

Mcgucken v. Pub Ocean Ltd.

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CASE SUMMARY

McGUCKEN V. PUB OCEAN LTD.

CHRISTINA ROBINSON*

I. INTRODUCTION

The Copyright Act (the “Act”) seeks to further the cultural advancements of the United States and the world by protecting the exclusive rights of artists and scientists.¹ The Act affords artists and scientists the ability to create expressions free from the fear of losing the fruits of their work to others who may infringe upon those rights.²

On the other hand, the fair use doctrine protects the interests of secondary creators—those whose work builds upon the work of their predecessors—often by copying elements or portions of the original works.³ The fair use doctrine operates as an affirmative defense to copyright infringement and is often invoked in the context of the First Amendment right to freedom of speech.⁴

[T]he fair use of copyrighted work . . . for purposes such as . . . news reporting, . . . is not an infringement of copyright. To determine whether an item qualifies as fair use, courts examine these factors: (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

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¹ 17 U.S.C. §§ 101 et. seq. (1976) (amending 17 U.S.C. §§ 101 et. seq. (1947)).

² See generally, U.S. Const. Art. 1, § 8.

³ See generally, Pamela Samuelson, *Copyright and Freedom of Expression in Historical Perspective*, 10 J. INTELL. PROP. L. 319, 332 (2003). Available at: <https://digitalcommons.law.uga.edu/jipl/vol10/iss2/8>.

⁴ *Id.*

(4) the effect of the use upon the potential market for or value of the copyrighted work.⁵

As the Supreme Court of the United States has held, “the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works,”⁶ or those which “add[] something new, with a further purpose or different character, altering the first with new expression, meaning, or message.”⁷ Inherent problems with copyright law lie at the intersection of these two interests.

In *McGucken v. Pub Ocean Ltd.*,⁸ the Ninth Circuit’s reversal of the United States District Court for the Central District of California’s *sua sponte* decision in favor of Pub Ocean highlights the difficulty courts face in analyzing fair use. Specifically, a finding relative to transformativeness under the first factor can significantly influence the analysis of the other three factors, leading to unpredictable results.

II. BACKGROUND

The Supreme Court has said that “modern courts’ use of the [fair use] doctrine, makes clear that the concept is flexible, that courts must apply it in light of the sometimes conflicting aims of copyright law, and that its application may well vary depending upon context.”⁹ With that in mind, this section explores the history of this case by first reviewing its factual background and then examining its procedural background.

A. FACTUAL BACKGROUND

On March 7, 2019, photographer Dr. Elliot McGucken¹⁰ began a trek through California’s Death Valley, “America’s lowest, hottest, and driest national park”¹¹ Camera in hand, McGucken set out to capture the splendor of the park’s Badwater Basin after an unseasonal rainfall when he encountered an unexpected obstacle that was atypical for

⁵ *McGucken v. Pub Ocean Ltd.*, No. 2:20-CV-01923-RGK-AS, 2021 WL 3519295, slip op. at *2 (C.D. Cal. July 27, 2021), *rev’d and remanded*, 42 F.4th 1149 (9th Cir. 2022); 17 U.S.C. § 107.

⁶ *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 582-83 (1994).

⁷ *Id.* at 579.

⁸ *McGucken v. Pub Ocean Ltd.*, 42 F.4th 1149 (9th Cir. 2022).

⁹ *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1197 (2021).

¹⁰ In addition to being “one of the most-viewed and most-awarded photographers working today[.]” Dr. McGucken is also an author, “conservationist, and award-winning Ph.D. physicist” who graduated cum laude from Princeton University, and whose “research on an artificial retina prosthesis is now helping restore sight to the blind.” ELLIOT MCGUCKEN, <https://www.emcgucken.com/Dr-Elliot-McGucken-Fine-Art-Photography> (last visited Nov. 19, 2022).

¹¹ NATIONAL PARK FOUNDATION, <https://www.nationalparks.org/explore/parks/death-valley-national-park> (last visited Nov. 19, 2022).

this desert environment.¹² An estimated 10-mile-long lake had emerged following approximately .84 inches of rainfall in a twenty-four-hour period.¹³ Recognizing an opportunity to “render rare, fleeting[,] eternal beauty,” McGucken carefully selected his camera angles and produced what ultimately became a series of twelve photographs (“Photos”) of the temporary lake.¹⁴ After editing the Photos, McGucken published them to his Instagram account.¹⁵ After weeks of widespread sharing on Instagram, McGucken successfully licensed the Photos to several media outlets.¹⁶ The Photos ultimately appeared in articles in *SF Gate*, *Daily Mail*, *National Parks Conservation Association*, *PetaPixel*, *Smithsonian Magazine*, *AccuWeather*, *Atlas Obscura*, and *Live Science*.¹⁷

Pub Ocean Limited¹⁸ (“Pub Ocean”) is a UK-based digital publisher that operates various websites appealing to travel enthusiasts, history buffs, parents, and fans of pop culture or current events. On April 15, 2019, following the success of the earlier articles, Pub Ocean published on five of its websites an article entitled, “*A Massive Lake Has Just Materialized In The Middle Of One Of The Driest Places On Earth*” (the “Article”).¹⁹ The Article featured all twelve of McGucken’s Photos, along with other photos from sources such as NASA and the National Park Service. The Article also featured text about the lake along with discussion about other desert regions such as the African Sahara.²⁰ However, unlike *SF Gate* and *Smithsonian Magazine*, Pub Ocean never sought or obtained permission from McGucken to use the Photos. In February 2020, McGucken filed a complaint against Pub Ocean in the United States District Court for the Central District of California.²¹

B. PROCEDURAL BACKGROUND

McGucken’s February 2020 complaint alleged two causes of action against Pub Ocean: (1) direct copyright infringement and (2) contribu-

¹² Amy Gaff, *Rare 10-mile-long lake forms in Death Valley after heavy rains and flooding*, SF GATE (Mar. 11, 2019), <https://www.sfgate.com/weather/article/lake-Death-Valley-National-Park-flooding-water-CA-13679346.php#photo-17054119>.

¹³ *Id.*

¹⁴ McGucken v. Pub Ocean Ltd., 42 F.4th 1149, 1153 (9th Cir. 2022).

¹⁵ *Id.* at 1154.

¹⁶ *Id.* at 1155.

¹⁷ *Id.*

¹⁸ Officially incorporated as Pubocean Media UK Limited, UNITED KINGDOM COMPANIES HOUSE, <https://find-and-update.company-information.service.gov.uk/company/12719244/filing-history> (last visited Nov. 19, 2022).

¹⁹ McGucken, 42 F.4th at 1155.

²⁰ Appellee’s Answering Brief at 6, McGucken v. Pub Ocean Ltd., 42 F.4th 1149 (9th Cir. 2022) (No. 21-55854), 2022 WL 162376 at *6 [hereinafter *Pub Ocean’s Answer*].

²¹ *Id.*

tory copyright infringement. In June 2020, McGucken moved for summary judgement.²² Although Pub Ocean did not file a formal cross-motion for summary judgement, it included in its opposition motion an assertion that the fair use doctrine is a complete defense to copyright infringement and asked the district court to rule *sua sponte* in its favor.²³

1. *The District Court Action*

The district court's in-chambers opinion was based in part on the undisputed facts: McGucken owned the copyright to the Photos, and Pub Ocean took and used each of them without consent. On their own, these facts establish liability for direct copyright infringement.²⁴ Thus, "[t]he sole issue before the Court is whether Defendant's article constitutes fair use. If the Court finds Defendant's article was not fair use, then it will be liable for violating Plaintiff's copyright. But if the article's use was fair, the doctrine shields Defendant from liability."²⁵

The district court's analysis of the facts required application of what has been called "the most troublesome [doctrine] in the whole of copyright."²⁶ After acknowledging the problems inherent in the flexibility of the fair use factors, which "some commentators have noted . . . renders them effectively useless[.]" the court "[s]oldier[ed] on to face the fair use doctrine."²⁷

a. *Factor One: The Purpose and Character of the Use*

The district court found that the first factor favored Pub Ocean for three reasons: (1) the Article qualified as "news reporting," which is one of the enumerated protected categories listed in 17 U.S.C. § 107; (2) the Article's use of the Photos was a "transformative" use; and (3) on balance, the Article's commercial nature "does not wholly negate its transformative nature."²⁸ To clarify, § 107's preamble lists several

²² Appellant's Opening Brief at 6, McGucken v. Pub Ocean Ltd., 42 F.4th 1149 (9th Cir. 2022) (No. 21-55854), 2021 WL 5442139, slip. op. at *6 [hereinafter *McGucken's Open*].

²³ *Id.*

²⁴ Skidmore as Tr. for Randy Craig Wolfe Tr. v. Led Zeppelin, 952 F.3d 1051 (9th Cir.) (2020) ("[t]o prove infringement, 'a plaintiff to show: (1) that they own a valid copyright in the work; and (2) that the defendant copied protected aspects of the work' (internal citation omitted).

²⁵ *McGucken*, slip op. at *2.

²⁶ *Id.*

²⁷ *Id.* (citing as an example that "[t]he [fair use] doctrine has been said to be 'so flexible as virtually to defy definition.'" (Princeton Univ. Press v. Michigan Document Serv., Inc., 99 F.3d 1381, 1392 (6th Cir. 1996)).

²⁸ *Id.* at *2-4.

enumerated examples²⁹ of works that may qualify as fair use, then advises that courts must always analyze the four factors.³⁰ Although apparently misaligned with the structure of the statute, the district court's analysis of the issue of "news reporting" appeared under its analysis of the first factor.³¹ (*See infra* Section 2(a)(i).)

b. Factor Two: The Nature of the Copyrighted Work

The district court found the second factor favored McGucken.³² The second factor of the fair use analysis considers the extent to which the copyrighted work is creative and whether it is unpublished.³³ Here, despite the depiction of a natural phenomenon, the court found that the Photos' various angles, lighting, and viewpoints made the Photos "highly creative."³⁴ Thus, the court found the second factor favored McGucken.³⁵

c. Factor Three: The Amount and Substantiality of the Portion Used

The district court found the third factor favored Pub Ocean.³⁶ The third factor of the fair use analysis asks whether the "'quantity and value of the materials used' are reasonable in relation to the purpose of the copying."³⁷ Here, the court noted that Pub Ocean did not crop any of the ten³⁸ Photos and displayed the "heart" of each individual copyrighted picture.³⁹ Regardless, the court reasoned further that "[t]he [P]hotos must be viewed in the context of the entire [A]rticle."⁴⁰ That is, from the court's perspective, the controlling consideration was that the Photos had

²⁹ 17 U.S.C. § 107 ("[T]he fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as *criticism, comment, news reporting, teaching* (including multiple copies for classroom use), *scholarship, or research*, is not an infringement of copyright.") (emphasis added).

³⁰ *Id.* ("[T]he factors to be considered shall include—(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.")

³¹ *McGucken*, slip op. at *2-4.

³² *Id.* at *4.

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.* (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586 (1994)).

³⁸ The district court stated that Pub Ocean used ten of the twelve Photos, a factual error to be addressed on appeal.

³⁹ *McGucken*, slip op. at *4.

⁴⁰ *Id.* (emphasis added).

been combined with many others that were “selected, coordinated, [and] arranged” to create an “original work of authorship,” i.e., the Article.⁴¹ Ultimately, the court found that “[a]t bottom, the other photos and commentary render the amount of Plaintiff’s copyrighted images insubstantial in context. This factor therefore favors a finding of fair use.”⁴²

d. Factor Four: The Effect on the Potential Market

The district found the fourth factor also favored Pub Ocean.⁴³ Here, the court noted that historically this factor has been “undoubtedly the single most important element of fair use.”⁴⁴ In the eyes of the U.S. Supreme Court, when a “second use is transformative, market substitution is at least less certain, and market harm may not be so readily inferred.”⁴⁵ Moreover, the district found that when “a commercial use amounts to mere duplication of the entirety of an original[,]” there is a greater chance of market harm.⁴⁶ As a result, despite the existence of a viable market for McGucken’s photos—which McGucken had established via his prior licensing agreements with, inter alia, *SF Gate* and *Smithsonian*—the court found that Pub Ocean’s transformative use muted the degree of market substitution.⁴⁷ As support for this finding, the court cited McGucken’s successful licensing of the Photos to the *Daily Mail* a month after the Article was published.⁴⁸ Thus, the court reasoned that the Article “did not seem to usurp or destroy the market for [McGucken’s] photos.”⁴⁹

e. The District Court’s Conclusion

Its analysis complete, the court held that three of the four fair use factors favored Pub Ocean and rendered a *sua sponte* judgement in Pub Ocean’s favor.⁵⁰

⁴¹ *Id.* (citing *Monge v. Maya Mags., Inc.*, 688 F.3d 1164, 1178 (9th Cir. 2012)).

⁴² *Id.* at *5.

⁴³ *Id.*

⁴⁴ *Id.* (quoting *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 566 (1985)).

⁴⁵ *Id.* (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 591 (1994)).

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

⁵⁰ *Id.*

2. *Fair Use Arguments at the Ninth Circuit Court of Appeals: The Battle of the Briefs*

Following the district court's *sua sponte* judgement, McGucken filed his Appellant's Opening Brief with the Ninth Circuit Court of Appeals. McGucken presented the single issue of whether the district court erred "when it denied summary judgment for McGucken and entered a *sua sponte* judgment in favor of Pub Ocean that found Pub Ocean's exploitation of McGucken's photography without consent to be 'fair use[.]'"⁵¹

Both McGucken and Pub Ocean filed briefs with the court. In his Appellant's Opening Brief, McGucken challenged the district court's ruling both procedurally and substantively.⁵² Procedurally, McGucken argued that the district court improperly adjudicated the case *sua sponte*.⁵³ Substantively, McGucken argued that the district court misapplied the four fair use factors.⁵⁴ Following Pub Ocean's answering brief, McGucken filed a reply brief.⁵⁵ Based on the parties' briefs, the Ninth Circuit considered several aspects of the district court's analysis, including (1) whether the Article could be considered news reporting; (2) both the commercial nature and transformative use prongs of the first factor; (3) the proper legal standard for analyzing the third factor; and (4) both specific and general effects of the fourth factor. Because the district court had found the second factor weighed in McGucken's favor, it is not analyzed here.

a. *News Reporting*⁵⁶

McGucken argued in his opening brief that the Article can't be considered "news reporting" for three reasons: (1) the time between the

⁵¹ *McGucken's Open*, *supra* note 22, at *1.

⁵² *Id.* at *passim*.

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ Appellant's Reply Brief, *McGucken v. Pub Ocean Ltd.*, 42 F.4th 1149 (9th Cir. 2022) (No. 21-55854), 2022 WL 414199 [hereinafter *McGucken's Reply*].

⁵⁶ Recall that § 107 contains in its preamble several enumerated examples of works that may qualify as fair use. *See supra* Section 1(a). Unlike the district court's analysis, McGucken's briefs followed this statutory structure by arguing separately whether Pub Ocean's use qualified as "news reporting." *See generally, McGucken's Open*, *supra* note 22; *McGucken's Reply*, *supra* note 55. By contrast, Pub Ocean's brief followed the district court's structure, discussing "news reporting" under the first factor. *See generally, Pub Ocean's Answer*, *supra* note 20. There does not appear to be a rigid requirement that courts must necessarily analyze the enumerated examples before the four factors, and the Supreme Court has said, "[t]he enquiry [under the first factor] may be guided by the examples given in the preamble to § 107, looking to whether the use is for criticism, or comment, or news reporting, and the like[.]" *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578-79 (1994).

event reported and the publication was too long to be considered “breaking, recent, or contemporaneous . . .”; (2) the Article’s content appeared to have been copied from third-party sites, including *SF Gate*, conduct which McGucken argues is not “news reporting”; and (3) Pub Ocean used the “Article not to inform, but to draw viewers to its advertisement-laden websites”⁵⁷

Pub Ocean’s answering brief argued first that McGucken cited no authority to support his contention that an article is not “news” if the event on which it comments or reports occurred a month or two before the publication.⁵⁸ Second, Pub Ocean dismissed McGucken’s argument that the Article appears to have been copied from third parties, claiming the Article “pulled from numerous sources . . . and **plainly and clearly credited those sources**[.]”⁵⁹ Pub Ocean suggested further that “McGucken continues to focus on his Photos to the exclusion of the majority of both the Article and the photos used that have **nothing** to do with him or his work.”⁶⁰ Finally, Pub Ocean addressed McGucken’s third argument, claiming that although “[a]lmost all newspapers, books[,] and magazines are published by commercial enterprises that seek a profit,” news reporting still supports a finding of fair use.⁶¹

b. Factor One

McGucken’s arguments relating to the first factor of the fair use analysis considered both the commercial purpose of the Article and the non-transformative purpose of the use.

i. Commercial Nature of the Use

McGucken first highlighted all of the ways Pub Ocean had profited from the use of the Photos without paying the customary licensing fee, arguing that “the degree to which the unauthorized copier exploits the copyright for commercial gain—as opposed to incidental use as part of a commercial enterprise—affects the weight afforded to commercial nature as a factor.”⁶² In response, Pub Ocean, rather than disputing its for-profit

Thus, this Case Summary will follow the structure of the source document(s) for each section to ensure the most accurate discussion.

⁵⁷ *McGucken’s Open*, *supra* note 22, at *13-15.

⁵⁸ *See generally*, *Pub Ocean’s Answer*, *supra* note 20, at *18-19.

⁵⁹ *Id.* at *19-20 (bolded text in original).

⁶⁰ *Id.* (bolded text in original).

⁶¹ *Id.* at *20 (citing *Mattel, Inc. v. Walking Mountain Productions*, 756 F.3d 792, 803 (2003)).

⁶² *McGucken’s Open*, *supra* note 22, at *15 (citing *Elvis Presley Enterprises, Inc. v. Passport Video*, 349 F.3d 622, 627 (9th Cir. 2003) (overruled on other grounds)).

status, simply quoted *Mattel, Inc. v. Walking Mountain Prods.*, arguing that “even works involving comment and criticism are generally conducted for profit in this country.”⁶³ Further, Pub Ocean cited *Calkins v. Playboy Enter. Int’l Inc.*, arguing that even if “mere commercial use of copyrighted material generally weighs against . . . fair use,” the courts must “consider whether and to what extent the new work is transformative[.]”⁶⁴

In reply, McGucken asserted that Pub Ocean had failed to analogize or distinguish its own use to that of either *Mattel* or *Calkins*, both of which are factually distinguishable.⁶⁵ Specifically, *Mattel* involved a “parody,” not a “putative news piece,” while in *Calkins*, the defendant’s “reproduced image was much smaller and served an entirely different function than the original image.”⁶⁶ Thus, McGucken argued, Pub Ocean failed to meet its burden of “establishing that its wholesale, commercial use of the previously unpublished photos constituted fair use.”⁶⁷

ii. *Transformativeness*

On the transformative sub-factor, McGucken first argued that Pub Ocean “simply repackaged” the Photos, providing no new aesthetic, information, understanding, or expression.⁶⁸ Indeed, said McGucken, none of the content of the Article was “new.”⁶⁹ Instead, the Article just “repackaged . . . [the P]hotos with other material copied from elsewhere on the internet.”⁷⁰ Further, Pub Ocean used those Photos for the very same purpose that all authorized licensees used them.⁷¹ Thus, the Article did not serve a transformative purpose, but only superseded the object of the original.⁷²

McGucken addressed the district court’s use of Ninth Circuit precedent in its opinion by emphasizing that the district court “appeared to disregard Pub Ocean’s naked assertion that its work was ‘transformative,’ choosing instead to focus on a trio of Ninth Circuit cases⁷³ sur-

⁶³ *Pub Ocean’s Answer*, *supra* note 20, at *20, 25 (quoting *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 803 (9th Cir. 2003) (internal citation omitted)).

⁶⁴ *Pub Ocean’s Answer*, *supra* note 20, at *20, 25, (citing *Calkins v. Playboy Enter. Int’l Inc.*, 561 F. Supp. 2d 1136, 1141-42 (E.D. Cal. 2008)).

⁶⁵ *McGucken’s Reply*, *supra* note 55, at *20.

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ *McGucken’s Open*, *supra* note 22, at *21.

⁶⁹ *Id.* at *21-22.

⁷⁰ *Id.*

⁷¹ *Id.*

⁷² *Id.* at *22.

⁷³ *L.A. News Serv. v. Reuters Television Int’l.*, 149 F.3d 987, 993 (9th Cir. 1998), as amended on denial of reh’g and reh’g en banc (Aug. 25, 1998) (holding that simply rebroadcasting footage

rounding footage of the 1992 Los Angeles riots that neither party cited nor argued.”⁷⁴ McGucken argued that the third case in particular erroneously swayed the district court.⁷⁵ Specifically, in *L.A. News Serv. v. CBS Broad.* (“*CBS*”), the Ninth Circuit held that placing a clip of footage into an introductory montage was a fair use because it served a different purpose than rebroadcasting the footage to inform the public about the riots.⁷⁶ This transformative purpose, McGucken argued, was lost on the district court, which appeared to focus more on use in a montage generally.⁷⁷ By focusing on use in a montage generally, argued McGucken, the district court found Pub Ocean’s use of the Photos was similar to that of the montage in *CBS* and seemingly presumed the use was transformative.⁷⁸ In fact, the district court even attributed significance to their determination that Pub Ocean used “more editing and arranging” than what was held to be transformative in *CBS*.⁷⁹ But according to McGucken, Pub Ocean merely “cobbled together” the Photos with other photos and captions in the Article, which does not parallel the transformative *purpose* of the montage in *CBS*.⁸⁰

Moreover, McGucken argued that Pub Ocean’s “editing and arranging” actually falls under the purview of derivative works.⁸¹ Derivative works are defined in relevant part as works “based upon one or more preexisting works, such as a[n] . . . art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted.”⁸² Such “minor changes,” McGucken stated, “do not necessarily transform a work’ and are instead evidence of an unlawful derivative.”⁸³ Finally, McGucken attacked the district court’s finding that the Article’s “added writing gives context to the [P]hotos beyond what is

was not transformative); *L.A. News Serv. v. KCAL-TV Channel 9*, 108 F.3d 1119, 1122 (1997) (holding that simply adding voice-overs to rebroadcasted footage was still not enough to transform a work, despite the “newsworthiness”); *L.A. News Serv. v. CBS Broad., Inc.* 305 F.3d 924 (9th Cir. 2002) (holding that placing the footing in a montage to serve as part of an opening credit sequence for a different television show served a transformative purpose).

⁷⁴ *McGucken’s Open*, *supra* note 22, at *23-25.

⁷⁵ *Id.* (arguing that at least two of the cited cases strongly supported McGucken’s position, but that all the cases differed from the instant case because all related to fast-breaking news of the 1992 Los Angeles Riots, a topic of great newsworthiness both locally and nationally).

⁷⁶ *Id.* at *25-26 (citing *CBS Broad.*, 305 F.3d at 939).

⁷⁷ *Id.* at *26-28.

⁷⁸ *Id.*

⁷⁹ *Id.* (quoting the district court’s finding that “[e]ven with the stitch-for-stitch copying of [McGucken’s] photos, [Pub Ocean did] more editing and arranging than what was done in *CBS Broadcasting*, in which the Ninth Circuit found the work to be transformative.”).

⁸⁰ *Id.* (emphasis added).

⁸¹ *Id.* at *27 (citing *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 36 (2d Cir. 2021); 17 U.S.C. § 107).

⁸² *Id.*

⁸³ *Id.* (quoting *Monge v. Maya Mags., Inc.*, 688 F.3d 1164, 1174 (9th Cir. 2012)).

already apparent.”⁸⁴ This finding was erroneous because “[m]oving material to a new context is not transformative in and of itself—even if it is a ‘sharply different context.’”⁸⁵

In its answering brief, Pub Ocean defended the district court’s analysis of the transformative subfactor by quoting a significant portion of the district court’s order, including the portions referencing the trio of cases upon which the district court had relied, as well as citing additional cases it claimed were consistent with the district court’s decision.⁸⁶ From there, Pub Ocean reiterated that McGucken’s Photos were but a small portion of the Article, and that the Article is “much more expansive than the Photos.”⁸⁷

In reply, McGucken strongly asserted that Pub Ocean used the Photos in the exact same way as those publications which had licensed the Photos, i.e., as an illustrative aid in a story about Death Valley.⁸⁸

c. Factor Three

Factor three was heavily disputed, with the argument turning on the proper legal standard. McGucken claimed the district court applied the wrong standard by looking at the portion of the copyrighted works (Photos) in relation to the *infringing* work (Article) as a whole.⁸⁹ As such, Pub Ocean’s “verbatim” copying of all twelve Photos, without alteration is “both quantitatively and qualitatively significant.”⁹⁰ Regarding the use of all twelve photos, McGucken argued that the district court committed an error of law by focusing on the Article despite finding that Pub Ocean took “the heart of each individual copyrighted picture.”⁹¹ The court also erred on the facts by incorrectly concluding in its order that Pub Ocean “included ten of the Plaintiff’s twelve photos.”⁹²

Pub Ocean’s reply doubled down on its argument that the district court correctly analyzed the Photos in relation to the Article as a whole.⁹³ Pub Ocean reasoned that McGucken cited no authorities supporting his

⁸⁴ *Id.* (quoting *Oracle Am., Inc. v. Google LLC*, 866 F.3d 1179, 1201 (Fed Cir. 2018)) (internal citation omitted).

⁸⁵ *Id.* (quoting *Oracle*, 866 F.3d at 1201).

⁸⁶ *Pub Ocean’s Answer*, *supra* note 20, at *21-23.

⁸⁷ *Id.* at *24.

⁸⁸ *McGucken’s Reply*, *supra* note 55, at *16-17.

⁸⁹ *McGucken’s Open*, *supra* note 22, at *27 (citing *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586 (1994); 17 U.S.C. § 107),

⁹⁰ *Id.* at *33.

⁹¹ *Id.*

⁹² *Id.*

⁹³ *Pub Ocean’s Answer*, *supra* note 20, at *27-28.

suggestion that the analysis should be conducted otherwise.⁹⁴ In reply, McGucken reiterated his arguments, citing decisions by other courts, including the U.S. Supreme Court.⁹⁵ McGucken argued that “[i]t is immaterial what percentage of the infringing work contains copied material. . . [C]onversely[,] the inquiry focuses on what percentage of the copyrighted work is used.”⁹⁶

d. Factor Four: The Effect on the Market

McGucken’s fourth factor argument consisted of three considerations.⁹⁷ First, the district court’s erroneous finding of transformative use caused it to ignore the fourth factor analysis, thereby failing to hold Pub Ocean to its burden of proving its use of the Photos did not usurp McGucken’s market for the Photos.⁹⁸ Second, Pub Ocean could not have carried its burden because its use of the Photos is the very type of derivative market, i.e., a licensing market, that McGucken had already established prior to the use.⁹⁹ Finally, if the type of use in which Pub Ocean had engaged became widespread, publishers would be entirely disincentivized to ever pay a licensing fee to photographers, and instead would simply claim fair use.¹⁰⁰

In its answer, Pub Ocean contended that McGucken failed to “address in his opening brief that undisputed evidence demonstrated McGucken was still able to license the Photos after the Article was published in April 2019.”¹⁰¹ Pub Ocean argued that because McGucken licensed the Photos—once—after the Article was published, McGucken “failed to provide any evidence that he lost licensing opportunities because of the Article.”¹⁰²

In his reply, McGucken devoted no less than six pages to addressing the effect on the market.¹⁰³ He argued first that the Article serves as a direct market substitute for McGucken’s own display.¹⁰⁴ Next, McGucken argued that Pub Ocean failed to prove that widespread “copying like that at issue here would not negatively impact the entire market for licensed photos,” especially because such widespread use “would

⁹⁴ *Id.*

⁹⁵ *McGucken’s Reply*, *supra* note 55, at *22.

⁹⁶ *Id.*

⁹⁷ *McGucken’s Open*, *supra* note 22, at *38-43.

⁹⁸ *Id.*

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ *Pub Ocean’s Answer*, *supra* note 20, at *29.

¹⁰² *Pub Ocean’s Answer*, *supra* note 20, at *30.

¹⁰³ *McGucken’s Reply*, *supra* note 55, at *5.

¹⁰⁴ *Id.*

savage and disrupt the entire market for legitimately licensed photography.”¹⁰⁵ Further, Pub Ocean failed to prove its use did not (and if widespread, would not) “result in a substantially adverse impact on the potential market” for the original work and “the market for derivative works” because the harm to both markets would “effectively reverse decades of precedent, embolden online publishers to copy wholesale any photograph they desire without permission or fear of recourse from rights holders, and render the Copyright Act impuissant to protect modern photographers.”¹⁰⁶ With McGucken’s final arguments, the battle of the briefs ended. After oral arguments on May 13, 2022, the Ninth Circuit filed its opinion on August 3, 2022.

III. THE NINTH CIRCUIT COURT OF APPEALS ANALYSIS

The Ninth Circuit reviewed the district court’s decision *de novo*.¹⁰⁷ In doing so, it focused heavily on fair use factors one, three, and four.¹⁰⁸

A. FACTOR ONE

In its analysis of the first factor, given that Pub Ocean did not dispute the Article was commercial, the Ninth Circuit placed its focus on transformation.¹⁰⁹ The Ninth Circuit found that the Article was not transformative for several reasons.¹¹⁰ First, the court found that Pub Ocean did not present the Photos in a “new or different light. It use[d] them for exactly the purpose for which they were taken: to depict the lake.”¹¹¹ Next, the court opined that embedding the photos within the text of the article does not meaningfully transform the photos, but rather used the Photos as “visual filler” in the Article.¹¹² Third, the court held that Pub Ocean’s analogy of the Article to the montage at issue in *CBS* was misguided because the critical fact in *CBS* “was not that the plaintiff’s footage was placed in a collection of other video clips but that the footage served a different function when used as part of an introductory montage.”¹¹³ Fourth, as a matter of policy, the court found that if Pub Ocean’s argument that placing the Photos in a “wider context” of the

¹⁰⁵ *Id.* at *7.

¹⁰⁶ *Id.* at *9-10 (citing *Dr. Seuss Enterprises, L.P. v. ComicMix LLC*, 983 F.3d 443, 461 (9th Cir. 2020)).

¹⁰⁷ *McGucken v. Pub Ocean Ltd.*, 42 F.4th 1149 (9th Cir. 2022).

¹⁰⁸ *See generally McGucken*, 42 F.4th 1149.

¹⁰⁹ *McGucken*, 42 F.4th 1149 at 1158.

¹¹⁰ *Id.* at 1157-60.

¹¹¹ *Id.* at 1158.

¹¹² *Id.* at 1158-59.

¹¹³ *Id.* at 1159-60.

Article had merit, “[a]ny song would become a fair use when part of a playlist[,]” and “[a]ny book a fair use if published in a collection of an author’s complete works.”¹¹⁴ Finally, although the label of “news reporting” may be applicable, it does not constitute per se fair use.¹¹⁵

B. FACTOR THREE

On the third factor, the Ninth Circuit addressed Pub Ocean’s argument that because the Photos were used alongside twenty-eight other photos, McGucken’s Photos were only a small part of the whole Article.¹¹⁶ The court reasoned that although “[t]he inquiry under this factor is . . . flexible,” this approach runs contrary to the text of the statute, which plainly calls for a comparison of ‘the portion used’ to ‘*the copyrighted work as a whole*’ and not the infringing work.”¹¹⁷ Ultimately, the Ninth Circuit found that Pub Ocean was unjustified in copying the entirety of all twelve Photos, both quantitatively and qualitatively. Thus, the third factor favored McGucken.¹¹⁸

C. FACTOR FOUR

On the fourth Factor, the Ninth Circuit noted that the analysis must consider both the market harm to McGucken caused by Pub Ocean and whether “unrestricted and widespread conduct of the sort [in which Pub Ocean] engaged” would result in a “substantially adverse impact on the potential and derivative markets for the original.”¹¹⁹ Although Pub Ocean was correct in showing that there is little evidence of actual market harm to McGucken, “McGucken ‘need only show that if the challenged use should become widespread, it would adversely affect the potential market for the copyrighted work.’”¹²⁰ The Ninth Circuit found the question of widespread and unrestricted use the most persuasive.¹²¹ The court reasoned that such use, if allowed, would be “immense” and would destroy McGucken’s licensing market because “[a]s we have recognized, an infringing use would destroy a derivative market when the

¹¹⁴ *Id.* at 1160.

¹¹⁵ *Id.* at 1161.

¹¹⁶ *Id.* at 1162.

¹¹⁷ *Id.* (emphasis in original).

¹¹⁸ *Id.*

¹¹⁹ *Id.* at 1163 (internal citations omitted).

¹²⁰ *Id.* (quoting *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 568 (1985)).

¹²¹ *Id.*

infringing work is of the same type as existing works by licensed users.”¹²²

Next, the Ninth Circuit addressed Pub Ocean’s argument that potential market harm hinges on transformative use.¹²³ “Where the allegedly infringing use does not substitute for the original and serves a ‘different market function,’ such factor weighs in favor of fair use.”¹²⁴ Here, however, the Ninth Circuit noted that the potential market effect “underscores the limited extent to which Pub Ocean transformed McGucken’s work”¹²⁵ because the Article is a “ready market substitute for McGucken’s photos and the articles that would license them.”¹²⁶ Such a substitute market would appeal to any consumer interested in the Photos, and may be an even better option than a standalone collection of the Photos.¹²⁷

D. THE NINTH CIRCUIT’S CONCLUSION

On balance, the Ninth Circuit found that the district court erred in granting summary judgement in Pub Ocean’s favor because all four factors “unambiguously” favored McGucken.¹²⁸ Because there were no material facts in dispute, the district court should have granted partial summary judgement in favor of McGucken on the issue of fair use.¹²⁹ Therefore, the case was remanded to the district court with instructions to enter partial summary judgement for McGucken and for further proceedings on the other issues.¹³⁰

IV. IMPLICATIONS OF THIS DECISION

Although generally, this section of a case summary is reserved for discussion of the relevance of the instant case within its circuit and predictions of how the lower courts or other circuits will react, the auspicious timing of this decision merits a different contextual analysis. On October 12, 2022, just two months after the Ninth Circuit issued its opinion in *McGucken*, the U.S. Supreme Court heard oral arguments on an-

¹²² *Id.* (referencing *Dr. Seuss Enterprises, L.P. v. ComicMix LLC*, 983 F.3d 443, 460 (9th Cir. 2020)).

¹²³ *Id.* at 1164.

¹²⁴ *Id.* (quoting *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 591 (1994)).

¹²⁵ *Id.* internal quotations omitted.

¹²⁶ *Id.* (internal quotations omitted).

¹²⁷ *Id.*

¹²⁸ *Id.*

¹²⁹ *Id.*

¹³⁰ *Id.*

other fair use case, *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith* (“Warhol”).¹³¹

In *Warhol*, the dispute centered around a photo-portrait taken in the early 1980s of a then up-and-coming artist known as Prince, which at the time was licensed to *Vanity Fair*¹³² for use as an artist’s reference.^{133,134} Unbeknownst to photographer Lynn Goldsmith, the artist using her photo as a reference was none other than the iconic Andy Warhol.¹³⁵ After completing the commission for *Vanity Fair*, Warhol proceeded to use the reference photo as the basis for a series of sixteen portraits of Prince (the “Prince Series”) in the famous “Warhol” style.¹³⁶ Upon the death of Prince in 2016, Condé Nast International, Inc., licensed one of the Prince Series portraits for use in a special edition publication¹³⁷ about the life of the iconic popstar.¹³⁸ Following a cease-and-desist letter from Goldsmith, the Andy Warhol Foundation (“AWF”) sought a declaratory judgement from the United States District Court for the Southern District of New York on, inter alia, the issue of whether use of the Prince Series constituted fair use as a matter of law.¹³⁹

The district court sided with AWF.¹⁴⁰ Goldsmith appealed to the United States Court of Appeals for the Second Circuit, arguing that “the district court’s conclusion that the Prince Series works are transformative was grounded in a subjective evaluation of the underlying artistic message of the works rather than an objective assessment of their purpose and character.”¹⁴¹ Further, “the district court’s error in analyzing the first factor was compounded in its analysis of the remaining three factors.”¹⁴² The Ninth Circuit agreed with Goldsmith, reversed the grant of summary judgement in AWF’s favor, vacated the district court’s dismissal of Goldsmith’s infringement claim against AWF, and remanded to the district

¹³¹ *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 143 S. Ct. 51 (2022); Transcript of Oral Argument, *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, (Oct. 12, 2022) (No. 21-869) [hereinafter *Warhol Transcript*].

¹³² *Vanity Fair* is a magazine brand which is owned and published by Condé Nast International Inc.

¹³³ Joby Dorr, *Is Using References for Art Cheating or a Valuable Tool?*, JOBY DORR BLOG (April 28, 2001), <https://www.jobydorr.com/blog/2021/2/10/how-to-use-reference-for-art-when-its-good-and-when-its-bad> (“In the visual arts, using reference is the practice of discovering information in a photo and/or real-world object, person, or location . . . to give the artist better understanding of their subject and create a stronger sense of believability in the art that is being created.”).

¹³⁴ *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 33 (2d Cir. 2021).

¹³⁵ *Id.*

¹³⁶ *Id.*

¹³⁷ *The Genius of Prince*, A CONDÉ NAST SPECIAL COMMEMORATIVE EDITION, May 17, 2016.

¹³⁸ *Andy Warhol Found. for Visual Arts, Inc.*, 11 F.4th at 33.

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ *Id.*

¹⁴² *Id.*

court for further proceedings.¹⁴³ However, AWF successfully petitioned for rehearing following the U.S. Supreme Court's holding in *Google LLC v. Oracle Am., Inc.*¹⁴⁴ Regardless, the Second Circuit declined to change its ruling based on *Google* because, in its view, the unusual context of *Google* had no bearing on the instant case.¹⁴⁵

Like *McGucken*, the fair use analysis in *Warhol* focused heavily on the transformative subfactor of factor one—the purpose and character of the use.¹⁴⁶ In its petition for certiorari, AWF presented the single issue to the Court of whether the Second Circuit had erred in failing to consider the meaning and message of the Prince Series in its first factor analysis.¹⁴⁷ At oral argument, both parties disputed what should be the appropriate test under the first factor, and neither party briefed, nor presented to the Court, any issues related to the other fair use factors.¹⁴⁸ Specifically, AWF argued that the test under the first factor should focus on transformativeness and urged the Court to rule that a different meaning or message, if any, in the second work should factor into whether the second work serves a transformative purpose.¹⁴⁹ Goldsmith argued that the test should require the burden-bearer to make a showing that the copying at issue was “necessary, or at least useful” in achieving the different purpose, so as to provide a “justification” for the copying at issue.¹⁵⁰

As of the date of this writing, mere days following the oral arguments in *Warhol*, it is unclear not only how the U.S. Supreme Court will rule, but also what impact that ruling will have as it relates to the interplay of all four fair use factors when only one factor was briefed. Regardless, the U.S. Supreme Court's decision could have a significant impact on the state of the fair use doctrine, specifically whether the transformative subfactor will retain its status as the critical inquiry in the fair use analysis.

¹⁴³ *Id.* at 54.

¹⁴⁴ In *Google LLC v. Oracle Am. Inc.*, Oracle owned the Java SE program and asserted that Google infringed its copyright in the program's code when it copied portions of the code without permission. The lower courts considered whether the code was copyrightable as a work of authorship, and if so, whether Google's use of that code was fair. The Federal Circuit held in Oracle's favor. The Supreme Court, in reviewing that decision assumed “for argument's sake, that the material was copyrightable,” but held that Google's copying of the code was a fair use. The Court emphasized “[t]he fact that computer programs are primarily functional makes it difficult to apply traditional copyright concepts in that technological world[.]” but expressly warned that its holding “ha[d] not changed the nature of those [traditional copyright] concepts.” *Google LLC v. Oracle America, Inc.* 141 S. Ct. 1183, 1208 (2021),

¹⁴⁵ *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 51-52 (2d Cir. 2021).

¹⁴⁶ *Id.* at 37-44.

¹⁴⁷ *Warhol Transcript*, *supra* note 132, at 3.

¹⁴⁸ *Id.*, *supra* note 132, at *passim*.

¹⁴⁹ *Id.*, *supra* note 132, at 3.

¹⁵⁰ *Id.*, *supra* note 132, at 60.

V. CONCLUSION

In *McGucken v. Pub Ocean Ltd.*, the Ninth Circuit reversed the district court's *sua sponte* decision in favor of Pub Ocean, directed the district court to enter judgement in favor of McGucken on the issue of fair use, and remanded the case to the district court for further proceedings on the other issues presented. This case highlights the difficulty courts face in analyzing fair use, even when, as here, the defendant copied a work in its entirety and used it for the very purpose for which it had been previously licensed. Specifically, this case shows how a finding relative to transformativeness under the first factor can dramatically impact the analysis of the other factors and produce starkly different results.