Seventh Circuit De-Emphasizes "Transformativeness" in Fair Use Analysis

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In *Kienitz v. Sconnie Nation LLC*, the Seventh Circuit held that transformativeness is not the determinative factor in a fair use analysis. In so holding, the Seventh Circuit set up a conflict with the Second Circuit's controversial decision in *Cariou v. Prince*, which held that art that appropriated another person's photographs may qualify as fair use if it is sufficiently "transformative," in that it "adds something new" to the original work. 714 F.3d 694, 705 (2nd Cir. 2013). Despite this circuit split, the Supreme Court denied a petition to review *Kienitz*. This leaves fair use law unsettled and confusing, forcing practitioners to argue different law in different jurisdictions.

*Kienitz* centered on a satirical t-shirt that featured a photograph of Madison, Wisconsin Mayor Paul Soglin. When he was young, Mayor Soglin was involved in the first Mifflin Street Block Party in 1969, the purpose of which was to "poke the eye of authority." But as mayor, he tried to shut down the annual Block Party. Sconnie Nation, an apparel designer, downloaded an image of Mayor Soglin taken by photographer Michael Kienitz and used it on a t-shirt. The t-shirt design featured the Mayor’s face—tinted neon green and silkscreened—surrounded by neon lettering proclaiming, “Sorry For Partying.” Kienitz then sued Sconnie Nation claiming copyright infringement.

The district court granted summary judgment to Sconnie Nation, holding that its use was fair use the t-shirt was a political commentary and message, making the use sufficiently “transformative.” Kienitz appealed, arguing that the simplistic “transformative use” test makes the other fair use factors irrelevant. *Kienitz*, 714 F.3d at 758. Further, Kienitz noted that the “transformative use” test fails to distinguish between derivative works and fair use because the focus of the analysis is whether a new or unique work has been created. Thus, Kienitz urged that the court follow the factor-based fair use test as outlined in *Campbell v. Acuff-Rose Music Inc.*, 510 U.S. 569 (1994), arguing that the “transformative use” test conflicts with precedent, places the judge in the role of an art critic as opposed to the reasonable observer, and ignores all other fair use factors.

Kienitz's argument on appeal tracked the fair use factors. First, the District Court should have taken into consideration that the t-shirt in question was entirely
commercial in nature, and that Sconnie had acted in bad faith by not trying to secure the rights to the image first. Second, Sconnie had taken substantially all of the image, did little to change it, and offered no reason as to why the amount used was necessary to the new meaning he was trying to portray. Third, Kienitz argued that the use of the t-shirt would harm future licensing deals for the original photograph in the secondary market.

Writing for a unanimous panel, Judge Easterbrook agreed with Kienitz that focusing almost exclusively on “transformative use” was the incorrect legal standard in determining fair use, but affirmed the lower court’s decision on other grounds. The Kienitz court expressed concern that focusing on whether a work is transformative could override 17 U.S.C. § 106(2), which protects derivative works. “To say that a new use transforms the work is precisely to say that it is derivative and thus, one might suppose, protected under § 106(2).” Kienitz, 766 F.3d at 758. The court went on to criticize the Cariou decision for not explaining how authors’ rights under § 106(2) can be safeguarded when every transformative use can be fair use.

Of the four factors listed in 17 U.S.C. § 107, the Seventh Circuit placed the most emphasis on the fourth factor: “the effect of the use upon the potential market for or value of the copyrighted work.” The court found that a t-shirt with an image printed on it was unlikely to be a substitute for the original photograph, and therefore would not affect the market for the photograph.

Arguably, the outcome of Kienitz would have been the same in the Second Circuit under Cariou’s “transformative use” analysis. The image of Mayor Soglin on the t-shirt had been heavily altered from the original photograph to the point where the court noted “[i]ts colors and shading are gone; the expression in Soglin’s eyes can no longer be read; after the posterization (and reproduction by silk-screening), the effect of the lighting in the original is almost extinguished. What is left, besides a hint of Soglin’s smile, is the outline of his face, which can’t be copyrighted.” Kienitz, 766 F.3d at 759. All of these factors would likely lead to a finding that the t-shirt image was transformative and therefore not infringing.

This decision caused a circuit split, where litigants in the Second Circuit focus almost exclusively on transformativeness, whereas litigants in the Seventh Circuit rely on the four enumerated factors listed in 17 U.S.C. §107: (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for the value of the copyrighted work. Despite the differences between the Seventh and Second Circuits on fair use, the Supreme Court has denied a petition for certiori. This means that fair use law remains unsettled and that attorneys’ litigation strategies will continue to differ from circuit to circuit.