

*Case No. 19-55348*

UNITED STATES COURT OF APPEALS  
FOR THE NINTH CIRCUIT

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DR. SEUSS ENTERPRISES, L.P., a California limited partnership,

*Plaintiff-Appellant,*

v.

COMICMIX LLC, a Connecticut limited liability company;  
GLENN HAUMAN, an individual; DAVID JERROLD FRIEDMAN, an  
individual, AKA David Gerrold; TY TEMPLETON, an individual,

*Defendants-Appellees.*

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Appeal from the United States District Court  
for the Southern District of California, San Diego  
Case No.: 3:16-cv-02779-JLS-BGS  
Honorable Janis L. Sammartino, Presiding

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**BRIEF OF *AMICUS CURIAE* SESAME WORKSHOP  
IN SUPPORT OF APPELLANT'S POSITION  
SEEKING REVERSAL ON APPEAL**

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**CIRCUIT RULE 26.1 DISCLOSURE STATEMENT**

Pursuant to Federal Rule of Appellate Procedure 26.1, Sesame Workshop has no parent corporation, and no publicly held company owns 10% or more of its stock. The only law firm appearing for Sesame Workshop is Dean S. Marks, Attorney-at-Law.

Respectfully submitted,

DATED: August 12, 2019

DEAN S. MARKS, ATTORNEY-AT-LAW

By: /s/ Dean S. Marks

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## **INTEREST OF AMICUS CURIAE**

All parties consented to Amicus filing this brief.

Sesame Workshop is a nonprofit organization that has been responsible for the production of several educational children's programs—including its first and best-known, the iconic *Sesame Street*, the longest running program on the Public Broadcasting Service (PBS). On November 10, 2019, *Sesame Street* will celebrate its fiftieth year of continuous broadcast on the PBS stations in the United States. *Sesame Street* has continued to bring critical early learning to generations through the beloved and iconic Muppets of *Sesame Street*, including Big Bird, Cookie Monster, Oscar the Grouch, Bert and Ernie, and Elmo. Sesame Workshop's international programming includes local adaptations of *Sesame Street* customized to the unique needs and challenges of children in different languages and cultures in such countries as South Africa, Afghanistan, Mexico, and Bangladesh, among others. Sesame Workshop has received a record-setting 191 Emmy awards to date and numerous other accolades. *Sesame Street* has been recognized as the most impactful program in the history of television for its innovative work in using the power of media to help children learn and grow, preparing them for success in school and life. On July 18, 2019, *Sesame Street* again made history, becoming the first television program to be named as a recipient of the Kennedy Center Honors.

As a creator and distributor of creative content, Sesame Workshop relies both on its rights as a copyright owner under the Copyright Act of 1976, 17 U.S.C. §106—including the derivative work right set forth in section 106(2)—and on the fair use affirmative defense set forth in section 107. As a copyright owner, Sesame Workshop licenses its copyrighted content for use in television, streaming video, software apps, home video, toys and games, and theme parks. In that role, Sesame Workshop often licenses others the right to create derivative works, including works that combine copyrighted characters and content owned by Sesame Workshop with copyrighted characters and content owned by other creators.<sup>1</sup> Conversely, Sesame Workshop often relies on fair use to create expressive works. Examples include parodies of *True Blood* (“True Mud”), *Downton Abbey* (“Upside Downton Abbey”), and *Homeland* (“Homelamb”).

In finding that Defendants’ slavish copying of Plaintiff/Appellant Dr. Seuss Enterprises LLP’s classic work *Oh The Places You’ll Go!* (“Go!”) was fair use, the district court fell prey to confusion resulting from a linguistic anomaly in copyright jurisprudence. Under section 106(2) of the Copyright Act, 17 U.S.C. §106(2), the

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<sup>1</sup> See, e.g., “Respect is Coming,” a public service announcement in which Sesame Street’s Elmo teaches two bitter rivals from the popular and critically acclaimed HBO series *Game of Thrones* to respect each other’s point of view. The public service announcement was created pursuant to licenses from Sesame Workshop and HBO. <https://www.youtube.com/watch?v=l2ppLtHbag4>



copyright owner has the right to make derivative works—defined, *inter alia*, as a work that “transforms” a pre-existing work (*see id.* section 101). In deciding whether copying is fair use under section 107 of the Act, a court will assess whether the defendant’s *use* of plaintiff’s work is “transformative” in considering the first fair use factor (*i.e.*, the purpose and character of the use). While both legal concepts involve the word “transform,” they differ markedly in function and application. Here, the district court confused “transformation” for the purposes of the derivative work right with a “transformative use” for fair use purposes. The district court’s mistake, if sustained, could undermine the derivative work right and stifle the dissemination of creative works. Indeed, the district court’s decision seems to suggest a novel and wholly unsupported theory that when a “mash-up” is created, the creator of that “mash-up” has unfettered license to make a wholesale appropriation of the underlying copyrighted works.

On behalf of its own beloved and respected characters and its fifty years of good will, Sesame Workshop has a keen interest in the outcome of this appeal. And as both a copyright holder and a creator that relies on fair use, Sesame Workshop brings a balanced perspective to this *amicus curiae* brief.

### **INTRODUCTION AND SUMMARY OF ARGUMENT**

Section 101 of the Copyright Act, 17 U.S.C. §101, defines a derivative work as one that “recast[s], *transform[s]*, or adapt[s]” a preexisting work. (Emphasis

added.) Under section 107 of the Copyright Act, 17 U.S.C. §107, in deciding whether a defendant’s copying of a plaintiff’s work is “fair use,” a court will consider whether the defendant’s use is *transformative*. While the derivative work definition and the fair use inquiry both involve “transformation,” the concepts differ significantly. Derivative works recast, adapt, or “transform” the original work into a new mode of presentation, but such works are only transformative under the first fair use factor if they use the original work as raw material and add “something new, with a further purpose or different character” as “commentary” and “provid[ing] social benefit, by shedding light on an earlier work.” *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

In holding that Defendants/Appellees ComicMix LLC et al.’s *Oh, the Places You’ll Boldly Go* (“*Boldly*”) was “highly transformative” of plaintiff Seuss’s *Go!*, the district court improperly conflated the two uses of the term “transform.” *See Dr. Seuss Enterprises, L.P. v. ComicMix LLC*, 372 F.Supp.3d 1101, 1115 (S.D. Cal. 2019). Defendants admitted that they copied extensively from protected literary and pictorial expression from *Go!*. Although Defendants added some new material to *Go!*, they failed to infuse *Boldly* with any new meaning or message, nor did *Boldly* provide any new insight or commentary on *Go!*. To the contrary, *Boldly* delivers the exact same inspirational message as *Go!* and merely repackaged *Go!* to appeal to Plaintiff’s *existing* market, targeted at high school and

college graduates. Therefore Defendants’ *Boldly* utterly failed the “transformative use test” of the first fair use factor.

The addition of the *Star Trek* elements in Defendants’ work constituted only a recasting, transformation, or adaptation of *Go!*—*i.e.*, the creation of a derivative work, within the meaning of the section 101—but not a *transformative use* for the purpose of the first fair use factor. Taken to its logical extreme, the district court’s erroneous order could stand for the proposition that all mash-ups constitute fair use, a holding that would greatly diminish the derivative work right.

The district court’s erroneous finding on the first fair use factor further distorted its analysis, including of the third fair use factor—the amount and substantiality of the portion used in relation to the copyrighted work as a whole. “The third factor asks whether ‘the amount and substantiality of the portion used in relation to the copyrighted work as a whole ... are reasonable in relation to the purpose of the copying.’” *Campbell*, 510 U.S. at 586. Moreover, this factor necessarily overlaps somewhat with the first factor—the “extent of permissible copying varies with the purpose and character of the use.” *Id.* at 586-87. The district court found no purpose for Defendants’ work other than to set *Star Trek* characters in a *Dr. Seuss* world, a non-transformative use that justified no amount of copying of protected expression. Neither did the district court employ this Court’s extrinsic and intrinsic tests of substantial similarity, the proper method of

assessing how much protected expression a defendant took from a plaintiff. Yet in discussing the third fair use factor, the district court essentially found that Defendants copied only discrete, unprotected elements. Without employing the extrinsic-intrinsic tests, this conclusion was untethered to any legal standard and was therefore erroneous. Furthermore, in finding *Boldly* to be a “mash-up” that was transformative under the first *fair use* factor, the district court vitiated the third factor of the fair use test and appeared to hold that *any amount* of taking was permissible. This also was erroneous.

The district court’s analysis of the fourth fair use factor, *i.e.*, market harm, failed to adhere to fair use precedent. As a procedural matter, the district court erroneously placed the burden of proving market harm on the Plaintiff. Because fair use is an affirmative defense, Defendants bore the burden of proof. Moreover, in evaluating market harm, a court examines traditional, reasonable, or likely to be developed markets—including the market for derivative works. And, a court should evaluate the *plaintiff’s* market, not the market for the defendant’s work. Yet, the district court erroneously focused on *Defendants’* market for a Dr. Seuss-Star Trek mash-up. A proper inquiry into the effect on *Plaintiff’s* market reveals that Plaintiff has and continues to extensively license the right to combine copyrighted Dr. Seuss elements with the copyrighted elements from other pre-existing works to create new “mash-ups” or joint works. Thus, Plaintiff has an

actual market for such derivative works. That Defendants chose to usurp one specific potential derivative work in that market does not obviate market harm.

Moreover, in concluding that market harm was only “hypothetical,” the district court failed to recognize that the Defendants’ work had yet to be published, such that there was no way Plaintiff could prove actual market harm. The district court’s analysis sets a bar that would be impossible to meet when suing over an unpublished work. This, too, was error. Put simply, Defendants’ *Boldly* is a *non-transformative*, infringing derivative work. The district court erred in holding otherwise.

In considering summary judgment motions raising fair use, this Court has held that “[w]here no material, historical facts are at issue and the parties dispute only the ultimate conclusions to be drawn from those facts, we may draw those conclusions . . .” *Seltzer v. Green Day, Inc.*, 725 F.3d 1170, 1175 (9<sup>th</sup> Cir. 2013) (internal citation omitted). Because no material, historical facts are at issue here, Amicus urges this Court to conclude that Defendants’ copying of Plaintiff’s work does not, as a matter of law, qualify as fair use.

## ARGUMENT

### **I. THE DISTRICT COURT’S ORDER IS INCONSISTENT WITH CONTROLLING PRECEDENT**

In evaluating an affirmative defense of fair use, a court will consider “(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 or value of the copyrighted work.” 17 U.S.C. §107; *see Sofa Entm’t, Inc. v. Dodger Prods., Inc.*, 709 F.3d 1273, 1278 (9<sup>th</sup> Cir. 2013) (applying the four factors). The Supreme Court has cautioned against undue reliance on a single fair use factor. *Campbell*, 510 U.S. at 578 (“Nor may the four statutory factors be treated in isolation, one from another. All are to be explored, and the results weighed together, in light of the purposes of copyright.”).

***A. The District Court Failed to Distinguish Between Transformation for the Purposes of the Derivative Work Right and a Transformative Use Under the First Fair Use Factor***

Whenever a derivative work is created, there is, by definition, a “transformation” of the pre-existing work. *See* 17 U.S.C §101.<sup>2</sup> However, that type of “transformation” differs significantly from the transformative use necessary to satisfy the first fair use factor. “Although derivative works that are subject to the author’s copyright transform an original work into a new mode of presentation, such works—unlike works of fair use—take expression *for purposes that are not*

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<sup>2</sup> Sesame Workshop’s books, TV specials, musical releases, and other licensed products, like those of Plaintiff, all derive from and transform in some way the original first script and Jim Henson characters found in the first *Sesame Street* episode aired almost fifty years ago. Yet, as discussed in the text, this is not the type of transformation relevant to the fair use inquiry.

‘transformative.’” *Castle Rock Entm’t v. Carol Pub. Grp., Inc.*, 150 F.3d 132, 143 (2d Cir. 1998) (emphasis added). A transformative use for fair use purposes, “[a]s Judge Leval puts it, ... produces new insights and understandings.” *Penguin Random House LLC v. Colting*, 270 F.Supp.3d 736, 750 (S.D.N.Y. 2017) (finding that a series of illustrated children’s’ books based on adult novels are not transformative and do not qualify as fair use), quoting Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990); see *Campbell*, 510 U.S. at 579-80 (adopting the Leval approach and finding that a use is “transformative” under the first fair-use factor only where the defendant incorporates copyrighted content into a “fresh,” expressive work of authorship that “adds something new, with a further purpose or different character, altering the first [work] with new expression, meaning, or message.”). Finally, a mere “difference in purpose is not quite the same thing as transformation.” *Monge v. Maya Magazines, Inc.*, 688 F.3d 1164, 1176 (9<sup>th</sup> Cir. 2012), quoting *Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104, 108 (2d Cir. 1998) (retransmitted radio broadcasts were not transformative).

In light of the above, even where a defendant adds new material to a pre-existing work, the courts have found copying to be a transformative use for fair use purposes *only* in cases consistent with *Campbell’s* mandate. *E.g.*, *Seltzer*, 725 F.3d 1170 (use of image to comment on religion); *SOFA Entm’t, Inc.*, 709 F.3d 1273; (use of clip in a musical as a biographical anchor); *Perfect 10, Inc. v. Amazon.com*,

*Inc.*, 508 F.3d 1146 (9<sup>th</sup> Cir. 2007) (enhancing searchability of images).<sup>3</sup> The key to each of these holdings is not that the defendant changed (*i.e.*, recast) the pre-existing work but rather that the defendant altered the pre-existing work in such a way to create new aesthetics, new insights, and new understandings, or as in the case of *Perfect 10, Inc. v. Amazon.com Inc.*, 508 F.3d 1146, 1165 (9<sup>th</sup> Cir. 2007), quoting *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 819 (9<sup>th</sup> Cir. 2003) “a different function [such as] improving access to information on the [I]nternet versus artistic expression” that “provides social benefit.”

In contrast, the courts decline to find transformative those uses that merely repackage the work so as to entertain an audience—even where the defendant’s use recasts, transforms, or adapts the Plaintiff’s work within the meaning of the definition of a derivative work and adds new content. *See, e.g., Dr. Seuss Enterprises, LP v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9<sup>th</sup> Cir. 1997) (recast, adapted, and transformed Dr. Seuss’s *Cat in the Hat* to recount the OJ Simpson

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<sup>3</sup> *See also Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006) (social commentary); *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 609 (2d Cir. 2006) (use of concert posters to comment on and commemorate the performances they were designed to promote); *Leibovitz v. Paramount Pictures Corp.*, 137 F.3d 109 (2d Cir. 1998) (parody); *Equals Three, LLC v. Jukin Media, Inc.*, 139 F.Supp.3d 1094, 1105 (C.D. Cal. 2015) (criticism).



trial was not a parody and non-transformative);<sup>4</sup> *Salinger v. Colting*, 641 F.Supp.2d 250, 258-62 (S.D.N.Y. 2009), *vacated and remanded*, 607 F.3d 68 (2d Cir. 2010) (adaptation and transformation of *The Catcher in the Rye* set sixty years after original novel not transformative for purposes of fair use); *Castle Rock Entm't, Inc. v. Carol Pub. Grp., Inc.*, 150 F.3d at 142-43 (book containing trivia questions about plaintiff's TV show was non-transformative under the first fair use factor even though it contained original material). As these cases make clear, *where the new work is used or exploited for a purpose that is similar, analogous, or co-extensive with the copyright holder's existing or potential market for derivatives, a license is required.* The distinction between these two types of transformation is crucial to furthering the interests of copyright, namely incentivizing copyright holders to create expressive works. Indeed, “the derivative right lies at the core of copyright theory.” Daniel Gervais, Ph.D., *The Derivative Right, or Why Copyright Law Protects Foxes Better Than Hedgehogs*, 15 Vand. J. Ent. & Tech. L. 785, 788 (2013). “What fair use law does not protect is the right of others to produce works that, generally speaking, the ‘creators of imaginative

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<sup>4</sup> The district court's failure to address *Penguin Books*, controlling Ninth Circuit authority involving the identical plaintiff and somewhat analogous facts, is puzzling to say the least.

works’ might choose to produce themselves.” *Penguin Random House LLC v. Colting*, 270 F.Supp.3d at 749.

Without question, *Boldly* is an unauthorized derivative work: it “recast, transform[ed] [and] adapt[ed]” *Go!* within the meaning of section 101. However, contrary to the district court’s erroneous holding, *Boldly* was *not* “highly transformative” of *Go!* for the purposes of the fair use assessment. The wording of the order below actually underscores the district court’s confusion:

“[T]he copied elements [in ComicMix’s *Oh, the Places You’ll Boldly Go!* (“*Boldly*”)] are always interspersed with original writing and illustrations that transform *Go!*’s pages into repurposed, Star-Trek-centric ones ... Defendants did not copy verbatim text from *Go!* in writing *Boldly*, nor did they replicate entire illustrations from *Go!* Although Defendants certainly borrowed from *Go!*—at times liberally—the elements borrowed were always *adapted or transformed*. The Court therefore concludes, as it did previously ... that Defendants’ work, while commercial, is highly transformative.”

*ComicMix*, 372 F.Supp.3d at 1115 (Emphasis added, citations omitted.)

In using the terms *adapted* and *transformed* as a justification for its holding, the district court’s order mirrors the language in section 101’s derivative work

definition. This is not surprising: *Boldly* is a derivative work and nothing more.<sup>5</sup> At the same time, the court did not identify any transformative *use*, that is, any new expression, meaning or message that either comments upon or criticizes *Go!*, or alternatively uses it to provide some significant new meaning, insight or understanding. The court acknowledged that Defendants’ *Boldly* is not a parody (it clearly is not). The most the court said is that Defendants’ work is “tailored to fans of Star Trek’s Original Series” (*id.* at 1115)—tantamount to an acknowledgment that Defendants’ work has repackaged *Go!* to entertain *Star Trek* fans. However, as Professor Paul Goldstein has noted, derivative works by definition seek to target new markets. Paul Goldstein, *Derivative Rights and Derivative Works in Copyright*, 30 J. Copyright Soc’y U.S.A. 209, 217 (1983) (Derivative rights “by definition, secure markets at some remove from the market first entered.”) It follows that a defendant that creates a derivative work may not escape liability under the fair use defense merely because the new work adds to the original or targets a market that differs from the market for the original pre-existing work. Repackaging a copyrighted work to entertain a particular audience is a quintessentially *non*-transformative use. *See Castle Rock Entm’t v. Carol Pub.*

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<sup>5</sup> The court also used the word “repurposed,” which is merely a synonym for *recasts*, another term found in the section 101 definition of a derivative work.

*Grp., Inc.*, 150 F.3d at 142 (no transformative purpose where purpose of defendant’s book was to “repackage *Seinfeld* to entertain *Seinfeld* viewers”).<sup>6</sup>

The district court’s attempt to address the tension between the derivative work right and fair use analysis only underscores the doctrinal confusion in its order. The court observed that “if *Boldly* were a derivative work, it could still be transformative—as the Court has found—and constitute a non-infringing fair use.” *ComicMix*, 372 F.Supp.3d at 1116. That statement is correct as a matter of law, but misses the mark because the court misapplied the transformative use/purpose requirement. The district court failed to recognize that while every derivative work by definition entails some degree of transformation, not every derivative work has a transformative purpose under the first fair use factor.<sup>7</sup>

The district court seemed fixated on the term “mash-up,” exalting the term to give “mash-ups” virtually automatic fair use protection. However, the very

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<sup>6</sup> Of course, amicus recognizes that in the proper case, a mash-up can be highly transformative under the first fair use factor. For example, Sesame Workshop’s own “True Mud” mashes up *Sesame Street* characters with the characters and setting of the HBO-vampire series *True Blood*. “True Mud” is transformative both in parodying the dark, violent, original series and in creating new expression, meaning, and purpose by using the mash-up to teach young children to rhyme. See <https://www.youtube.com/watch?v=n-mkbf5ogU4>.

<sup>7</sup> Moreover, *Boldly* clearly has a commercial purpose. “Because there is no effort to create a transformative work with ‘new expression, meaning, or message,’ the infringing work’s commercial use further cuts against the fair use defense.” *Dr. Seuss Enterprises, LP v. Penguin Books USA, Inc.*, 109 F.3d at 1401.

definition of “mash-up”—a work of fiction that combines a pre-existing literature text, often a classic work of fiction, with another genre (see [https://en.wikipedia.org/wiki/Mashup\\_novels](https://en.wikipedia.org/wiki/Mashup_novels))—illustrates that a mash-up is merely one type of derivative work and is entitled to neither more nor less fair use protection than any other derivative work.<sup>8</sup> Given that *Boldly*: (i) does not comment upon *Go!* and actually delivers the same inspirational message of *Go!*, (ii) has no different meaning or fundamental purpose, and (iii) produces “no new insights or understandings,” it simply does not meet the transformative use test of the first fair use factor. The district court erred by failing to understand the distinction between transformation for the purposes of creating derivative works and transformation under the first fair use factor.

***B. The District Court’s Flawed Finding on the First Fair Use Factor Tainted Its Analysis of the Third Factor***

The third fair use factor looks to the quantitative amount and qualitative value of the original work used in relation to the justification for that use. *Seltzer*, 725 F.3d at 1178; *SOFA Entm’t*, 709 F.3d at 1279; *see also Campbell*, 510 U.S. at

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<sup>8</sup> The Supreme Court in *Campbell* advised that even “parody may or may not be fair use.” *Campbell* at p. 581. Indeed in the context of music, it has been noted that mash-ups are nearly always derivative works requiring a license and rarely can qualify as fair uses. *See* Emily Harper, *Music Mashups: Testing the Limits of Copyright Law As Remix Culture Takes Society by Storm*, 39 Hofstra L. Rev. 405, 418 (2010) (“Given copyright holders’ exclusive right to prepare derivative works, it follows that mashup artists cannot prepare mashups (which are derivative works) without authorization.”)

586. The question is whether Defendants “only copie[d] as much as [wa]s necessary for [their] intended use.” *L.A. News Serv. v. CBS Broad, Inc.*, 305 F.3d 924, 941 (9th Cir. 2002), *as amended*, 313 F.3d 1093 (9<sup>th</sup> Cir. 2002).

The district court held that Defendants’ intended use of Plaintiff’s works—to create a *Seuss-Star Trek* mash-up—justified Defendants’ copying under the first factor and that Defendants had the right under the third factor to copy extensively to create that mash-up. *ComicMix*, 372 F.Supp.3d at 1117. The reasoning is circular. A defendant that copies will always intend to create what it creates. The real question is whether the *amount* of copying serves a broader, transformative purpose. The district court’s conclusion on the third factor rests on the misapprehension that because *Boldly* adapted, recast, and transformed *Go!* under the section 101 definition of a derivative work, the first factor weighed in Defendants’ favor. But because the Defendants’ *use* was not transformative, there was no justification for Defendants’ copying of *any* amount of protected expression. As Justice Kennedy observed in his concurring opinion in *Campbell*, “[t]he third factor does reinforce the principle that courts should not accord fair use protection to profiteers who do no more than add a few silly words to someone else’s song *or place the characters from a familiar work in novel or eccentric poses.*” *Campbell*, 510 U.S. at 598. (Emphasis added.)

The district court cites the Second Circuit’s opinion in *Leibovitz* as a basis for finding that the third fair use factor does not weigh against Defendants. In fact, *Leibovitz* only underscores the district court’s error. In that case, the defendants created a parody of a famous photograph, a transformative use that does not exist in this case. Moreover, the work at issue in *Leibovitz*—a photograph—was not meaningfully divisible. This Court has held that a defendant who uses an indivisible work necessarily has more leeway under the third factor. *Seltzer*, 725 F.3d at 1178 (“[T]his court has acknowledged that this factor will not weigh against an alleged infringer, even when he copies the whole work, if he takes no more than is necessary for his intended use.”) The works at issue here are episodic and divisible, so the Defendants could have extracted portions of the work. *Id.* (distinguishing episodic and divisible works like a book manuscript and a TV show from an indivisible single image).

Similarly, the district court’s reference to *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792 (9<sup>th</sup> Cir. 2003), is equally inapposite. In that case, this Court found that “because the copyrighted material is a doll design and the infringing work is a photograph containing that doll, [the defendant], short of severing the doll, must add to it by creating a context around it and capturing that context in a photograph.” *Id.* at 804. More importantly, this Court held that the amount taken in *Mattel* was also justified because of the transformative purpose in terms of

parody and social commentary. As this Court stated: “It is not difficult to see the commentary that Forsythe intended or the harm that he perceived in Barbie’s influence on gender roles and the position of women in society.” *Id.* at 802. In the instance case, the district court identified no new message, meaning, criticism or social commentary in *Boldly*—precisely because none exists.

Furthermore, untethered from the relevant judicial authority, the district court also held that the third factor did not weigh against Defendants because the Defendants largely took unprotected elements from Plaintiff’s works. *ComicMix*, 372 F.Supp.3d at 1118. The court stated:

“Examining the cover of each work, for example, Plaintiff may claim copyright protection in the unique, rainbow-colored rings and tower on the cover of *Go!* Plaintiff, however, cannot claim copyright over any disc-shaped item tilted at a particular angle; to grant Plaintiff such broad protection would foreclose a photographer from taking a photo of the Space Needle just so, a result that is clearly untenable under—and antithetical to—copyright law.”

But, the fair use defense becomes relevant only where copying of *protected expression* occurs. That is, protectability is an element of a plaintiff’s *prima facie* case. Absent copying of protected expression, there is no need to consider fair use, because there is no actionable copying.



The district court here never conducted an analysis of substantial similarity of *protectable* expression under this Court's extrinsic-intrinsic test and therefore could not possibly have made an informed assessment of the amount and substantiality of protected expression taken under the third factor. *Compare Penguin Books*, 109 F.3d at 1398-99 (comparing works under extrinsic test before reaching fair use issue). Although a full inquiry under the extrinsic-intrinsic test is beyond the scope of this amicus brief, even a cursory analysis demonstrates that the district court's examination of the third fair use factor was conclusory. The plots of both works predict the ups and downs of a boy starting his adult life. The sequences of events in both works track these ups and downs in substantially similar fashion and are interspersed at approximately the same location with an illustration captioned only with the works' titles—which themselves are substantially similar. The works at issue are of nearly identical length, and both works end with a litany of names and an admonition to go forward. The main characters—the boy in each—are substantially similar notwithstanding the *Star Trek* uniform and the purported identity of the character as Captain Kirk in *Boldly*. The themes of the works are identical—life will bring triumphs and tribulations, but an exciting future beckons, so go for it. The pacing of each work is substantially similar (again, note a page using only the title interspersed mid-story). The moods of both works are light and humorous with a serious undertone. The

settings differ somewhat from a literary standpoint, but visually bear a significant resemblance despite the Defendants having recast the setting of their work in a space context. As to the graphic elements of the two works, the district court failed to address most of the illustrations, and even as to the covers did not, in detail, compare subject matter, shapes, colors, materials, and arrangement of the representations of the illustrations. Quite simply, because the district court failed under the third factor to identify the scope of copying of protected expression, it had no basis for assessing the amount or substantiality of the use, and thus made a finding that flew in the face of the evidence and the Defendants' own concessions.

***C. In Assessing the Fourth Fair Use Factor, the District Court Incorrectly Focused Exclusively on Defendants' Specific Uses Rather Than on Dr. Seuss's Potential Markets***

In evaluating the fourth fair use factor, a court should assess harm to the plaintiff's "traditional, reasonable [] or likely to be developed markets." *Seltzer* 725 F.3d at 1179; *Am. Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 930 (2d Cir. 1994). The fourth factor "requires courts to consider not only the extent of market harm caused by the particular actions of the alleged infringer, but also 'whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market' for the original." *See Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. at 590, (quoting 4 M.B. Nimmer & D. Nimmer, *Nimmer on Copyright*, § 13.05[A][4] (1984)).

The inquiry under the fourth factor cannot be limited solely to whether the defendant's challenged use harms the market within which the plaintiff is already operating. Rather, courts must also consider potential harm to the plaintiff's "derivative" or "licensing" markets (*i.e.*, markets the plaintiff might later enter or license others to enter). *See Harper & Row, Publishers, Inc. v. Nation Enter.*, 471 U.S. 539, 568 (1985); ("This inquiry must take account not only of harm to the original but also of harm to the market for derivative works."); *Sofa Entm't*, 709 F.3d at 1280 ("The fourth factor requires courts to consider the secondary use's impact on the market for the original work and the market for derivative works ..."); *TCA Television Corp. v. McCollum*, 839 F.3d 168, 186 (2d Cir. 2016) (quoting *American Geophysical*, 60 F.3d at 930; citations omitted) ("To be clear, in assessing harm posed to a licensing market, a court's focus is not on possible lost licensing fees from defendants' challenged use. ... Rather, a court properly considers the challenged use's 'impact on potential licensing revenues for traditional, reasonable, or likely to be developed markets.'"). Significantly, the focus is on the potential market that the *plaintiff* is likely to develop. *Seltzer*, 725 F.3d at 1179 (referring to market that *Seltzer* was likely to develop); *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1017 (9th Cir. 2001) ("[L]ack of harm to an established market cannot deprive *the copyright holder* of the right to develop alternative markets for the works.") (Emphasis added).

As noted above, the district court erroneously placed the burden of proving market harm on the Plaintiff. Because fair use is an affirmative defense, the Defendant has the burden of proof. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1158 (9<sup>th</sup> Cir. 2007). And because Defendants' *use* was non-transformative, the district court should have presumed market harm.

Moreover, the district court recognized, but failed to credit, the undisputed evidence that an *actual* market exists for Dr. Seuss derivative works, including works created in collaboration with other rights holders. *ComicMix*, 372 F.Supp.3d at 1119. By definition, the particular market for an authorized Seuss-Star Trek mash-up would clearly be adversely impacted on publication of *Boldly*. Apart from the market for derivative works, *Boldly* also impacted the market for *Go!* itself. Both works were books. Both were intended for publication. Both contemplated a market intended to target recent high school and college graduates.<sup>9</sup> That Defendants crafted *Boldly* for *Star Trek* fans does not vitiate market harm. As noted above, all derivative works to some extent target new markets. Here, Plaintiff suffered harm within the meaning of the fourth fair use factor. *See Monge v. Maya Magazines, Inc.*, 688 F.3d at 1181-82 (publication of

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<sup>9</sup> As discussed in more detail in Appellant's brief, the undisputed evidence demonstrates that *Boldly* was to serve as a market substitute for *Go!*—a graduation gift. The inquiry into whether a defendant's work serves as a substitution for the original is central to fair use analysis. *Campbell*, 510 U.S. at 591.

copyrighted photos harmed actual market where plaintiffs were in the business of marketing images of themselves).

Neither did the district court consider the effect on the market of “unrestricted and widespread conduct of the *sort* engaged in by the defendant.” (Emphasis added). Rather, the court limited its inquiry to the effect that Defendants’ particular use had on Plaintiff’s market and then compounded this error by improperly focusing on *Defendants’*, not on *Plaintiff’s* market, concluding that there was no market harm because the target audience for Defendants’ book were already fans of Dr. Seuss. However, there is a reason why the courts focus on the *plaintiff’s* traditional, reasonable, or likely to be developed markets and not on defendant’s challenged uses: to avoid circularity. *American Geophysical v. Texaco, Inc.* 60 F.3d 913, 929 n.17, 931 (2d Cir. 1994). Ordinarily, the circularity problem would arise from a court assuming that just because the defendant engaged in the challenged conduct without the copyright owner’s consent, a market exists for the conduct. *Id.* By improperly focusing on Defendants’ market—readers of Dr. Seuss and fans of *Star Trek*—rather than on Plaintiff’s potential markets for derivatives that combine other works, the district court engaged in a different, yet equally erroneous type of circularity: the court assumed that certain markets were irrelevant simply because Plaintiff has chosen not to occupy them yet. This reasoning is circular because it permits a court to ignore the

“potential market” language in section 107. Under that section, potential market “means either an immediate or a delayed market, and includes harm to derivative works.” *Monge*, 688 F.3d at 1181, quoting *Cable/Home Commc’n Corp. v. Network Prods., Inc.*, 902 F.2d 829, 845 (11th Cir. 1990). Control over the delayed market includes future markets. *Monge*, 688 F.3d at 1181. Thus, “[e]ven an author who had disavowed any intention to publish his work during his lifetime was entitled to protection of his copyright, first, because the relevant consideration was the ‘potential market’ and, second, because he has the right to change his mind.” *Worldwide Church of God v. Philadelphia Church of God, Inc.*, 227 F.3d 1110, 1119 (9th Cir. 2000). The district court here should have focused on *Plaintiff’s* actual and potential markets for derivatives collaborative with other copyright holders (i.e., copyright owners of characters or narratives other than Star Trek) and not solely on *Defendants’* market for a *Seuss-Star Trek* mash-up.

Finally, the district court concluded that the “potential harm to [Plaintiff]’s market remains hypothetical.” *ComicMix*, 372 F.Supp.3d at 1120 (quoting *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1168 (9<sup>th</sup> Cir. 2007)). In so holding, the district court failed to recognize that the Defendants’ work was yet to be published, such that there was no way *actual* market harm could be demonstrated. The district court’s analysis sets a bar that would be impossible to meet when suing over an unpublished work. This, too, was error.

## II. THE DISTRICT COURT’S OPINION, IF AFFIRMED, COULD UNDERMINE THE IMPORTANT SECTION 106(2) DERIVATIVE WORK RIGHT

Without question, the copyright owner’s exclusive right to prepare derivative works has added significantly to the body of artistic expressive works essential to a democratic society. As noted above, Amicus Sesame Workshop employs its right to prepare derivative works to educate children domestically and internationally. Classic motion pictures like the *Harry Potter* series, *Atonement* (2007), *The Shawshank Redemption* (1994), *Jurassic Park* (1993), *The Color Purple* (1985), *The Godfather* (1972), *Gone With the Wind* (1939), and *The Wizard of Oz* (1939) were derivative works that recast, adapted, and transformed pre-existing novels. The continued popularity of and trust in the *Sesame Street* brand is wholly built upon the thousands of derivative works that have been created from the original copyrighted work that gave rise to this lauded franchise. The district court’s opinion, read broadly, would provide an unfettered right to “mash-up” two copyrighted works for the clearly non-transformative purpose of tailoring one to fans of the other. The fair use defense is not and cannot be read to be so broad as essentially to abrogate section 106(2). But that is exactly what the district court’s order implies. Unless corrected, the district court’s analytical errors could in future cases “excessively diminish[] the incentives for creativity” that copyright protection provides. *Blanch v. Koons*, 396 F.Supp.2d 476, 480 (S.D.N.Y. 2005),

(quoting Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1110 (1990)).

“Where the district court has found facts sufficient to evaluate each of the statutory factors, an appellate court need not remand for further fact-finding but may conclude as a matter of law that the challenged use does not qualify as a fair use of the copyrighted work.” *Seltzer*, 725 F.3d at 1175 (internal citations omitted). Here, there is no need to remand for further factfinding. Amicus therefore urges this Court to reverse the district court’s decision and conclude that *Boldly* does not qualify as a fair use of *Go!*. Alternatively, this Court should reverse and remand the case with appropriate guidance so that the district court can engage in the “subtle, sophisticated” analysis that the fair use doctrine demands.

### **CONCLUSION**

“[C]opyright supplies the economic incentive to create and *disseminate* ideas.” *Golan v. Holder*, 132 S.Ct. 873, 889 (2012) (emphasis in original; citation omitted). “In analyzing a fair use defense, it is not sufficient simply to conclude whether or not justification exists. The question remains how powerful, or persuasive, is the justification, because the court must weigh the strength of the secondary user’s justification against factors favoring the copyright owner.” Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990).



A court cannot further the salutary objectives of copyright and apply the fair use defense consistently with those objectives when it misapplies even one of the four factors. Here, the district court has misapplied three. Amicus Sesame Workshop therefore requests that this Court employ the correct fair use analysis, conclude as a matter of law that Defendants' use of *Go!* does not qualify as fair use, and reverse the district court's order, or in the alternative remand so that the district court may apply the proper analysis.

DATED: August 12, 2019

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**CERTIFICATE OF COMPLIANCE**  
**PURSUANT TO CIRCUIT RULE 32-1**

I hereby certify that pursuant to Federal Rule of Appellate Procedure 32(a)(7)(C) and Ninth Circuit Rule 32-1, the enclosed brief is proportionately spaced, has a typeface of 14-point Times New Roman including footnotes, and contains approximately 6,425 words. Counsel relies on the word count of the computer program used to prepare this brief.

DATED: August 12, 2019

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