

## DR. SEUSS ENTERPRISES V. PENGUIN BOOKS

By Gregory K. Jung

Sir Isaac Newton perhaps said it best: "If I have seen further than other men, it is by standing on the shoulders of giants." Society benefits by having works which transform existing material into a new product or which use a popular image to comment on current events.<sup>1</sup> Many copyright holders, on the other hand, do not want their works appropriated or imitated, for reasons ranging from economic motives to artistic integrity to personal embarrassment. *Dr. Seuss Enterprises v. Penguin Books*<sup>2</sup> is one of the first cases to address the acceptable limits of parody following the U.S. Supreme Court's clarification of the fair use doctrine in *Campbell v. Acuff-Rose Music, Inc.*<sup>3</sup> The Supreme Court seemed to be expanding the fair use defense, focusing less on a formulaic application of the four statutory factors and looking to the reasons behind the doctrine, when it held that no one factor can create a presumption against fair use. The Ninth Circuit weakens the Supreme Court's holding by making the distinction between parody and satire paramount.

This comment examines the Ninth Circuit's approach to the fair use analysis as it applies to satires. Instead of considering the four factors and making a decision based upon the results of this analysis, the court began by drawing a categorical distinction between parody and satire. This comment will argue that the distinction between satire and parody is not

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1. For example, consider the "modern day" film versions of several of Shakespeare's works like *West Side Story* (*Romeo and Juliet*), *Ran* (*King Lear*), and *Richard III*. While copyright issues are not implicated because these original works have long since fallen into the public domain, they still demonstrate the public's need or desire for a reworking of existing material.

2. 109 F.3d 1394 (9th Cir. 1997) [hereinafter *Dr. Seuss II*], *aff'd* 924 F. Supp. 1559 (S.D. Cal. 1996) [hereinafter *Dr. Seuss I*], *cert. denied*, \_\_\_ U.S. \_\_\_, 118 S. Ct. 27 (1997).

3. 510 U.S. 569 (1994). A line of cases had been developed over the years which dealt with parody of copyrighted material, particularly in the entertainment industry and predominantly in the Second and the Ninth Circuits. *See, e.g.*, *Fisher v. Dees*, 794 F.2d 432 (9th Cir. 1986); *Walt Disney Productions v. Air Pirates*, 581 F.2d 751 (9th Cir. 1978); *Berlin v. E.C. Publications*, 329 F.2d 541 (2d Cir. 1964); *Benny v. Loew's Inc.*, 239 F.2d 532 (9th Cir. 1956); *Elsmere Music, Inc. v. Nat'l Broad. Co.*, 482 F. Supp. 741 (S.D.N.Y.), *aff'd*, 623 F.2d 252 (2d Cir. 1980). *Acuff-Rose* consolidated this line of parody cases into the general fair use analysis line of cases.

viable and hence creates an inappropriate limitation on the creation of satirical works.

## I. BACKGROUND

In 1995, Alan Katz wrote and Chris Wrinn illustrated *The Cat NOT in the Hat! A Parody by Dr. Juice*, recounting the events surrounding the Nicole Simpson and Ronald Goldman slayings and the subsequent trial of O.J. Simpson.<sup>4</sup> *The Cat NOT in the Hat!* was written in a style reminiscent of the works of Dr. Seuss, the pen name of Theodor Geisel. Dr. Seuss is well-known for his children's books which use rhymes and illustrations to tell stories of fanciful characters and situations.<sup>5</sup> Katz had used rhymes and illustrations similar to those of Dr. Seuss in his book which supplied "a 'fresh new look' at the O.J. Simpson double-murder trial."<sup>6</sup> Neither Katz nor Wrinn, nor their publisher, had sought or received permission to use any of Dr. Seuss' works, characters, or illustrations. *The Cat NOT in the Hat!* was, however, clearly labeled as a parody.

Dr. Seuss Enterprises (Seuss), which owns the copyright for the works of Dr. Seuss, filed suit in the United States District Court for the Southern District of California against Katz and Wrinn, as well as against Penguin Books and Dove Audio, the publisher and distributor, respectively, of *The Cat NOT in the Hat!* Seuss alleged copyright infringement, trademark infringement, and trademark dilution. Seuss sought and was granted a preliminary injunction preventing the defendants from publishing or distributing *The Cat NOT in the Hat!*

With respect to the copyright infringement claim, the district court first established that copying took place. It looked at each individual allegation of copyright infringement and found two similar elements in the text and three similar elements in the illustrations. The court then examined whether Seuss owned valid copyrights for these five elements, and it concluded that at least two protected elements of Seuss' works were incorporated into *The Cat NOT in the Hat!*<sup>7</sup> Finally, the court considered the fair use defense for each protected element.

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4. For a review of many of the books describing these events, see George Fisher, *The O.J. Simpson Corpus*, 49 STAN. L. REV. 971 (1997).

5. Dr. Seuss' works include: THE LORAX (1971), GREEN EGGS AND HAM (1960), THE CAT IN THE HAT (1957), HOW THE GRINCH STOLE CHRISTMAS (1957), HORTON HATCHES THE EGG (1940), and THE 500 HATS OF BARTHOLOMEW CUBBINS (1938).

6. *Dr. Seuss I*, 924 F. Supp. at 1561.

7. The two instances consist of the back cover of *The Cat NOT in the Hat!* which is strikingly similar to the famous cover of *The Cat in the Hat*. Specifically, *The Cat NOT in the Hat!* copies the stove-pipe hat, the expression and pose of the characters, and

The fair use defense is codified under section 107 of the Copyright Act. The section provides a non-exhaustive list of four factors which should be considered in finding fair use:

- (1) [T]he 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 on the potential market for or value of the copyrighted work.<sup>8</sup>

Before looking at the four factors, however, the district court in *Dr. Seuss I* drew a distinction between a parody and a satire. Whereas a parody uses elements of a prior work to criticize or comment on that work, a satire uses elements of a prior work to criticize or comment on another subject.<sup>9</sup> Citing the former Ninth Circuit rule (prior to *Acuff-Rose*) and Justice Kennedy's concurrence in *Acuff-Rose*,<sup>10</sup> the district court ruled that a satire would not receive fair use protection.

The argument which favors parodies over satires, according to the district court, is largely based on the premise that copyright holders would license use of their works in satires but not parodies. If a satirist could use others' copyrighted works without a license by claiming fair use, then an author would be deprived of the licensing fee he could have obtained. However, since an author would be reluctant to authorize a parody which criticizes or pokes fun at his own work, fair use is allowed for parodies. Hence, the argument goes, a satirist does not need the fair use defense in the same way that a parodist does. The district court continued, "[t]hus, while the unlicensed satirist deprives the author of potential license fees for derivative works, the parodist is presumed to operate within a market imperfection."<sup>11</sup>

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the passage "He said what he meant/A houseguest is faithful/One hundred percent," which is similar to the recurring theme of Dr. Seuss' *Horton Hatches the Egg*: "And I said what I meant ... /An elephant's faithful/One hundred per cent!" See *id.* at 1563-66.

8. 17 U.S.C. § 107 (1994).

9. See *Dr. Seuss I*, 924 F. Supp. at 1567. A satire uses the copyrighted material as a "weapon" with which to comment on society at large or some other object, while a parody uses the copyrighted material as the "target" of criticism. See generally Richard A. Posner, *When Is Parody Fair Use?*, 21 J. LEGAL STUD. 67, 71-72 (1992).

10. 510 U.S. 569, 596-600 (1994) (Kennedy, J., concurring).

11. *Dr. Seuss I*, 924 F. Supp. at 1569.

Keeping in mind this rationale which disfavors the fair use defense for satires, the district court applied the four statutory fair use factors to each infringing element. Of the two infringing elements, the court found one to be a satire, and therefore, not deserving of the fair use defense. Thus, Seuss had established copyright infringement. The court then proceeded to consider the claims of trademark infringement and trademark dilution.<sup>12</sup> Ultimately, it granted the preliminary injunction because, “[i]n copyright and trademark cases, irreparable injury is presumed upon a showing of likelihood of success,”<sup>13</sup> and Seuss had shown a likelihood of success on the copyright claim.

## II. THE NINTH CIRCUIT DECISION

The Ninth Circuit affirmed the district court’s decision to grant the preliminary injunction.<sup>14</sup> In examining the copyright infringement claim, the court found that “substantial similarity” existed on both the objective and subjective levels,<sup>15</sup> although the circuit court did not engage in the exacting analytic dissection that the district court applied. The circuit court then dismissed the defendants’ contention that certain elements (such as the title, poetic meter, design of the lettering, or the poetic style) are not copyrightable on the ground that “this kind of analytic dissection is not appropriate when conducting the subjective or ‘intrinsic test.’”<sup>16</sup>

Most importantly, however, the Ninth Circuit agreed with the district court’s fair use analysis. Acknowledging that the doctrine of fair use is “an

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12. The district court ultimately found that a strong likelihood of success existed on the claim that the defendants took substantial protected expression from *The Cat in the Hat* (but not *Horton Hatches the Egg*, which may legitimately be a parodic use) and that Seuss would prevail at trial against a fair use defense. It also found that the trademark claims raised “serious questions presenting a fair ground for litigation, and that the balance of hardships favored Dr. Seuss.” *Id.* at 1562. It did not find a reasonable likelihood of success on the dilution claim.

13. *Id.* at 1574.

14. *See Dr. Seuss II*, 109 F.3d at 1394. While the Ninth Circuit considered both the copyright infringement and the trademark infringement claims, the latter had little significance for the outcome of the case. Even though the circuit court agreed with the district court that trademark issues surrounding the likelihood of confusion presented questions for litigation, the case never reached that stage. The copyright claim was sufficient grounds for the preliminary injunction.

15. *See id.* at 1398. The objective/subjective distinction is a refined version of the extrinsic/intrinsic test formulated in *Sid and Marty Krofft Television Productions, Inc., v. McDonald’s Corp.*, 562 F.2d 1157 (9th Cir. 1977), where the extrinsic test “asks if there is similarity of ideas” and the intrinsic test “asks if an ‘ordinary reasonable person’ would perceive a substantial taking of protected expression.” *Dr. Seuss II*, 109 F.3d at 1398.

16. *Id.* at 1399.

equitable rule of reason [and that] no generally applicable definition is possible,"<sup>17</sup> the court considered each of the four statutory factors. In discussing the first factor, the purpose and character of the use, the court held that *The Cat NOT in the Hat!* did not comment on or criticize Dr. Seuss' works directly and therefore was not a parody. As a satire, *The Cat NOT in the Hat!* would not merit fair use protection. The second factor, the nature of the copyrighted work, was not significant in the analysis. The third factor, the amount and substantiality of the copying, was not evaluated directly. Instead, the court concerned itself with the defendants' justification for the copying, which it found unconvincing. The effect upon the potential market or value of the copyrighted work, the fourth factor, was found to favor Seuss because the defendants did not submit evidence in their favor.

### III. DISCUSSION

The doctrine of fair use is at the crux of this case. Since the doctrine is an "equitable rule of reason,"<sup>18</sup> it must be explored "in light of the purposes of copyright."<sup>19</sup> Therefore, it is useful here to briefly trace the underlying theory behind the copyright system and the development of the fair use doctrine.

#### A. The Purposes of the Copyright System

The American copyright system derives from the Constitution, which gives Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."<sup>20</sup> The primary purpose of copyright, then, is utilitarian: to provide an incentive for writers (and inventors) to create works by insuring that they will reap the financial benefits from those works.<sup>21</sup> These works would contribute to the

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17. *Id.* (quoting H.R. REP. NO. 94-1476, 65 (1976)).

18. *Id.*

19. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994).

20. U.S. CONST. art. I, § 8, cl. 8.

21. See generally ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW INTELLECTUAL AGE 327-28 (1997) (asserting that the predominant philosophical framework for the American copyright system is utilitarian); Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies and Computer Programs*, 84 HARV. L. REV. 281 (1970). Some civil law countries, on the other hand, also emphasize the moral rights of an author. See Berne Convention for the Protection of Literary and Artistic Works, art. 6<sup>bis</sup>(1), Sept. 9, 1886, as revised at Paris, July 24, 1971, 1161 U.N.T.S. 3, 36 (enabling the author to object to "any distortion, mutilation or other

growth of knowledge, and the "public is the intended ultimate beneficiary."<sup>22</sup>

However, the irony in granting (limited) monopolies to authors in order to benefit the public has not gone unnoticed. One strong criticism of the copyright system charges that it imposes unfair and "unique restraints on liberty."<sup>23</sup> In other words, the difficult task of American copyright law can thus be seen as "primarily striving to achieve an optimal balance between fostering incentives for the creation of literary and artistic works and the optimal use and dissemination of such works."<sup>24</sup>

## B. The Fair Use Doctrine

The fair use doctrine is an attempt to balance these competing interests of the author and the public. As the Supreme Court noted, "The fair use doctrine thus 'permits [and requires] courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster.'"<sup>25</sup> In *Folsom v. Marsh*,<sup>26</sup> Justice Joseph Story articulated the considerations for determining fair use which have since been codified in the Copyright Act: "look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work."<sup>27</sup>

The fair use doctrine plays two main roles. First, it gives the public the permission to quote copyrighted works without being liable to the copyright owner. Most often the quotation comes in the context of a commentary on the copyrighted work, such as a book review. This justification for using copyrighted material is strengthened if the use occurs in a non-commercial setting, such as education, which clearly benefits the society at large.

Second, the fair use doctrine allows new, "transformative"<sup>28</sup> works to be created using the copyrighted material, for example, a parody or sat-

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modification of, or other derogatory action in relation to [his] work, which would be prejudicial to his honor or reputation").

22. Pierre N. Leval, *Nimmer Lecture: Fair Use Rescued*, 44 UCLA L. REV. 1449, 1449 (1997).

23. Wendy Gordon, *An Inquiry into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory*, 41 STAN. L. REV. 1343, 1347 (1989).

24. MERGES, *supra* note 21, at 327-38.

25. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577 (1994) (brackets in original) (citation omitted).

26. 9 F. Cas. 342 (C.C.D. Mass. 1841).

27. *Id.* at 348.

28. Judge Pierre Leval explained this idea of a "transformative" work: <sup>c</sup>

ire.<sup>29</sup> The doctrine becomes more difficult to apply in this second function. Copyright protects only the expression and not the idea behind the expression. Hence copyright holders can claim that any use of their copyrighted expression constitutes a derivative work, to which they own all rights, and that there is no justification for condoning such uses. If someone wants to use elements from their works, their argument continues, that person is free to use the underlying idea, but not the expression. However, courts have repeatedly affirmed the social value of parody and satire which use elements of copyrighted works but are, in fact, wholly new and original creative works.<sup>30</sup> They have value to the public, and their creation therefore should be encouraged, especially if the originally copyrighted works are not superseded by the parody.

Perhaps because the American copyright system is based primarily on an economic framework, the economic analysis of the fair use doctrine provides compelling arguments for justifying fair use. The market failure theory, as put forth by Professor Wendy Gordon of Boston University School of Law, argues that fair use should be invoked when the incentive and dissemination purposes of copyright conflict and create a market failure.<sup>31</sup> Under normal circumstances, a copyright holder will license the use of his work "if the revenues he could anticipate by exploiting the work himself would be less than the purchaser's bid."<sup>32</sup> In certain cases, however, an author will refuse to license his work "out of a desire unrelated to the goals of copyright—notably, a desire to keep certain information from

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The use must be productive and must employ the quoted matter in a different manner or for a different purpose from the original . . . . If, on the other hand, the secondary use adds value to the original—if the quoted matter is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings—this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society.

Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990).

29. See *Acuff-Rose*, 510 U.S. at 579. ("[T]he goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works.")

30. See, e.g., *id.* at 579 ("Like less ostensibly humorous forms of criticism, [parody] can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one."); *Berlin v. E.C. Publications*, 329 F.2d 541, 545 (2d Cir. 1964) ("[W]e believe that parody and satire are deserving of substantial freedom—both as entertainment and as a form of social and literary criticism.")

31. See generally Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors*, 82. COLUM. L. REV. 1600 (1982).

32. *Id.* at 1606.

the public,"<sup>33</sup> and market failure occurs. Often, such an anti-dissemination motive stems from a desire to prevent others from criticizing or commenting on the original work, and in those cases, "because the free flow of information is at stake, a strong case for fair use can be advanced."<sup>34</sup>

As noted earlier, the Copyright Act, in section 107, allows fair use as a defense against claims of copyright infringement, listing four factors which may be considered by courts in deciding whether the use of copyrighted material is fair. The courts have, at different times, emphasized different factors to be more controlling than others, thereby making the fair use doctrine confusing. In *Sony Corp. of America v. Universal City Studios*,<sup>35</sup> a case brought by the film industry to enjoin the production of VCRs, the Supreme Court ruled that a viewer's recording of a program in order to watch it later ("time-shifting") was a fair use. This result seemed to hinge on the finding that such an action was not commercial use, making the first factor (the purpose and character of the use) the overriding one. In deciding that fair use did not apply in *Harper & Row Publishers, Inc. v. Nation Enterprises*,<sup>36</sup> the Court emphasized the fourth factor: "[T]he effect of the work upon potential market' ... is undoubtedly the single most important element of fair use."<sup>37</sup> The Second Circuit decided a landmark case against fair use, *American Geophysical Union v. Texaco, Inc.*,<sup>38</sup> in which a publisher successfully brought an infringement suit against a scientist working for an oil company for making personal photocopies, primarily on the grounds that the use was for commercial purposes (or at least in a commercial setting).

In 1994, the Supreme Court held in *Campbell v. Acuff-Rose Music*,<sup>39</sup> in which the publisher of singer Roy Orbison's song "Pretty Woman" sued the rap group 2 Live Crew for recording a parody, that a commercial use of parody may be fair.<sup>40</sup> The Court examined the doctrine of fair use carefully and clarified it, rejecting the notion that any one of the four factors would create a presumption against fair use. Thus, while not all parodic use may be fair, neither would its commercial nature give a presumption of unfair use.

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33. *Id.* at 1634.

34. *Id.* at 1633.

35. 464 U.S. 417 (1984).

36. 471 U.S. 539 (1985).

37. *Id.* at 566 (citation omitted).

38. 60 F.3d 913 (2d Cir. 1994).

39. 510 U.S. 569 (1994).

40. *Id.* at 569-71.

In a concurring opinion, Justice Anthony Kennedy argued that satires should categorically be denied fair use protection. Then protection would be limited to those works (parodies) “whose very subject is the original composition and so necessitates some borrowing from it.”<sup>41</sup> Such a rule would also resolve the problem of the potential loss of derivative licensing fees by copyright owners. Furthermore, Justice Kennedy voiced the concern that it may be too easy for copyists to exploit existing works, only to claim later that their work is a commentary on the original.

### C. The Ninth Circuit’s Decision, Revisited

Although the Ninth Circuit invoked the Supreme Court’s *Acuff-Rose* decision, it did not follow *Acuff-Rose*’s important clarification of the fair use doctrine. Instead of considering each of the four factors of the fair use test and looking to the purpose of the copyright system in deciding whether the defendants’ use of Seuss’ copyrighted material was fair, the circuit court effectively based its decision on one point: that *The Cat NOT in the Hat!* was a satire rather than a parody. Accordingly, its consideration of the statutory factors was mechanical and conclusory.

#### 1. Purpose and Character of the Use

The first element, the purpose and character of the use, was discussed in some detail. The court considered the difference between parody and satire. Noting the Supreme Court’s preference for parody over satire in *Acuff-Rose*, the Ninth Circuit concluded that *The Cat NOT in the Hat!* did not comment on the substance or style of Dr. Seuss’ works. However, the court made a jump in its reasoning here. The assumption made by the court was that, since *The Cat NOT in the Hat!* was not a parody, “there [was] no effort to create a transformative work with ‘new expression, meaning, or message.’”<sup>42</sup> In other words, according to the Ninth Circuit, a satire would never be transformative. In turn, if the work is not transformative, it has little chance of qualifying for fair use protection since the satirist is unable to assert that he used the original as raw material to create a new work.

The assumption that a satire is not transformative is an unreliable one, since a satire, which uses the copyrighted work as a weapon rather than a target, may be as transformative as any parody. The fact that the object of criticism is something other than the underlying work has no bearing on the success of the satirist in creating a new and innovative work. While the Supreme Court in *Acuff-Rose* focused exclusively on parodies, it

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41. *Id.* at 597 (Kennedy, J., concurring).

42. *Dr. Seuss II*, 109 F.3d at 1401 (citation omitted).

would be a mistake to think that only parodies, and not satires, would qualify as transformative works. In fact, the majority in *Acuff-Rose* kept open the possibility that a satire may merit fair use protection:

If ... the commentary has no critical bearing on the substance or style of the original composition ... the claim to fairness in borrowing from another's work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger ... [S]atire can stand on its own two feet and so requires justification for the very act of borrowing.<sup>43</sup>

The claim for fairness does not vanish automatically in the case of satires. A satirist will have more difficulty than a parodist in getting fair use protection, but whether there exists sufficient justification for borrowing must be determined in each case. The fact that Justice Kennedy wrote a concurring opinion in which he advocated denial of the fair use defense to satirists implies that the majority did not make the distinction.<sup>44</sup> The Ninth Circuit cited, but did not discuss, the above quotation from *Acuff-Rose*, using it instead as authority supporting the circuit's own decision for denying fair use protection on the basis that *A Cat NOT in the Hat!* did not comment on Dr. Seuss' works.

### 2. *The Nature of the Copyrighted Work*

In the case of parodies and satires, the copyrighted work is usually a well-known, creative, and expressive work. Thus, this second factor does not figure much into the determination of fair use in this case. The Ninth Circuit admitted as much. Yet, it proceeded to determine that the "creativity, imagination and originality embodied in *The Cat in the Hat* and its central character tilt[ed] the scale against fair use."<sup>45</sup> This is in contrast to the Supreme Court's neutral approach in *Acuff-Rose*, where the Court only saw the factor as establishing that Orbison's original creative expression fell within the "core of the copyright's protective purposes."<sup>46</sup>

### 3. *Amount and Substantiality of the Portion Used in Relation to the Copyrighted Work*

The Ninth Circuit completely failed to examine this third factor. It commented that this factor was akin to the test of substantial similarity, which had been established previously using the objective/subjective test.

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43. *Acuff-Rose*, 510 U.S. at 580-81.

44. *See id.* at 596-600 (Kennedy, J., concurring).

45. *Dr. Seuss II*, 109 F.3d at 1402.

46. *Acuff-Rose*, 510 U.S. at 586.

While this third factor may be related to the test for substantial similarity, the analysis that a court must conduct in assessing fair use involves determining whether the alleged infringer copied more than is reasonable in relation to the purpose of the copying. In the context of a parody or satire, the issue becomes “what else the parodist did besides go to the heart of the original.”<sup>47</sup> That is, the court must determine whether the parodist took only as much as necessary to conjure up the original or whether the parody consists mainly of a verbatim copying of the original. The Ninth Circuit went no further in this inquiry than repeating that there was a substantial similarity between Dr. Seuss’ works and *The Cat NOT in the Hat!*

The circuit court dwelled on “the persuasiveness of a parodist’s justification for the particular copying done.”<sup>48</sup> This emphasis was misplaced. The purpose of *Acuff-Rose*’s reference to the persuasiveness of the justification was to determine how much copying constituted necessity. The majority in *Acuff-Rose* recognized that, by its very nature, a parodist must take the “heart” of the original, that which “most readily conjures up the [original].”<sup>49</sup> Thus, a parody may not be found to be infringing even if it had taken the most recognizable and central portion of a copyrighted work. The Ninth Circuit did not address the issue of whether what was taken (which, according to the district court’s determination, was two or possibly three passages and illustrations) was excessive. It could have found that while *The Cat NOT in the Hat!* is a satire, the authors did not provide a convincing reason why they had to use Dr. Seuss’ expression at all. Then the court could have come to the same conclusion without making the assumption that no satire can receive fair use protection. Instead, all the Ninth Circuit did was repeat that *The Cat NOT in the Hat!* was not a parody.

#### 4. *Effect of the Use upon the Potential Market or Value of the Copyrighted Work*

This final factor inquires whether the copyright owner is hurt by the allegedly infringing work.<sup>50</sup> Having determined that *The Cat NOT in the Hat!* was nontransformative and commercial, the Ninth Circuit concluded that the “market substitution is at least more certain, and market harm may

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47. *Id.* at 589.

48. *Dr. Seuss II*, 109 F.3d at 1402 (quoting *Acuff-Rose*, 510 U.S. at 586).

49. *Acuff-Rose*, 510 U.S. at 588.

50. The Supreme Court, in *Acuff-Rose*, excluded market harm which results from the success of the parody in exposing the fault of the original from the fourth factor. See 510 U.S. at 591-92.

be more readily inferred."<sup>51</sup> The Supreme Court, however, made it clear that while the defendants must produce favorable evidence about relevant markets, a silent record on this factor did not introduce a presumption of harm merely because of the commercial nature of the use.<sup>52</sup> Market harm in this particular case cannot be so readily inferred, since no one would see *The Cat NOT in the Hat!* as a substitute for *The Cat in the Hat*.<sup>53</sup>

The Ninth Circuit, despite giving the appearance of considering the four factors, did not apply them carefully in this case. Moreover, it did not take into account the principles behind the fair use doctrine. For example, the court did not address a concern central to this case: how would authors be hurt by clearly labeled satires? It also did not consider the other side of the equation: the incentive of the potential satirist. Ultimately, the court seems to have made the assumption at the outset of the case that *The Cat NOT in the Hat!* had no value as a work of literature (to use the term loosely) and, therefore, did not rigorously pursue the fair use doctrine. Otherwise, the court may have considered more seriously the possibility that the public may have benefited from having the book published, either as pure entertainment or, as the defendants asserted, as social commentary.

The Ninth Circuit's decision is problematic not because it came to a clearly erroneous decision. Rather, its shortcomings derive from a misapplication of the holding in *Acuff-Rose* which resulted from the court's reluctance to give the defendants the benefit of the doubt. The defendants claimed that *The Cat NOT in the Hat!* was a parody which commented on the works of Dr. Seuss: "The Parody's [sic] author felt that, by evoking the world of *The Cat in the Hat*, he could: (1) comment on the mix of frivolousness and moral gravity that characterized the culture's reaction to the events surrounding the Brown/Goldman murders ...."<sup>54</sup> The court found this an unconvincing "post-hoc" characterization.<sup>55</sup> However, this does not seem any more implausible than 2 Live Crew's characterization of its version of "Pretty Woman" as a criticism of the banality of Orbison's version. Other parodies have involved questionable or indeter-

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51. *Dr. Seuss II*, 109 F.3d at 1403.

52. *See Acuff-Rose*, 510 U.S. at 590-91.

53. There is a question as to whether the public would regard *The Cat in the Hat* and other works by Dr. Seuss with less esteem, if it assumed that the two were somehow related. This is a trademark issue, and it is plausible that the plaintiffs would have prevailed on such a claim.

54. *Dr. Seuss II*, 109 F.3d at 1402.

55. *Id.*

minable motives. In *Elsmere Music, Inc. v. National Broadcasting Co.*,<sup>56</sup> the Second Circuit held that the "I Love Sodom" skit on the television program "Saturday Night Live" was a legitimate parody of the "I Love New York" campaign. That court did not require that the parody comment on the original: "[T]he issue to be resolved by the court is whether the use in question is a valid satire or parody, and not whether it is a parody of the copied song itself."<sup>57</sup> In *Fisher v. Dees*,<sup>58</sup> the parodic song "When Sonny Sniffs Glue" was deemed to be a fair use of "When Sunny Gets Blue."

The line between a parody done for legitimate reasons (to comment on the original) and a parody done to get attention or to avoid creating new material is not easily discernible, and it becomes even more blurred when satires are involved. The *Acuff-Rose* Court was aware of this difficulty: "[P]arody often shades into satire when society is lampooned through its creative artifacts ... and a work may contain both parodic and nonparodic elements."<sup>59</sup> The way to insure against making a hasty judgment on the parodic or satirical merit of a work is to consider all the factors. The Ninth Circuit, however, went through the steps with the bias that no satire would qualify for fair use protection. Hence its analysis was less than comprehensive.

Even assuming that *The Cat NOT in the Hat!* is clearly a satire rather than a parody, the policy of disallowing the fair use defense for satires (as adopted by the district court and the Ninth Circuit) does not stand up to careful analysis. First of all, the underlying assumption behind such a policy is that, in a genuine parody, use of copyrighted material is *essential* in order to make its point. The district court, in discussing the issue, wrote that taking copyrighted material "is necessary only when one of the targets of the satirist is the work itself, because only then is it fair to presume that the satirist has no alternative to infringement."<sup>60</sup> This assumption has the flavor of a First Amendment argument ("Copyright laws shouldn't be used to stifle criticism of works"). However, copyright does not prohibit expression of ideas, only particular forms of expression. The free speech argument does not go very far in justifying fair use for parodies because there are potentially infinite ways of expressing the same idea, and it is not necessary to use any protected expression to make a point. For example, 2 Live Crew could just as easily have sung about the banality of "Pretty

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56. 482 F. Supp. 741 (S.D.N.Y.), *aff'd*, 623 F.2d 252 (2d Cir. 1980).

57. *Id.* at 746.

58. 794 F.2d 432 (9th Cir. 1986).

59. 510 U.S. 569, 581 (1994).

60. *Dr. Seuss I*, 924 F. Supp. at 1569.

Woman,” without employing elements from the original. It may not have been as effective, but it would have conveyed the same idea without using someone else’s copyrighted material. The key here, then, seems to be the effectiveness of the expression. The copyright system allows fair use protection for parody not because the idea could not be expressed otherwise, but because parody is a very effective way to communicate certain ideas. On this level, then, the distinction between parody and satire becomes artificial and without significance. A well-produced satire can be just as effective in making a generic idea dynamic and catchy, not to mention entertaining.<sup>61</sup>

A second and more persuasive argument for distinguishing between a parody and a satire is the potential loss of revenue from licensing derivative works for copyright holders. This argument, advanced also by the district court as well as Justice Kennedy in his concurring opinion in *Acuff-Rose*, relies on the market failure theory.<sup>62</sup> It grants fair use to parody because an author may not readily license his work if it will be criticized. Judge Richard Posner also used this argument to justify fair use for parodies: “There is an obstruction [to a market tradeoff] when the parodied work is a target of the parodist’s criticism, for it may be in the private interest of the copyright owner, but not in the social interest, to suppress criticism of the work.”<sup>63</sup> The market failure theory applies just as well to satires as parodies.<sup>64</sup> An author is equally unlikely to license his work to a satirist who will use the work in a light unfavorable to the original. In the present case, Seuss would not want Dr. Seuss’ works associated with gruesome slayings and a sensational murder trial. While not all refusals to license can be labeled market failure, in some cases the refusal will result in impairing the public interest. A satire, as well as a parody, is crucial to the “free flow of information.”<sup>65</sup>

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61. Few would contend that Bugs Bunny and Elmer Fudd’s famous “Kill the Wabbit” episode, which uses the main theme from Richard Wagner’s *The Flight of the Valkyries*, is not entertaining. One could argue that the creators of the Looney Tunes/Warner Brothers cartoon were making fun of Wagner or operas in general (and they may have been), but a more likely reason for using the theme is that it made for a funny and memorable episode.

62. See *supra* text accompanying notes 31-34.

63. Posner, *supra* note 9, at 73 (emphasis in original).

64. At least one commentator, considering the fair use doctrine in an economic framework, dismisses the technical differences between parody and satire (“burlesque”) as irrelevant to the analysis. See Sheldon N. Light, *Parody, Burlesque, and the Economic Rationale for Copyright*, 11 CONN. L. REV. 615, 616 n.6 (1979).

65. Gordon, *supra* note 31, at 1633.

Justice Kennedy raised another problem which may result from allowing fair use defense for satires: free riding.<sup>66</sup> Certainly, one can imagine copyright holders being deprived of licensing fees because others are using their material without permission and hiding behind the guise of producing a satire. In this scenario, limiting the fair use protection to parodies would alleviate the problems to a certain extent. However, as noted earlier, the line between a parody and satire is not clear, nor is the line between a genuine and a sham parody. The problems of free riding and licensing will not be eliminated by prohibiting satires. Clever and talented copyists will continue to use copyrighted material, and as long as they include some arguably critical element (thereby making it a parody), they meet at least one hurdle in fair use recognition.

The focus of the fair use doctrine should not be on the potential loss of derivative work licensing fees or the fear that unscrupulous copyists will take advantage of the fair use doctrine. Rather, the copyright system would be better served to shift its attention to the consequences of having a rule which prohibits satires. Is the benefit worth eliminating an entire category of creative works? If no satire could receive fair use protection, the incentive to produce satires is seriously diminished, and fewer satires will be created. Furthermore, the quality of these satires may suffer, since the only ones being produced will be done with the permission of the copyright holder, and those are more likely to be the less controversial, provocative, or innovative ones.

As to the unscrupulous copyists, the doctrine still provides courts the power to deny fair use to those whose uses do not create genuinely transformative works. Permitting satirists to assert the fair use defense does not guarantee success in all cases. The role of the court is to sift through the various factors and make an equitable decision on a case-by-case basis. Certainly, the courts have the ability to detect when a satirist has encroached into the copyright owner's rightful derivative works market or when he has appropriated more than is necessary.

A final related consideration is the feasibility of reliably distinguishing between a parody and a satire. As noted repeatedly, that distinction is by no means easily ascertainable. The Supreme Court, in *Acuff-Rose*, sets the standard at whether a work "reasonably could be perceived as commenting on the original or criticizing it, to some degree."<sup>67</sup> This is a highly subject-

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66. Free riding involves people using others' copyrighted work in order "to get attention or to avoid the drudgery in working up something fresh." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 580 (1994).

67. *Id.* at 583.

tive standard, one which, in light of the significance of its consequences, may not be worth keeping.

#### IV. CONCLUSION

*The Cat NOT in the Hat!* may be an attempt to exploit the popularity of the works of Dr. Seuss, and the defendants may not have a justifiable basis for appropriating elements from Seuss' copyrighted material. On the other hand, the defendants may have genuinely felt that making a parody or satire of Dr. Seuss' works was the best way to express their ideas. The court came to the conclusion that *The Cat NOT in the Hat!* was not a transformative work solely on the basis that it did not comment on or criticize the original. Perhaps a better way to have decided the case would have been to conclude that, even if it were a transformative work, the authors appropriated too much of the original (under the third factor), since they did not provide sufficient justification for using Seuss' works in the first place.

The Ninth Circuit's shortcoming lies in its assumption that satires do not merit fair use protection. The reasoning behind this assumption may be generally acceptable: authors should be able to license potential satirists to use their copyrighted works. However, the law needs to go beyond generalities if it seeks to create a rigid, bright-line rule. There may be cases where a satirist has legitimate, artistic reasons for using others' copyrighted material and where the satire would clearly fall under fair use considering the four factors. One response to this hypothetical is that an artist should have the right to control the use of his work, no matter how arbitrary his decisions be. This response, however, is inconsistent with the rationale for giving fair use protection to parodies, which ultimately is to enrich the public through creation of more works. There is no absolute reason why parodists need to use the original to criticize it. One obvious solution is to deny both parodies and satires fair use protection. However, that would be extreme and unnecessary. The courts are fully capable of sorting out which parody or satire needs to use the original in order to make some valuable contribution to the society, how much appropriation is acceptable, and whether such use may harm the market for the original.

The Supreme Court in *Acuff-Rose* put to rest the notion that any one factor is determinative of whether a work which uses copyrighted material deserves fair use protection. The Court thereby made the section 107 fair use analysis the appropriate test for evaluating parodies. It follows that the same treatment be given to satires as well. The recent trend seems to be to make the application of the fair use doctrine more reasonable and

fair. By retaining a rigid rule that denies fair use protection to satires, the Ninth Circuit is undermining the theory behind the copyright system, which is to promote the arts.

Distinguishing between parody and satire has, in this case, resulted in a decision which may have unforeseen consequences due to the popularity of Dr. Seuss' books. As the district court found, several elements of Dr. Seuss' works have fallen into the public domain. And, it may be argued, the patois of Dr. Seuss' works have become an integral part of the American vernacular. That is, his style and witty rhymes have become a *means* of communication in such a way that certain ideas may not be conveyed effectively without using them. Making commentary on Dr. Seuss' works (parody) a requisite for fair use may have a chilling effect on attempts to communicate using such patois.

