of "derivative work," see 17 U.S.C. § 101 (1988). An abridgment is a "condensation; contraction. An epitome or compendium of another and larger work, wherein the principal ideas of the larger work are summarily contained." 1 Bouvier's Law Dictionary 91 (3d rev. 1914).

9. 17 U.S.C. § 101 (1988).

10. 17 U.S.C. § 106(2) (1988 & Supp. III 1991).

favor a creative and fictional work, no matter how successful. Thus, the court rejected PIL's argument that the show's popularity made the entire content of the teleplays facts that could be reported and analyzed.

With respect to the third factor, amount and substantiality of the portion used in relation to the work as a whole, the court held that because what PIL used of the copyrighted works was "plainly substantial" in relation to the works as a whole, this factor weighed against fair use.

Finally, the court discussed the fourth factor of fair use, effect of the use upon the potential market for or value of the copyrighted work. The court cited the book's potential for interference with both the primary market for the copyrighted works and legitimate markets for derivative works, concluding that this factor, too, weighed against fair use. The court concluded in light of its analysis, *supra*, that PIL did not make out its fair use defense. PIL contended that the First Amendment is broader than the fair use defense and protected its book. However, except perhaps in an extraordinary case, "the fair use doctrine encompasses all claims of first amendment in the copyright field."<sup>11</sup>

The second part of the court's opinion addressed trademark liability. The issue was whether, despite PIL's use of a disclaimer, "a substantial number of reasonably prudent purchasers, on seeing the name Twin Peaks as part of the title of the book, would be led to believe that plaintiff was the source of the goods." Because much of the publicity the show received centered around the show's creator, David Lynch, and its producer, Mark Frost, the court concluded that the title was "sufficiently well known that consumers associate it with an author's work."<sup>12</sup>

With respect to trademark infringement by literary titles, the court held that because of an author's significant First Amendment interest in choosing an appropriate title for his or her work, literary titles do not violate the Lanham Act "unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work."<sup>13</sup> The court found no question that the title had artistic relevance to the book. Therefore, the issue was whether the title is misleading. On this issue, the court remanded the case to the district court. The court also vacated the district court's finding of unfair competition.

Finally, the court addressed the issue of copyright damages. The Copyright Act allows the copyright holder to elect either actual damages and profits or statutory damages of between \$500 and \$20,000 for "all infringements . . . with respect to any one work."<sup>14</sup> The court held that election of statutory damages

11. *New Era Publications International, Aps v. Henry Holt and Co.*, 873 F.2d 576 (2d Cir. 1989), reh'g denied, 884 F.2d 659 (2d Cir. 1989), and cert. denied, 493 U.S. 1094 (1990); see also *Roy Export Co. Establishment of Vaduz, Liechtenstein v. Columbia Broadcasting System, Inc.*, 672 F.2d 1095, 1099-1100 (2d Cir. 1982), cert. denied, 459 U.S. 826 (1982); *Wainwright Securities, Inc. v. Wall St. Transcript Corp.*, 558 F.2d 91, 95 (2d Cir. 1977), cert. denied, 434 U.S. 1014 (1978).

12. *Rogers v. Grimaldi*, 875 F.2d 994, 998 (2d Cir. 1989).

13. *Id.* at 999 (footnote omitted).

14. 17 U.S.C. §§ 504(a), (b) and (c)(1) (1988).

precludes the right to seek actual damages or to renew the right on appeal to seek an increase in actual damages. Because TPP exercised its right to statutory damages, all issues concerning actual damages were moot.

With respect to the appropriate number of statutory awards, Section 504(c) of the Copyright Act allows statutory damages “for all infringements involved in the action, with respect to any one work.”<sup>15</sup> The statute further states that “for the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.”<sup>16</sup> For purposes of Section 504(c), the court held that the eight teleplays of “Twin Peaks” at issue constitute separate works, although the show used plots that continue from one episode to another. Thus, eight statutory awards by the District Court were appropriate.

A finding of willful copyright infringement increases the maximum amount of statutory damages awardable for each copyright violation from \$20,000 to \$100,000.<sup>17</sup> The standard to be used in determining willfulness is the defendant had knowledge that its conduct represented infringement or reckless disregard for that possibility. The district court found that PIL “was happy to go as far as they thought they could to use other’s copyrighted material with the view that they could ultimately settle for some minor sanction.” In light of this finding, the court held that the district court’s determination of willfulness was not clear error.

Finally, the court held that PIL failed to present evidence of a rational division between infringing and non-infringing components of its book with respect to the calculation of actual damages and profits awarded against defendants Penguin USA, Inc. and Scott Knickelbine.

### *Conclusion*

First, although a work that deals with pop culture, and not “research” or “scholarship” is eligible to be considered fair use. A detailed summary of the plots of several Twin Peaks episodes contained in PIL’s book was not a fair use of the program’s teleplays. Second, because the book reported the program’s plots in detail, it risked impairment of the market for the copyrighted works themselves or their derivative uses. Finally, because the copyright holder had elected statutory damages, it gave up the right to seek actual damages and could not renew that right on appeal.

*William M. Sweetnam*

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15. 17 U.S.C. § 504(c)(1988).

16. *Id.*

