

**SEEKING A PROPER APPROACH TO TRANSFORMATIVE USE OF COPYRIGHTED WORKS****MUKUL RANI PARAJULI\*****ABSTRACT**

This paper presents a modest proposal to adopt an “observer approach” to transformative use of copyrighted works. The case of adoption of an “observer approach” is made by identifying the merits of the said approach, juxtaposed with an anticipated argument against it. This paper seeks the proper approach by discussing the defects in the traditional approaches and the new approaches to transformative use adopted under the fair use doctrine in the United States of America and the fair dealing doctrine in Canada.

**Key Words:** Copyright Law, fair use doctrine, fair dealing doctrine, transformative use, transformative use approach, user right approach, observer approach, the United States of America, Canada

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## I. INTRODUCTION

What is transformative use? Transformative use is ‘a type of creative activity in which previously existing expressions are re-used for a new purpose, with new an interpretation or with new meaning’.<sup>1</sup> The international standards for transformative use as secondary works are under the scrutiny of the Berne Convention, which sets out a general principle for exceptions under Copyright Law, under the three-step test. The three-step test provides that ‘any exception must be confined to certain special cases, which do not conflict with the normal exploitation of the work in question and which do not unreasonably prejudice the legitimate interest of the author’.<sup>2</sup> This general principle is a core standard in the ‘Copyright governance’ and has become a model for exceptions to copyright law.<sup>3</sup>

Transformative use also forms part of the first factor of the fair use doctrine in the United States of America and the fair dealing doctrine in Canada, which are referred to as ‘balancing doctrines’<sup>4</sup> in this paper. According to Judge Leval,<sup>5</sup> the court inquires and analyses, whether a particular use is a fair use by examining the first factor of the fair use doctrine, i.e., the purpose of the use. Judge Leval refers to this first factor as ‘the heart and soul of a fair use case’, under which the defendant must ‘demonstrate that their secondary use fulfils the objective of the copyright law which is ‘to stimulate creativity in the advancement of the public interest’. Similarly, Professor Rees’,<sup>6</sup> in a study and survey of the thirty-seventh circuit court opinions on fair use doctrine starting from the *Campbell* case in 1994 until 2007; provides that the court ‘recognized transformative use as a vital indicator of the fair use’. Canada adopted the principles of fair use in the landmark case of *CCH v. Law Society of Upper Canada*.<sup>7</sup>

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<sup>1</sup> Pierre N. Leval, Towards a Fair Use Standard, 103 HARV. L. REV. 130, (1990).

<sup>2</sup> World Intellectual Property Organization (1982), Berne Convention for the Protection of Literary and Artistic Work, Sept. 9, 1886, as revised at Paris on July 24, 1971 and amended in 1979, S. Treaty Doc. No. 99-27 (1986).

<sup>3</sup> Article 13, Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994 Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 3 (1994); Article 10, WIPO Copyright Treaty, Dec. 20, 1996 2186 U.N.T.S. 121; Article 16, WIPO Performances and Phonograms Treaty, Dec. 20, 1996 2186 U.N.T.S. 203.

<sup>4</sup> Fair use or Fair dealing doctrine.

<sup>5</sup> Pierre N. Leval, *supra*, note 1.

<sup>6</sup> R. Anthony Reese, Transformative and the Derivative Work Right, 32 COLUM. J. L. & ARTS, 457 (2008) 467.

<sup>7</sup> *CCH Canadian Ltd v. Law Society of Upper Canada*, [2004] 1 S.C.R. 339 (Can.).

The Canadian Supreme Court interpreted the research factor very broadly and held that the photocopying service to a researcher is an integral part of the Copyright Act. Chief Justice MacLaine noted that fair dealing is an integral part of the Copyright Act and a user's right that must balance against the rights of copyright owners, rather than merely being a defence. This case strengthened fair dealing doctrine, but at the same time created uncertainty as the court raised a narrow exception of private use to the level of a general principle.

The definition of the transformative use is not quite set in stone. This paper concurs with the two explanations of transformative use. The first explanation to be taken into account is Judge Leval's, wherein, he states that 'the transformative use must be productive and must employ the original work in a different manner or for a different purpose and where the secondary use adds value to the original work'.<sup>8</sup> He further explains, 'if the quoted matter is used as the raw material, transformed in the creation of new information, new aesthetics, and new insight and understanding, this is the very type of activity which the fair use doctrine intends to protect for enrichment of the society'.<sup>9</sup> Secondly, the definition of the Australian Government Law Reform Commission ("ALRC"), whose definition of transformative use closely sums up the definition intended in this paper. "Transformative use is the use of pre-existing works to create something new that is not merely a substitute for the pre-existing work".<sup>10</sup>

The Transformative use of copyrighted works has been promoted for copyright reforms in the United States of America,<sup>11</sup> and Canada.<sup>12</sup> Accordingly, the respective courts in these jurisdictions have adopted different approaches regarding the transformative use of the copyrighted works. This paper divides these approaches as the traditional and the new approaches to the transformative use of copyrighted works. The traditional approach takes ownership of copyright as a standard and overlooks the critical role of

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<sup>8</sup> Pierre N. Leval, *supra* note 1

<sup>9</sup> Pierre N. Leval, *supra* note 1

<sup>10</sup> Kathy Bowery, *Australian Copyright Reform Struck In An Infinite Loop*, THE CONVERSATION (January 18, 2016), <http://theconversation.com/Australia-copyright-reform-stuck-in-an-infinite-loop-52974>.

<sup>11</sup> The United States of America emphasizes for a comprehensive review of the Copyright law in order to advance the transformative use of the copyrighted materials by liberally interpreting the fair use doctrine. AUSTRALIAN LAW REFORM COMMISSION, THE COPYRIGHT AND THE DIGITAL ECONOMY INQUIRY (2016).

<sup>12</sup> MICHAEL GEIST, THE COPYRIGHT PENTAGONY: HOW THE SUPREME COURT OF CANADA SHOOK THE FOUNDATION OF CANADIAN COPYRIGHT LAW 213 (2013); MICHAEL GEIST, FAIRNESS FOUND: HOW CANADA QUIETLY SHIFTED FROM FAIR DEALING TO FAIR USE 156 (2013).

transformative use in serving the goals of copyright law and fulfilling the goals of progress. On the other hand, the courts under the new approaches have adopted a broad interpretation focusing solely on the purpose and nature of transformative use. The objective of the paper is to propose an observer approach and it aims to answer the question: Is the Observer approach to transformative use of copyrighted works a proper approach? This paper incorporates 'doctrinal legal research',<sup>13</sup> and is an argumentative paper seeking a proper approach to the transformative use of copyrighted works.

This paper proceeds in five chapters. The Introductory section I, defines the transformative use of copyrighted works and its existence in fair use and fair dealing doctrine. Section II discusses the defects of the traditional approaches to transformative use and categorizes the traditional approach into two groups: "affirmative defence and classified approach" & "restrictive and the legal transplant approach." Section III discusses the defects of the new approaches to transformative use and divides the new approach into two categories: "transformative use approach" and the "user right approach." Section IV discusses an observer approach as the proper approach to transformative use of copyrighted materials. Section V summarises and concludes the paper with the observer approach that aims to provide a useful guide to courts, the copyright drafters and reformers.

## II. DEFECTS OF TRADITIONAL APPROACHES TO TRANSFORMATIVE USE OF COPYRIGHTED WORKS

This Chapter discusses the traditional approaches adopted by the courts of the United States of America and Canada. Firstly, this part discusses the origin of the transformative use under fair abridgement by the Chancery Court of England, as a liberal approach and how eventual adoption of fair abridgement as fair use doctrine in USA imposed an affirmative defence and classified approach to transformative use. Secondly, how the Supreme Court of Canada under the fair dealing doctrine adopted a restrictive and a legal transplant approach by referring to a case under the fair use doctrine in the United States of America.

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<sup>13</sup> Mathias Siems, *Legal originality*, 28 OXFORD J. LEGAL STUDIES 147 (2008). Richard Posner describes the merits of doctrinal work as a work, which studies the 'work product of the judges and legislator which requires a good deal of analysis, restatement and critique. The task of analysis these work under the theoretical breath is the doctrinal research and methodology used in academic fields and are of inestimable importance to legal system and of greater value'.

*A. Affirmative defence and classified approach*

Under the Fair abridgement doctrine, the copyright owner's right is subjected and defined as the public fair use right. The Chancery Court of England established the fair abridgement that became an important doctrine under the Copyright Law.<sup>14</sup> Lord Hardwicke explains that a true abridgement of a published book could be an entirely separate and a new work, 'if the abridgement reflects the labour, originality, education and judgment of the editor on the secondary work.'<sup>15</sup> This case laid down the grounds for fair abridgement and set a precedent for liberal interpretation of secondary works. This opinion also advanced the position that Copyright law should serve public interest by promoting the creation of secondary works.

The Fair use doctrine originated from the fair abridgement doctrine recognizing transformative use in which the English court took a liberal view on how a person other than the author could abridge a work without the permission from the author. The subsequent development of the fair use doctrine in the United States of America witnessed an affirmative defence and classified approach to transformative use, which completely overturned the origin of liberal construction and approach to the doctrine recognizing transformative use of copyrighted works.

In the United States of America, the origin of the fair use doctrine and the transformative use of copyrighted works is observable in Justice Story's opinion in *Folsom v. Marsh*.<sup>16</sup> In this case, he stated the factors for considering 'a fair and a bona fide abridgement' which are the nature and objects of selection, the quality and value of the works used and the degree in which the use may prejudice the sale, or diminish the profits or whether the secondary work supersedes the object of original work. Patterson,<sup>17</sup> refers to this decision as, the worst intellectual property opinion ever written while commenting on the strict construction of the fair use doctrine. After this

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<sup>14</sup> In *Gyles v. Wilcox*, (1740) 26 E.R. 489 (Eng.).

<sup>15</sup> Matthew Sag, *The Prehistory of Fair Use*, 76 BROOK. L. REV., 1410 (2011).

<sup>16</sup> *Id.*

<sup>17</sup> STANLEY LINDBERY, *NATURE OF COPYRIGHT: A LAW OF USERS RIGHT* (1991). This book offers a new perspective on copyright law and legal right of individual to use copyright materials. The author discusses how

most American that the primary purpose of copyright is to protect author against the theft of their property. L.Patterson and Stanley W Linderberg challenge this notion and state the granting certain right to authors (and to the entrepreneurs who publish and market their creation) is only an incidental function of copyright, as the copyright law exists ultimately for public benefit and to promote the public welfare by the advancement of knowledge.

decision, the court reasoned and defined the nature of the fair use doctrine as a defense, to an act that would otherwise constitute infringement and codified the fair use doctrine as a statutory provision under section 107 of the Copyright Act 1976.<sup>18</sup> In *Sony Corporation of America v. Universal City Studio Inc.*,<sup>19</sup> the Supreme Court rejected a fair use defence based solely on a single factor, which is the ‘productivity of the secondary use’. Although the court recognized the utility of such a distinction, it held that the productive use test could be wholly determinative in a court’s fair use inquiry. However, these approaches adopted by the Supreme Court invited discussion for an appropriate approach to transformative use, under the fair use doctrine. And, Judge Pierre Leval explained that the ‘Supreme Court decision in the Sony Case left the copyright lawyers, judges and publishers in a state of chaos’.<sup>20</sup> Judge Leval argued for a framework in which the fundamental enquiry about the fair use should be an examination of the existence and extent of a transformative use in the secondary work. Under the Leval’s test, the courts determined whether the secondary work used the original works as raw material for creation of a new socially illuminating work. Judge Leval insisted that a considered approach to transformative use would revive the jurisprudence on secondary works.

Six years since the *Campbell Case*,<sup>21</sup> the Supreme Court applied the transformative use as a factor in approximately thirty- eight fair use opinions. These opinions suggest that in considering transformative use in a secondary work, the court classifies defendants’ work into three groups. The secondary work that adds no originality to the existing work, an original secondary work that is not a criticism or commentary, and an original secondary work which constitutes criticism or commentary. Among these three classifications, only the third group of secondary works passed the transformative use test. This classified system for transformative use, further resulted in three major difficulties. Firstly, lack of guidance for the lower courts regarding the distinction

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<sup>18</sup> *Campbell v. Acuff- Rose Music Inc.* 510 U.S 569, 577 (1994); The fair use doctrine under this statutory provision was set to ‘limit the scope of the copyright monopoly in furtherance of the utilitarian objective. In designing section 107, Congress intended to restate the existing judicial doctrine regarding fair use and offer a uniform framework for the courts to decide issues related to transformative use and secondary work. The supreme Court in the year 1994 observed that court analyses under section 107 are not only simplifying the bright line rule under the four factors: the doctrine recognizes and calls for case- by – case analysis based on four factors.

<sup>19</sup> *Sony Corporation of America v. Universal City Studio Inc.*, 464 U.S 417 (1984).

<sup>20</sup> Pierre N. Leval, *supra* note 1.

<sup>21</sup> *Campbell Case*, *supra* note 17

between transformative works and other works. Secondly, no per-se transformative finding for secondary use, which does not add original expression or creative modification to the original work as stated in the Leval's test. Thirdly, after the *Harper & Row*,<sup>22</sup> opinion and Congress report citing and approving the opinion in *Campbell v. Acuff-Rose Music, Inc.*, which is a seminal fair use decision fully, established the fair use doctrine as an affirmative defence. In *Campbell*, the court ruled that the musical group 2 Live crew's appropriation of certain elements of Roy Orbison's song "Pretty Woman" is a parody of the song constituting fair use. The Court further held that, since fair use is an affirmative defence the proponent would have the burden of demonstrating fair use. The Supreme Court reaffirmed the approach to the fair use doctrine as an affirmative defence.

From the cases discussed above, it is evident that the fair use doctrine under the traditional approach under the United States of America has classified and affirmative defence approaches. Although, the fair use doctrine is uncertain and criticized as nothing more than the right to hire a lawyer.<sup>23</sup> The recent empirical studies<sup>24</sup> have demonstrated that the adjudication of fair use doctrine adopts a restrictive and classified approach based on the first factor, the purpose and nature of the secondary work. Judge Leval's idea was to introduce a standardized framework for defining the fair use doctrine as predictable and measurable, but it ultimately led to a classified and affirmative defence approach to transformative use.

### *B. Restrictive approach and Legal transplant approach*

The Supreme Court of Canada traditionally took a restrictive approach to transformative use of copyrighted works under the fair dealing doctrine.<sup>25</sup> The two prominent cases that show the restrictive approach to fair dealing are *Bishop Case* and *Micheline case*. The first leading pronouncement of copyright law by the Supreme Court of Canada is the decision that involved the recording of a song without permission. In

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<sup>22</sup> *Harper & Row Publisher Inc. v. Nation Enterprises*, 471 U.S 539, 546 (1985).

<sup>23</sup> Marshall Leaffer, *The Uncertain Future Of Fair Use In A Global Market Place*, 62 OHIO STATE L. J. 849 (2001).

<sup>24</sup> Neil Weinstock Netanel, *Making Sense Of Fair Use*, 15 LEWIS & CLARK. L. REV. 715, 733 (2011); Barton Beebe, *An Empirical study of US Copyright Fair Use Opinions 1978-2005*, 156 PA. L. REV. 549 (2008); Pamela Samuelson, *Unbundling The Fair Use*, FORDHAM L. REV. 2537 (2009).

<sup>25</sup> Ariel Katz, *infra*, note 38.

this case, Mc Lachlan J,<sup>26</sup> observed that since the Copyright Act, a single objective is the benefit of authors, whether the work is literary, dramatic or musical.

The second pronouncement in *Michelin case*,<sup>27</sup> related to a suit against a union distribution of leaflets during a labour dispute, which included the image of the Michelin logo. In this case, the defendant argued that the use of the logo was a parody and qualified as criticism under the fair dealing exception. The Federal Court rejected the argument emphasizing on the strict interpretation of the fair dealing provision and maintained that parody was not an enumerated exception within the Copyright Act and was not synonymous with criticism. The *Bishop and Michelin* perspective ruled the Canadian fair dealing doctrine for ten years until the court shifted the approach with the *Theberge case*,<sup>28</sup> this case features explicit support for a copyright balance and due consideration for effect of copyright on innovation. In this case writing for the majority, Binnie J., states 'the proper balance with public policy objective lies not only in recognizing the creators' right, but by giving due weight to their limited nature.

The court reasoned that 'once an authorized copy of a work is sold to a member of the public, it is generally for the purchaser and not the author to determine what happens to it'. Binnie J emphasized on the 'danger of copyright that turns too far towards the copyright holder at the expense of both the public and the innovation process'. The court further noted that excessive control by copyright holders might unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interest of the society as a whole and create a practical obstacle for the proper utilization of Copyrighted works.

Canada has historically taken a livelier interest in American copyright development, even though the Canadian Law is rooted in British Law instead of United States Copyright Law. The legal Transplant approach is evident from the Canadian Court's approach while deciding the issues related to transformative use of copyrighted works. A legal transplant approach is a method of adopting some laws of another country, by some other country on the same line of provisions existing in the adopted country. This borrowing of laws or enactment or inspiration is a legal transplant.<sup>29</sup> Three important

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<sup>26</sup> *Bishop v. Stevens*, (1990) 2 S.C.R. 467 (Can.).

<sup>27</sup> *Compagnie Générale des Etablissements Michelin-Michelin & Cie v. CAW*, (1997) 2 F.C. 306 (Can.).

<sup>28</sup> *Theberge v. Galerie d'Art du Petit Champlain Inc.*, (2002) 2 S.C.R.336 (Can.).

<sup>29</sup> Alan Watson, *Legal Transplant and European Private Law* (2006), [http://awf.ius.bg.ac.rs/legal\\_transplants.pdf](http://awf.ius.bg.ac.rs/legal_transplants.pdf); USLEGALDICTIONARY <https://definition.uslegal.com/1/legaltransplant>



decisions of the Supreme Court of Canada are evidence of the legal transplant approach wherein the Canadian Court relies on the approaches adopted by the Court of the United States of America to decide cases under the fair dealing doctrine. In *Compo Co. Ltd v. Blue Crest Music Inc.*<sup>30</sup> the plaintiff sued the music company for making a sound recording infringing their copyright. The Court laid down a rule and exception in order to rely on American Copyright Precedents. Firstly, based on the similarities between the Copyright Act of United States of America and Canada and secondly, based on similar factual situation of the case, which makes it pertinent to scrutinize the case decided in the United States of America. The court observed that fundamental differences between legislations of both countries do not debar from finding some assistance from the experience of the United States Federal Courts.<sup>31</sup> The second case *CHH Canadian Ltd v. Law Society of Upper Canada*,<sup>32</sup> the court, citing Compo case indicated that United States copyright case may not be easily transferable to Canada. Although, the court reasoned that Canadian copyright protection is similar to the United States Copyright Protection, which does not extend to facts or ideas, but is limited to the expression of ideas. The court observed that the Fair use doctrine's improper extension of copyright over facts also resonates in Canada and that the Canadian test of originality lies between the British and United States of America.<sup>33</sup>

Unlike the United States, Copyright law on fair use doctrine, Canada's list of allowable fair dealing purposes is closed, and the statute contains no fairness criteria. Nonetheless, the federal court of Appeal, referring to the Compo case has found some assistance in examining the experience in the United States and compiled a list of non-exhaustive factors drawn from section 107 of the Copyright Act 1976. The Supreme Court of Canada summarized these factors as-the purpose of the dealing, the character of the dealing, the amount of dealing, the alternative of the dealing, the nature of the work and the effects of the dealing on the work and approved them generally as 'useful analytical framework to govern the determination of fairness in future cases'.<sup>34</sup>

After analysing the origin and the traditional approach of the fair use doctrine in the

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<sup>30</sup> *Compo Co. Ltd. v. Blue Crest Music et al.*, (1980) 1 S.C.R. 357 (Can.). The court decided that the US concept of manufacture was similar enough to Canadian concept of making for record pressers like their American and British counterpart, to be liable for infringement if they lacked the copyright owners' consent.

<sup>31</sup> *Id.*

<sup>32</sup> *Supra*, note 7.

<sup>33</sup> *Id.*

<sup>34</sup> *Supra*, note 30.

United States of America and fair dealing in Canada, it is clear that the courts have focused on the authors or right holders as the centre for deciding the transformative uses. It is also evident that the Canadian court refers to the approaches adopted by the Supreme Court of United States of America for deciding the transformative use under fair dealing, which lays a baseline for adopting new approaches by the court to advance the transformative use of copyrighted works.

The Court has tied the transformative use inquiry to fair use doctrine and the fair dealing doctrine, which are the balancing doctrines in copyright law. Under this balancing doctrine, the courts focus on the traditional approaches and pose questions regarding what the author intended or hoped to achieve in secondary work. Rather, the proper approach would be the observer approach, which would pose a question as to whether a secondary work has contributed a new expression to the original work from an observer's perspective. Under the traditional approach, the question wholly relies on the single factor, the purpose and nature, while making other statutory factors less significant when determining transformative use under the balancing doctrine.

### III. DEFECTS OF THE NEW APPROACHES TO TRANSFORMATIVE USE OF COPYRIGHTED WORKS

The Court in the United States of America shifted from affirmative defence and classified approach to the transformative use approach. Similarly, the Canadian court shifted from a restrictive approach to the user's right approach. As discussed in Chapter 2, the transformative use was largely, Judge Level's aim to standardize the fair use doctrine. In order to articulate transformative use, the crucial question to be asked was whether, and to what extent, new work was transformative. The courts adopted a broad approach to transformative use, which resulted, in diverse interpretation of transformative use based solely on the nature or the purpose of the secondary work and the object of the transformation. Now, transformative use ranges from use such as parodies to purely technological empowerment use like thumbnail images.

#### *A. Transformative use approach*

The judicial trend of transformative use approach started with the *Campbell case*,<sup>35</sup> and with the influence of Levels analysis that the transformative elements found in the

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<sup>35</sup> *Campbell v. Acuff-Rose Music, Inc*, 510 U.S. 569, 597 (1994).

parodic use were theoretically powerful enough to overcome factors that usually are against a finding of fairness. In *Kelly v. Arriba*,<sup>36</sup> a photographer sued a company for using an internet search engine to compile a database of images in the form of thumbnails. The court held that Arriba's use of photographs was an activity, 'enhancing information gathering techniques on the internet'. The court's finding on public benefit was enough to outweigh the commercial nature of transformative use. In *Perfect 10 v. Amazon*,<sup>37</sup> the subject of dispute was the activity of Google search engine, which located images on the website stored as a thumbnail with an index enabling easy access. Perfect 10 was in the business of supplying online images of models to its customers. They brought action against Google for infringement. Unlike the *Kelly case*, Perfect 10 had a market for reduced size images through another company, which had authority to license the use of those images on mobile phones. It is pertinent to mention here, that this factual departure from the principle precludes the fulfilment of the fourth factor and governs that there was a market for the original work that might suffer.

Instead, the court held that there was not enough evidence that members of the public had downloaded thumbnail via Google for use of their mobile phones as a result, this potential harm to Perfect 10 market remained hypothetical. The court praised the public benefits resulting from Google activity a goal that is sufficiently powerful to overcome a considerate interpretation of the fourth factor of statutory fair use doctrine. It was, according to this line of reasoning under which the court's opinion that Google's use of thumbnails is highly transformative. The court explained highly transformative use as a social benefit by incorporating an original work into a new work such as an electronic reference tool. Indeed, such a search engine provides an entirely new use for the original work, while a parody typically has the same entertainment purpose as the original work. Therefore, this finding of the court makes it clear that transformative use depends on how the notion of the purpose of a work is construed liberally based on transformation.

The *iParadigms Case*,<sup>38</sup> laid down an exemplary open-ended construction of the term

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<sup>36</sup> *Kelly v. Arriba Sift Corporation*, 336 F.3d 811 (9<sup>th</sup> Cir. 2003).

<sup>37</sup> *Perfect 10 v. Amazon.com*, 508 F.3d 1146 (9<sup>th</sup> Cir. 2007).

<sup>38</sup> *AV ex rel. Vanderhye v. iParadigms, LLC*, 562 F.3d 630 (4<sup>th</sup> Cir. 2009).

'purpose'. The term purpose was associated with the functional elements that go beyond any expenditure of creative input in the secondary work. IParadigms owned and operated an online plagiarism detection service Turnitin to compare students work against a large database of essays used by schools and colleges. In this case, a student brought an action against IParadigms for using the paper. The Appellate court observed it is not necessary that the use of copyrighted work alter or augment the original work to be transformative in nature rather, 'it can be transformative in function or purpose without actually adding to the original work.'<sup>39</sup> The court stated that IParadigms' use of the student course was completely unrelated to expressive content. Instead, it aimed at detecting and discouraging plagiarism. The social utility arising from this use and substantial public benefit through the network of educational institutions using Turnitin played a paramount role in the court's decision.

Under the transformative use approach, the secondary use needs to modify the use of the original work with the employment of a new technology and with a new function of how the work is used. The activities that carried the content under a technological innovation have found protection under the fair use doctrine, which is evident from the *Hathi Trust*,<sup>40</sup> wherein, the District Judge Harold Baer held, that the use of copyrighted works by the partnership of the University was fair; irrespective of the fact that it involved the wholesale copying of those works. The court emphasized that the transformative use is superior and advances the search capabilities, giving rise to new research methods such as text mining, which facilitates access for prints and use of copyrighted works by the disabled person. *Hathi Trust case* is another example of how the concept of transformative use in a secondary work takes a different meaning by referring to the objects and purpose of transformative use. It is evident that the transformative use is differently conceived when a new message, new meaning or new expression is governed to a work and it bears a different connotation when a new purpose is invented by the use of the work, through the use of new technologies. The court in the United States of America has adopted the standard of transformative use approach for transformative use of copyrighted works and under the fair use doctrine.

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<sup>39</sup> *Id.*

<sup>40</sup> Authors Guild, Inc. v. HathiTrust, 755 F.3d 87 (2d Cir. 2014).

Under this approach, the court has identified transformative use based solely on the purpose and object of the secondary work. The above cases show how enhancing accessibility to books and making them more useful, facilitating the search engines and access to print has found a strong base and protection as transformative use of copyrighted works. Even though the courts assess the potential benefits arising from a technological transformative use, the courts need to adopt a balanced approach and not unreasonably expand the scope of potential public benefits determined in the interest of the right holder.

### *B. User's Right Approach*

The Supreme Court of Canada in the '*Pentalogy case*',<sup>41</sup> has set a framework for a user's right approach to transformative use under the fair dealing doctrine. The court decided 'the framework for the user's right approach on the ground of growing technological innovation, which empowers the transformative use of the copyrighted works on the participative web'.<sup>42</sup> These cases are landmark decisions that have a broad interpretation of the fair dealing doctrine. The two special features of these approaches are, firstly that these approaches provide an unequivocal affirmation that copyright exception such as fair dealing doctrine is a user's right and second, that the court raised the notion of balancing creator's right and the user's right. Professor Ariel Katz,<sup>43</sup> supports the user's right approach and suggests that the court has not expanded fair dealing doctrine but has aligned the treatment to the exception with the historical records. Professor Michale Geist,<sup>44</sup> argues that the court's fair dealing analysis has effectively turned the Canadian fair dealing clause into a fair use provision.

In the *Pentalogy case*, the Canadian Supreme Court emphasized on the need for balance between copyright holder rights and user's right. These cases have shifted the court's approach from a two-stage fair dealing test towards a single analysis based test on the fairness and purpose of the use. This approach lacks the balanced approach and creates

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<sup>41</sup> MICHAEL GEIST, *THE COPYRIGHT PENTALOGY: HOW THE SUPREME COURT OF CANADA SCHOOL THE FOUNDATION OF CANADIAN COPYRIGHT LAW* (2013).

<sup>42</sup> Dr. Carlisle George and Dr. Jackal Scerri, *Web (2.0) And User- Generated Content: Legal Challenge In The New Frontier*, 2 J. INFO. L. TECH., 1-22 (2017).

<sup>43</sup> ARIEL KATZ, *FAIRNESS USE 2.0: THE REBIRTH OF FAIR DEALING IN CANADA* 93 (2013).

<sup>44</sup> Michael Geist *Fairness Found: How Canada quietly shifted from Fair dealing to Fair use*, UNIVERSITY OF OTTAWA PRESS (2013), 157.

uncertainty for transformative use of copyrighted works. During the research on feasibility of this approach, it has come to notice that the user's right approach is not entirely new for American lawyers. It was Patterson and Lindberg, who proposed this approach and published in a monograph in the year 1991.<sup>45</sup> They proposed a user's right approach that is particularly in context of the fair use doctrine. Later the courts in the United States of America adopted the conceptualized fair use doctrine as a user's right in some cases. Judge Birch,<sup>46</sup> observed that 'the fair use doctrine would be better viewed as a right granted by the Copyright Act 1976 rather than an excuse for infringement. However, the court in the *CHH case*,<sup>47</sup> did not refer to the observation made by Judge Birch, while adopting the user right approach.

The *CHH* is the first case that reached the Supreme Court with issues related to the fair dealing doctrine.<sup>48</sup> This approach lays a strong foundation for a shift from a mechanistic treatment of copyright issues to a balanced treatment between author and a user interest. The Court observed that the 'Copyright protection is a balance between promoting the public interest by encouraging the dissemination of works of the arts and intellect for obtaining a just reward for the author'.<sup>49</sup> The case strengthened fair dealing but at the same time created uncertainty, as the court raised a narrow exception of private use to the level of a general principle. Defendants who claim 'fair dealing' must show that the dealing was for the purpose of research or private study and that it was fair. Justice McLachlan examined the fair dealing factors to test whether the dealing was fair, they are (1) the purpose of the dealing; (2) the character of the dealing; (3) the amount of the dealing; (4) alternative to the dealing; (5) the nature of the work; and (6) the effect of the dealing on the work. This useful list of factors provides an analytical framework to determine fairness in future cases.

The Supreme Court of Canada emphatically reaffirmed the observations made in the

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<sup>45</sup> *Supra*, note 17.

<sup>46</sup> In *Bateman v. Mnemonic Inc.* F.3d 1532, 1542, (11<sup>th</sup> Cir 1996).

<sup>47</sup> *CCH Canadian Ltd. v. Law Society of Upper Canada*, (2004) 1 S.C.R.339 (Can.).

<sup>48</sup> *Id.* The SC rejected the argument in terms that apply to all statutory defense to infringement. Procedurally, defendant is required to prove that his or her dealing with a work has been fair. However, the fair dealing exception is as an integral part of the copyright than simply defense. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception like other exception in the Copyright act is a user right. In order to maintain the proper balance between the rights of a copyright owners and users' interest and must not be interpreted, restrictively.

<sup>49</sup> *Id.*

*CHH case*. The court continued the user's right approach for the transformative use under the fair dealing doctrine. In the *Bell case*,<sup>50</sup> the court held thirty-second song previews as a consumer research under the fair dealing doctrine. The Supreme Court observed that limiting research for creative purposes would run counter to the ordinary meaning of research, which can include any activity such as demand to establish new facts or conclusion. Similarly, in *Alberta (Education)*,<sup>51</sup> the Supreme Court adopted an expansive view of private study to include teachers' instructions. The Court observed that the user's right approach in copyright law was here to stay. The user's right approach adopts a liberal way to interpret copyright from the user's interest and the public interest.

All these decisions represent a shift from an author-centric view to user's rights. However, the courts' user's right approach with broad and liberal interpretation creates uncertainty for transformative use of copyrighted works. Besides, the fair dealing doctrine based on these decisions reaffirms user's right approach as a possible approach for transformative use of copyrighted works under the new provision of Canadian Copyright Act 2012. Since section

29.21 provides a broad exception to copyright infringement for making the use of copyrighted content in the creation of new content. The term 'use' in the section is broad enough to include the reproduction of copyrighted works.

The traditional approach takes ownership of copyright as its baseline. These approaches overlook the critical role of the transformative use in serving the goals of copyright law and fulfilling the goal of progress. On the other hand, the court under the new approaches has adopted a broad interpretation outside the statutory factors, focusing solely on the purpose and nature of transformative use.

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<sup>50</sup> *Entertainment Software Association v. Society of composer Authors and Music Publisher of Canada*, 2012 S.C.R. 34 (Can.). The Court concluded that the internet delivery of a Permanent copy of a video game containing musical works constitute a reproduction of musical work but does not amount to communication of musical works.

<sup>51</sup> *Alberta (Education) v. Canadian Copyright Licensing Agency (Access Copyright)*, (2012) 2 S.C.R. 345 (Can.); *Id.* The court broadly interpreted private study under the fair dealing to include, 'copying by teachers, explaining that teachers share a symbiotic purpose with the students who engage in private study'.

#### IV. A PROPER APPROACH TO TRANSFORMATIVE USE OF COPYRIGHTED WORKS: AN OBSERVER APPROACH

This section of the paper proposes an observer approach for transformative use by identifying the merits and by arguing against the anticipated arguments to the observer approach and attempts to answer Is the Observer approach to transformative use of copyrighted works a proper approach? The inquiry under the traditional and the new approaches for the transformative use of copyrighted works focuses on whether a secondary work is a transformative use of the original work. Under the observer approach, this paper proposes the formation of an Observer Panel and correct queries by the observer panel.

This paper proposes the Copyright Office of the respective jurisdictions to constitute the Observer Panel. The Copyright Office is an office of record, which scrutinizes the Copyright application throughout the application process, administers, studies and provides expert assistance on law. Constituting an observer panel under the copyright office would be in consonance with the United States of America Copyright office mission and objective to provide 'expert, impartial assistance to Congress, the courts, and executive branch agencies on questions of copyright law and policy.'<sup>52</sup> And, mission of the Canadian Intellectual office which plays an active role in implementing Canada's Intellectual Property Strategy.<sup>53</sup>

The Copyright Office can prepare an observer panel list by conducting an exam or interview. The Observers are persons with knowledge of the subject related to copyrighted works and their appointments are based on their experience in the field of Copyright, publications and commentaries. These qualifications ensure their knowledge in all aspects of copyright and the broadening field of copyright, including digitization and licensing that has encouraged transformative use of copyrighted works. The Observer has to be an independent person who has no private interest in the subject

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<sup>52</sup> THE UNITED STATES COPYRIGHT OFFICE, MISSION STATEMENT OF THE U.S COPYRIGHT OFFICE, <https://www.copyright.gov/about/>.

<sup>53</sup>CANADIAN INTELLECTUAL PROPERTY OFFICE, <https://www.canada.ca/en/intellectual-property-office/news/2019/02/>.



matter of copyrighted works in issue before the Court. The listed observers get authority and power to assist the court as an observer only when the party on Appeal to the Supreme Court submits miscellaneous application for the assistance of Observer Panel. After the approval of the Supreme Court, the court directs the Copyright Office to invite the Observer from the Observer list. In addition, the Observer panel is given copies of all relevant documents of the case.

The function of the Observer panel is to analyze and assist the courts by submitting the report titled 'The Observers Approach Report' ('OAR') and the reports submitted by the observer panel to the court would introduce an observer approach through the court and become part of the findings of the Supreme Court of the respective jurisdiction.

The correct query would be whether the Observer perceived the transformative use as signifying something different from the original work. This approach focuses on how the observers perceive and interpret the distance between transformative use and original work, under the three major roles as an educator, curator and researcher to the Supreme Court. They accordingly provide their analyses in their report. Firstly as an educator, they educate the court on the intricacy of the traditional and new approaches to transformative uses of copyrighted works while deciding the issue at the Appellate stage. Secondly, under a curative role, they provide a remedy by emphasizing the role of transformative use in serving the goal of copyright law and find a balance between the copyrighted work and transformative use. They provide an answer and correct query in the Observer Panel Report for the case. Third, as researcher, they keep records of the transformative work. They inquire and give critical analysis on the transformative use under the close review and scrutiny of the balancing doctrine (The Fair use and The Fair dealing doctrine).

Although the Observers have the knowledge and proficiency, the Observer Panel Report comes under strong scrutiny of the Supreme Court. The Supreme Court can reserve the right to decide the relevance of the Observer Panel report, while including it in the findings of the judgement. This Observer approach has the potential as a proper approach to transformative use and cures the defects of the traditional approach which

takes ownership of copyright as its baseline by overlooking the critical role of the transformative use in serving the goals of copyright law and fulfilling the goal of progress. Further, it cures the defects of the new approaches that have solely focused on the purpose and nature of transformative use under the balancing doctrine that aims to provide a balance between the original work and the transformative use.

*A. Merits of the Observer approach*

The proposed observer approach as the proper approach to transformative use has a number of merits and has the potential to cure the defects under the traditional and the new approaches. The observer approach to transformative use of copyrighted works would focus on:

1. Creation of new knowledge
2. Use of copyrighted works as raw material for transformative use
3. Balancing the original work and transformative use by intricately reviewing the new meaning and expression of the transformative work
4. Communicates a strong message that transformative use is a legitimate use
5. Clarifies the uncertainty associated with the fair use doctrine and the fair dealing doctrine in the respective jurisdiction

Firstly, an observer approach focuses on the creation of new knowledge, which involves human capital and individual engagement in the copyrighted materials. The Observer Panel will be able to assess whether the transformative use generates new output by involving the copyrighted works. Secondly, an observer approach focuses on the Copyrighted works as an increment for the transformative use. The approach presumes that the author does not create out of thin air, but in fact, all authors use the pre-existing copyrighted works.

Thirdly, the observer approach balances between the author and transformative work through doctrines such as the fair use doctrine (or fair dealing doctrine). These doctrines are incremental for transformative use that ensures the freedom to use copyrighted works, which is crucial for achieving copyright goals. The dynamic process of transformative use generates a new expression and meaning that occurs through

interaction among human beings by using and developing the pre-existing copyrighted works. Fourthly, an observer approach communicates a strong message that the transformative use is a legitimate use. This legitimacy offers guidance to the public to use without the copyright holder's permission which is the nature of the fair use (or fair dealing) doctrine. An observer approach recognizes the interdependency between authors, copyright works and transformative use. This approach studies the respective role of each contribution made in the creative transformation.

Fifthly, the uncertainty associated with the balancing doctrine (the fair use or the fair dealing doctrine) affects the right holder and the transformative use equally. The transformative use not adjudicated by a court falls either inside or outside the copyright owner's rights. However, if the court decides that a particular use is fair, the use falls within the exception for the use of the copyrighted materials. Under observer approach, an Observer Panel will examine all the aspects of the transformative use meticulously and adjudicate upon the issue under it to restore a balanced approach to an owner's right over the pre-existing work and transformative use.

An observer approach gives more prominence to the merits of transformative use in applying copyright law in general and fair use in particular. This approach will convey a normative message that might shape legal interpretation by expanding the locus of copyright law from the confines of the author rights to a broader sphere of transformative use by addressing both authors and transformative use of the copyrighted materials. The research and discussion in Chapter 2 and 3 reveal that the traditional and the new approaches only excuse the use of pre-existing copyrighted works. Therefore, in order to encourage transformative use, copyright law must focus on the ability to promote transformative use.

### *B. Anticipated Argument for the Observer approach*

The anticipated argument is how the Observer Panel through observer approach will cure the defects of the approaches adopted by the courts. This paper claims that the issues and defects of existing (Traditional and new) approach remedy this anticipated problem of the observer approach as to how the Observer Panel through the observer

approach cure the defects of the existing approach.

In the chapter above, we discussed how courts in two jurisdictions in the United States of America and Canada have adopted traditional and new approaches to transformative use of copyrighted works. Under the traditional approach, we identified the defects, which are:

*Affirmative defence and classified approach* by the United States of America, the affirmative defence assumes that copyright law grants the owner of the copyrighted work absolute property right under the context of exclusive rights. Such an approach may excuse a particular use or impose liability for a use that would be transformative use, other than an infringement of the pre-existing copyrighted works. The *classified approach* limits the scope of the copyright protection as a mere exception. Further, under this approach the fair use doctrine wholly puts to rest the burden of proof demonstrating fair use application on the defendant. This approach tends to limit the transformative use as a tolerated use, under the grounds of the economic incentive to create a copyrighted work rather an incentive to create a transformative and creative work that copyright law aims to promote.

Whereas, *Observer approach* to transformative use of copyrighted works, gives a constructive method to the transformative use of copyrighted works. This approach conceptualizes the transformative use as permissible rather than an excuse. In the zest of innovation and economic development, the drafter of the copyright law reform and the court must consider the merits of an observer approach and benefits of scrutiny of the Observer Panel that will communicate a strong message that transformative use are legitimate use. This message from an Observer Panel may offer guidance to the public on transformative use, which ultimately promotes the goals of copyright law to promote progress.

Under the *Restrictive approach*, a preventive measure was adapted to the rights of the author and rested it on the purchaser of copyright works. Whereas, the Observer approach ensures to permit the transformative use not only 'after the use' but also 'before the use', with the major role of an educator, curator and researcher. Education

and research on 'before the use' would influence behaviours to use the copyrighted works and incentivize new ideas to use the existing works. Under the *legal transplant approach* by Canada, the court relied and took inspiration from the cases decided by the court of the United States of America. Whereas under the proposed observer approach, the panel creates data and research for assisting the Court while deciding cases on appeal based on the laws and policies of the country. Further, sensitize and improve the balancing doctrine construction of transformative works.

Under the *transformative use approach*, the United States of America identified the use based solely on the purpose, object of transformative use of work use, and expanded the scope of the transformative use. The *User's right approach* to transformative use of copyrighted works in Canada lacks a balanced approach and creates uncertainty for transformative use. Whereas under the *observer approach*, the observer's role of a curator will ensure the balance and create certainty, they will lay emphasis through their research on how the copyrighted work and the transformative use of the work are alike and are two sides of the same coin which actively engage and promote progress.

Therefore, the observer panel provides a governing standard for fair use and fair dealing doctrine as a balancing doctrine. This paper lay emphasis on the merit of the observer approach as discussed above and reiterates that the query of the transformative use of copyrighted works should rest on the observer panel

## V. CONCLUSION

This paper presents a modest proposal for the courts to adopt an observer approach to transformative use of copyrighted works. Even though, the traditional approaches and the new approaches adopted by the court in these jurisdictions suffer from defects. The defects in these approaches have sown seeds for proper approach to the transformative use of the copyrighted work as an Observer approach, which will balance between the restrictive and broad approaches adopted by the courts. Under the observer approach, the Observer Panel would assist the court by taking into consideration and supporting the copyright goals to promote progress and advancement in the public interest. An observer approach to transformative use of copyrighted works will be one of the key

reforms in harmonization of the current copyright reform measures discussed in different jurisdictions and not confining copyright law merely to designing a proprietary regime in informational works.

The proposed Observer approach to transformative use under the balancing doctrine is a proper approach to advance the transformative use. The transformative use promotes learning absorption, transformation and dissemination of knowledge. It supports the goal of copyright, to promote the creation of new works for the benefit of the public and consequently focuses on stimulating activity that fosters creativity, learning, intellectual enrichment and progress. The transformative uses actively take part in these processes and are not parasites which benefit unjustly from the copyrighted works of other authors.

