

Litigation Alert:

Ninth Circuit Finds Fair Use of Street Art in Concert Backdrop

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On Wednesday, August 7, 2013, in what it called a “close and difficult case,” a unanimous Ninth Circuit panel held that the band Green Day’s unauthorized use of street artist Dereck Seltzer’s image in a video backdrop for its stage show did not violate the artist’s rights under either the Copyright Act or the Lanham Act. *Seltzer v. Green Day, Inc.*, Nos. 11-56573, 11-57160, 2013 U.S. App. LEXIS 16322 (9th Cir. Aug. 7, 2013).

Plaintiff Seltzer, an artist and illustrator based in Los Angeles, created *Scream Icon*, a close-up image of a screaming face, in 2003. Seltzer made and distributed copies of *Scream Icon* in posters and small prints with adhesive backs. Many of the posters and prints were “plastered” around Los Angeles and elsewhere as street art. Subsequently, Seltzer has at times used the image to identify himself and the presence of his work, for example on advertisements for his gallery appearances, and licensed it for use in a music video.

Defendant Green Day is a popular rock band that has sold over 70 million records worldwide since its 1987 debut. The band released its most recent studio album, *21st Century Breakdown*, in May 2009 and then toured in support of the album. In preparation for that tour, defendant Roger Staub, a photographer and professional video designer, created a video backdrop for each of the songs that the band planned to perform. For his video backdrop for the song “East Jesus Nowhere,” which Green Day’s lead singer described as being about “the hypocrisy of religions,” Staub created a brick alleyway covered in graffiti that is modified by graffiti artists during the course of the 4-minute video. On the wall, Staub included a version of *Scream Icon* from a photograph he had taken in Los Angeles in 2008 of a brick wall covered with street art. In the video backdrop, Staub covered the image with a red spray-painted cross and made other modifications to its color and contrast. The video backdrop was played at approximately seventy concerts and during the band’s performance at the 2009 MTV Video Music Awards. At some point, Seltzer saw it, and after he complained, the band ceased using the backdrop.

Seltzer thereafter sued, alleging copyright infringement and violations of the Lanham Act. The district court granted summary judgment for Green Day, finding that its use of the image did not infringe Seltzer’s copyright because it was a fair use, and that Seltzer’s Lanham Act claims failed because neither Seltzer nor Green Day had used *Screen Icon* as a trademark. *Seltzer v. Green Day, Inc.*, 2011 U.S. Dist. LEXIS 92393 (C.D. Cal. 2011). The district court further awarded defendants \$201,012.50 in attorneys’ fees. *Seltzer v. Green Day, Inc.*, 2011 U.S. Dist. LEXIS 134388 (C.D. Cal. 2011). The Ninth Circuit panel affirmed the award of summary judgment to defendants but vacated the award of attorneys’ fees despite the defendants’ success, finding that plaintiff’s pursuit of the lawsuit was not “objectively unreasonable.”

The Ninth Circuit’s Fair Use Analysis

In affirming that Green Day’s use of the image was a fair use, the panel applied the traditional four-factor fair use test set out in the Copyright Act, § 107: (1) the purpose and character of the defendant’s use; (2) the nature of the copyrighted work; (3) the amount and portion of the work used in relation to the work as a whole; and (4) the effect of defendant’s use on the potential market for or value of the copyrighted work. The panel found fair use, reasoning that the factors considered most important, one and four, weighed in favor of fair use; the second weighed slightly against; and the third factor was neutral. It grounded its analysis on the leading Supreme Court case on the issue, *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994).

With respect to the first factor, the court reiterated that this factor seeks to ascertain the extent to which the use of the copyrighted work transforms the original, that is, whether the defendant’s use, as stated in *Campbell*, “adds something new, with a further purpose or different character, altering the first with new expression, meaning or message.” The panel further noted that “whether a work is transformative is often a highly contentious topic” on which courts disagree. Focusing on the *Campbell* decision, the

panel found Green Day's use of *Scream Icon* to be transformative because the music video used it to convey a "new message." Without deciding what the original message of *Scream Icon* might have been, the court found that it clearly said nothing about religion, which was the core focus of the defendants' video backdrop. It observed that courts typically find works transformative "as long as new expressive content or message is apparent," even if the new work makes few physical changes to or does not comment on the original, and non-transformative if they do not alter the original's expressive content or message.

Because the court found defendants' use transformative, it discounted the import of its commercial nature, and noted that the video backdrop was only an incidental part of a larger commercial enterprise. The panel's first factor analysis confirms the Ninth Circuit's acceptance that adding a "new message" to the original work is transformative in the same way that using it for a "new purpose" would be.

The second factor recognizes that creative works are closer to the core of copyright protection than factual works, and that authors' interest in controlling the first public appearance of their unpublished works weighs against fair use. The concern for protecting unpublished works finds its strongest statement in the Supreme Court case *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985), which held that it was not fair use for a magazine to publish excerpts from a book to which its competitors had purchased the right of first publication.

The panel found that Seltzer's image merited strong protection as a creative work, but this strong protection was mitigated because Seltzer had "widely disseminated" his work prior to defendants' use. Taking these two considerations together, the court found the second factor favored Seltzer "only slightly." The court's reasoning appears to extend *Harper & Row* from simply requiring increased protection for unpublished works to permitting *reduced* protection for widely disseminated works.

On the third factor, which relates to the quantity of the work used, the panel held that, although Green Day had used "most" of *Scream Icon* both quantitatively and qualitatively, this did not weigh against fair use because Green Day could not have taken less: as an image, *Scream Icon* was not "meaningfully divisible." In drawing this conclusion, the court relied on *Kelly v.*

Arriba Soft Corp., 336 F.3d 811 (9th Cir. 2003), which held that a search engine's use of entire thumbnail images for the "new purpose" of linking to search results was a fair use.

Finally, on the fourth fair use factor, the panel found that Seltzer had failed to show market harm to the original work because Seltzer testified only that the work had lost subjective value to him as its creator, but not that it had lost market value. Green Day, by contrast, showed that the video backdrop did not serve the same market function as the original, which was intended as street art. On these facts, the court found "no reasonable argument" that Green Day's video substituted for the original, and therefore this factor weighed in favor of fair use.

Lanham Act

The panel also found that Seltzer could not sustain his burden to establish his claims under the Lanham Act. Although Seltzer had used *Scream Icon* on some advertisements in connection with his gallery shows, this evidence was insufficient to establish that he had any trademark rights in the image. By failing to explain how, when and the extent to which the advertisements were distributed, as well as who may have seen them, he had failed to show that this use was "sufficiently public" to associate the image with his sale of goods or services in the minds of consumers such that the image deserved trademark protection.

Attorneys' Fees

Finally, the panel reversed the district court's grant of attorneys' fees because the case was "close and difficult," and the district court had made a clear error in finding that Seltzer's arguments were objectively unreasonable. In so doing, the court reaffirmed that fees under the Copyright Act do not follow the "British rule," under which the winner takes all, but rather are left to the discretion of the district court in deciding whether the fair use defense "furthered the purposes of the Copyright Act."

Conclusions

The Ninth Circuit's fair use analysis in *Seltzer v. Green Day* confirms that using a copyrighted work to convey a "new message" is transformative, and that if a work is not meaningfully divisible, using the entire work for a transformative purpose does not necessarily weigh against fair use. Additionally, it extends *Harper & Row* to hold that wide dissemination by the author of a

creative work prior to the use may weigh in favor of fair use.

Further, the panel reaffirmed the distinction between acquiring copyrights and trademark rights. To establish trademark rights in an otherwise copyrightable image, a would-be trademark owner must use the mark in a sufficiently public way to acquire an association with its owner's sale of goods or services in the minds of consumers. Casual or occasional use of an image that does not establish such an association does not create trademark rights.

Finally, the court reaffirmed that attorneys' fees under the Copyright Act are to be awarded only at the discretion of the court. Because, as it noted, transformativeness in particular is hard to determine in advance, achieving attorneys' fees in such cases may be difficult.

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