

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FORDHAM**

-----X
SCHOLASTIC INC. and :
J.K. Rowling, :
 : **DECISION**
 : **and**
 Plaintiffs, : **ORDER**
 :
 : **Civ. No. 03-4387**
 :
 v. :
 :
 :
 MYKMAN PUBLISHERS and :
 Jenna Thomas :
 :
 :
 Defendants. :
-----X
GOODMAN, J.

FINDINGS OF FACT

Jenna Thomas is a recent graduate of Renankoff High School (“Renankoff High” pronounced “Ren-an-koff”). Renankoff High is a high school in Lincoln Center City (“Lincoln Center”) in the state of Fordham. Lincoln Center is a large urban city with many high schools. There are approximately 43,000 residents in Lincoln Center and about 1,200 students who attend Renankoff High. The students of Renankoff High have many different interests and the school has extensive academic and extra-curricular programs. In addition to a number of varsity sports teams, a drama club, debate club and community service organizations, the school's English program is one of the best in the State. The program is renowned because the senior class English teacher, Emma Lee, is an award winning writer and educator. She has won “Teacher of the Year” for the last six years and her short stories are familiar to students all over the country. Furthermore, she is a firm believer that every student who enters her classroom is not just a student, but also a writer. In order to develop the necessary skills, she encourages her students to

take their writing very seriously. Some of her students have even had their stories published in major magazines and newspapers.

During the 2002-2003 school year, Ms. Lee gave her students a new assignment. Instead of writing stories based solely on imagination, she directed each student to “draw upon” a favorite story or book and then write an original piece. Some of the students in her class were very talented writers and Ms. Lee was confident that she would be able to find a publishable work from the stories given to her. In particular, Ms. Lee knew that Jenna Thomas was a gifted writer and had aspirations of pursuing a career in the writing field. The school newspaper had published Thomas’s stories since she was a freshman. During her junior year, she submitted a story to a local magazine contest and won. She was well known and well liked in the school.

Ms. Lee gave her twelfth grade class the assignment in September of 2002 and it was due in March of 2003. She gave the students six months to work on this assignment for two main reasons. First, it would count as their senior English paper, covering 50% of their grade for the year. Second, her goal was to encourage at least one student to try to publish his or her work. Ms. Lee felt that six months would give the students adequate time to produce a quality assignment.

On March 17, 2003, the students filed into Ms. Lee’s class, one by one, dropping their final works on her desk. Ms. Lee was anxious to read all the stories, but made sure that Thomas’s paper was on the top of the pile when she got home that night. Ms. Lee was delighted – Thomas’s story (which was long enough to be a book) was better than she imagined and would certainly appeal to a publishing company. The next morning Ms. Lee made two phone calls. First, she left a message on Thomas’s phone to let her know that she loved the story and hoped to publish it. Second, she called her friend, James Kuloz, at Mykman Publishers (“Mykman” –

pronounced “Mikeman”) to have him read Thomas’s work. Mykman is a mid-sized publishing company that has been in business for fifteen years. James called Ms. Lee back that day and said that he loved the story and wanted to meet with Thomas immediately.

Thomas went to Mykman Publishers the next day to meet with James, and his boss P.J. Berwang. James had read Thomas’s story, but P.J. had not. When Thomas walked in, P.J. asked her to summarize her book. She explained as follows:

A Muggle’s Tale is the story of the magical world of Henry Patter from the perspective of a non-magical human being. A “muggle” is an ordinary human being who does not have magical powers. Wizards and witches are men and women with magical abilities. This story is from the viewpoint of a sixteen-year-old boy who mistakenly entered the Pigspots Railway – a special train that can only be entered through Gate 7¼ in Penn Station.

Ben Sommer was an average teenager who planned to take a short vacation to visit a friend in Washington D.C. before he began his junior year of high school. He went to Penn Station to catch his train to D.C. and saw a great deal of strange activity. There were throngs of people including a blonde-haired family. The youngest boy, who looked about Ben’s age, was wearing clothes that looked as though they had been worn by three boys before him. Standing with the family was a dark-haired boy with glasses. The boy had an unusual raindrop-shaped scar on his forehead. The station was crowded and Ben somehow got mixed up with this strange group and suddenly found himself on a track he had never seen before. After boarding the Pigspots Railway in all the confusion, Ben ended up at Pigspots School for the Magical Arts with Rob Welsley (the blonde-haired boy) and the black-haired, famous Henry Patter (Henry and his parents were involved in a terrible accident when he was baby, which resulted in his parents’ untimely deaths and the strangely shaped scar on Henry’s forehead.) Though famous in the wizarding world, Henry was unknown in Ben’s non-magical world. Henry and Rob were best friends and good students, and although they did not know that Ben was a muggle (they just assumed he was terrible at magic!), the boys quickly included him in their group.

The rest of the book is about Ben’s unusual experiences at Pigspots (flying broomsticks, strange animals, weird potions, munchkin-like people (reminiscent of the Wizard of Oz) serving food and cleaning the dorms, etc.) Ben specifically took notice of the fact that his two magical friends were constantly disobeying school regulations, but never faced any real consequences. They battled a two-headed lion, fought unusual creatures in the gardens, and constantly left school grounds against Pigspots rules. Although Henry and Rob’s intentions were good, Ben was keenly aware of the fact that their behavior would never be allowed back at Renankoff High (Ben’s own high school located in Lincoln Center City, Fordham.) The final lesson in the story is that the world he entered was purely

magical and fantasy – in the real world, there are repercussions when teenagers do not follow the rules. Though the lesson is serious and important, the journey was a lot of fun!

P.J. loved the idea and immediately sent the story in for edits and then publication. The promotion campaign began in July of 2003. Just days after the first advertisements for the fall 2004 release of the book, Mykman Publishers received a call from Scholastic Inc. (“Scholastic”).¹ On behalf of J.K. Rowling, Scholastic requested that Mykman stop publication of A Muggle’s Tale. Mykman refused, replying that although Thomas admitted that she had read the first book of the five in the Harry Potter series, her ideas were original. None of the Harry Potter books ever accounted for the perspective of the humans who watched the strange behavior and magical activity. Furthermore, Thomas’s characters were different, their activities were unique, and her main character, Ben Sommer, was not present in Rowling’s series. At most, her story was a parody on the oddity of a children’s book in which students constantly disobeyed the rules and faced minimal or no repercussions. Thomas, Mykman explained, believed school children should know that in real life there are consequences for your actions.

Scholastic argued that Thomas and Mykman were simply trying to beat Rowling to the presses for her sixth book. Rowling is notorious for creating a media frenzy and a great deal of suspense over the publication of her new works. Approximately three years passed between the time when her fourth book hit the store shelves and the sale of her fifth book. Scholastic knows that readers are anxiously awaiting Rowling’s sixth book, and argued that Mykman and Thomas published A Muggle’s Tale as a substitute.

Scholastic also pointed to a number of similarities between the books:

- Harry Potter is the main character. He has black hair and wears distinctive circular-shaped glasses, and his parents died at the hands of the most evil wizard when he was a baby and he was left with a lightning bolt-shaped scar as a result.

¹ Scholastic Inc. is the publishing company for J.K. Rowling’s “Harry Potter” series.

- Ron Weasley is the second from youngest of the six red-headed Weasley children. The family is always struggling with money, so Ron often uses his brothers' old school supplies and clothes.
- The magical school in Rowling's book is called "Hogwarts School of Witchcraft and Wizardry."
- The students get on the Hogwarts Express (the train to Hogwarts) through Platform 9³/₄. The students enter this platform by running straight into the dividing barrier between platforms 9 and 10 and then they magically disappear into the large post and find themselves on a platform labeled "9³/₄."
- Harry and Ron battled a three-headed dog.
- The school uses "house elves" to make the food and clean the grounds.
- In book six, the children will be sixteen years old, entering their second to last year at Hogwarts.
- The three protagonists in the Harry Potter books often disobey school rules in the interest of fighting evil. They enter the "Forbidden Forest" even though they know they are not allowed; they leave their dormitories after hours; and fight dangerous creatures.

In opposition to Scholastic's contentions, Defendants pointed out a number of differences:

- In Harry Potter, there are three main characters – two boys and a girl (the girl's name is Hermione.)
- No muggles are main characters in Rowling's books. Ben Sommer is the main character here, and the story of the magical world is from his perspective.
- Henry Patter's personal life, family, and background are not the focus of the book. In the Harry Potter books, his life, powers, and thoughts are the center of every story.
- Thomas's story focuses on the escapades of the teenagers and it barely discusses their classes and teachers. Rowling, on the other hand, spends a great deal of time discussing the personalities of the faculty at Hogwarts and the classes they teach.
- A Muggle's Tale takes place somewhere in the United States, in the State of Fordham, unlike Rowling's books which take place in England, near London.
- The point of the story is good outdoing evil for Rowling. For Jenna, it is a story about precocious teenagers who disobey rules and learn that they are still students and cannot save the world.

Despite prolonged correspondence over the matter, the two companies could not reach an agreement. On July 15, 2003, Scholastic filed an action for copyright infringement under the Copyright Act of 1976. Concurrently, Scholastic filed a motion for a preliminary injunction in the Southern District of Fordham. The first part of the decision will deal with the preliminary injunction, and the second part will address the validity of a fair use defense.

DISCUSSION

I. SCHOLASTIC HAS SATISFIED THE FOUR PART TEST FOR A PRELIMINARY INJUNCTION

This is an issue of first impression in the State of Fordham. Plaintiffs, Scholastic and Rowling, contend that Defendants, Mykman and Thomas, have infringed on their copyright to the Harry Potter series in violation of the Copyright Act of 1976. They seek a preliminary injunction enjoining Mykman from sale, distribution, display, and production of A Muggle's Tale. For the following reasons, Plaintiffs' request is GRANTED.

The preliminary injunction standard for copyright infringement has been clearly delineated by many circuits, including the Eleventh Circuit. A plaintiff is entitled to a preliminary injunction only when it can prove the following four factors: (1) substantial likelihood of success on the merits, (2) substantial threat of irreparable injury if the injunction were not granted, (3) threatened injury outweighs the harm of injunction to defendant, and (4) injunction would not disserve the public interest. Suntrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1265 (11th Cir. 2001). The first element examines the merits of the Plaintiffs' case, while the remaining three require the Court to engage in a balancing of the competing interests. The Court considers each element in turn.

A. Substantial Likelihood of Success on the Merits

To establish a substantial likelihood of success on the merits, Plaintiffs must demonstrate a prima facie case. To establish a prima facie case of infringement, "two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361 (1991).

1. Ownership of a Valid Copyright

Valid copyright ownership is not disputed in this case. Therefore, the Court moves directly to the second element – copying.

2. Copying Original Elements of the Work

Only copying, whether proven directly or inferred, constitutes infringement. There is no copyright violation if the work is independently created. Plaintiffs may establish copying in one of two ways: (1) by presenting proof of direct copying, or (2) by demonstrating that the defendant had access to the work and that there is substantial similarity between the two works. Suntrust Bank, 268 F.3d at 1266.

Direct copying is extremely difficult to show and no such evidence has been presented to the Court at his stage of the proceedings. Therefore, the Court will move immediately to the second method of proving copying. In this case, Defendants acknowledge that Thomas read the first Harry Potter book. Furthermore, the assignment for which A Muggle's Tale was produced called for the student to “draw upon” a favorite story or book. Defendant Thomas clearly intended to “draw upon” Harry Potter for the assignment, and this goes to support a conclusion regarding access. The admission of having read the book, along with the nature of the assignment establishes the first element of the prima facie case for infringement, namely that Thomas had access to the work. Next, we must determine whether Plaintiffs have met their burden of proving substantial similarity.

Plaintiffs must demonstrate a substantial similarity between the two works such that “an average lay observer would recognize the alleged copy as having been appropriated from the copyrighted work.” Herzog v. Castle Rock Entertainment, 193 F.3d 1241, 1248 (11th Cir. 1999) (finding that the copyrightable elements of the original work do not appear in the work in

question). In this regard, it is important to note that not every aspect of a work is protected expression. “Copyright cannot protect an idea, only the expression of that idea.” Suntrust Bank, 268 F.3d at 1263. The distinction between idea and expression reflect Congress’s goal of balancing authors’ rights and enjoyment of their original expression, while still encouraging the public to build freely upon the ideas and information contained in the work. Feist, 499 U.S. at 349-50. Furthermore, scenes á faire (pronounced “sen-a-fare”), which are “sequences of events which necessarily follow from a common theme,” are not copyrightable. Reyher v. Children’s Television Workshop, 533 F.2d 87, 91 (2d Cir. 1976) (determining that a quarrel between a Jewish and an Irish father is too indistinct to merit copyright protection). To grant copyright protection to scenes that unavoidably result from the choice of a setting or situation would undermine the goal of promoting creativity amongst the public. Thus, it is necessary to examine whether the works are substantially similar, but only to the extent that they involve copying of original, protected expression.

After comparing the two works, the Court finds that there is substantial similarity between the Harry Potter books and A Muggle’s Tale. In particular, the word “muggle,” which is used in Harry Potter to indicate a non-wizard human being, is a copyrightable expression. Defendant Thomas not only uses muggle in the title of the work, but also retains the same meaning as expressed in Rowling’s books. The characters and situations in Harry Potter are highly individualized and imaginative, and as such, they are more likely to qualify as protectable expression. The average person, without having knowledge of Harry Potter, would not ordinarily associate the word muggle with a human being. Additionally, other aspects of Harry Potter can be sufficiently disassociated from a story that takes place in a magical world. This disassociation takes them out of the realm of scenes á faire. These include: the gate’s fractional

number at the train station, certain traits of the characters, and various situations and events that take place. The average lay observer would identify these aspects of Thomas's book as taken from Harry Potter.

Certain aspects of a magical world, such as flying broomsticks and potions are undoubtedly natural elements of a story. As such, they are non-copyrightable scènes à faire. In this case, however, Defendant has gone far beyond copying indispensable features of a magical story. The above noted features of Harry Potter are not rudimentary, commonplace, or unavoidable. These features furnish the basis for this Court's finding that the two works are substantially similar. Furthermore, Defendant's argument that the difference in plot perspective and moral of the story constitutes sufficient differences to defeat the case for substantial similarity must be rejected. These are minor differences and would not lead the average observer to disassociate the two works.

B. Substantial Threat of Irreparable Injury if the Injunction Is Not Granted

Once copyright infringement is proven, Plaintiffs must still establish that there is a substantial threat of injury if the injunction is not granted. Because Defendants do not have a bona fide fair use defense (see discussion in Part II), irreparable harm may be presumed. Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 448 (1984). The burden is then placed upon Defendants to prove that irreparable injury will not occur. The evaluation of irreparable injury requires only a showing of the potential harm that the Plaintiffs will suffer from the publication of A Muggle's Tale. Suntrust Bank, 268 F.3d at 1276. Defendants have failed to rebut the presumption of irreparable harm.

Defendants argue correctly that A Muggle's Tale is not, right now, a substantial threat to the profitability of Harry Potter due the incredible media coverage, widespread release, and mass

marketing and promotion associated with the Harry Potter series. However, because the two works are very similar to one another, advertising (already begun by Mykman) could bring A Muggle's Tale in direct competition with the Harry Potter series. Both the timing of release and the target demographics are similar, and these facts make it more likely that Plaintiffs will suffer irreparable injury if the injunction is not granted.

The harm in this case goes beyond monetary harm, which could be remedied by monetary damages. The erroneous association that people may make between the works could hurt Plaintiffs' reputations and ultimately detract from the devoted following of the Harry Potter series. Readers of A Muggle's Tale might be confused and attribute the inconsistencies between the works to the Plaintiffs. Plaintiffs have therefore shown the likelihood of substantial threat of irreparable injury if the injunction is not granted.

C. Whether Threatened Injury to the Plaintiffs Outweighs the Harm of Injunction to Defendants

The harm to Defendants in this case is minimal. In fact, Thomas already reaped that the value of the work. There is tremendous value in the assignment and the writing program itself, and Thomas has enjoyed these benefits. As for Mykman, it is incredulous that their profitability relies on publications that come from a high school writing program. It is unlikely that disruption of the publication timetable for Thomas's work will have any discernible effect on Mykman's productivity or reputation. Moreover, Ms. Lee's contact at Mykman, James Kuloz, is a friend. Thus, it is possible that Mykman's interest was more of a personal favor than a business decision. Having considered the respective harms to the parties, the Court finds that the Plaintiffs' potential injuries, both specifically and generally, outweigh those of the Defendants.

D. Whether the Injunction Would Disserve the Public Interest

Courts will not grant a preliminary injunction without consideration for the public interest. This Court recognizes that it is important to encourage young writers to exercise their literary skills. Ms. Lee's writing program undoubtedly serves this end. However, Congress intended the Copyright Act of 1976 to further the purpose of Article I, section 8, clause 8 of the United States Constitution. This clause grants Congress the power to promote the progress of science and the useful arts. A preliminary injunction in this case serves that goal. Granting a preliminary injunction serves to protect writers' valuable works. Our finding draws a brighter line between what it means to "draw upon," as opposed to what it means to copy a story. This lesson in writing is of utmost importance to students.

The potential impact on the publishing industry as a whole is disconcerting. Denial of an injunction in this case, where copying is so obvious, opens a huge window of opportunity for copyright infringement. The effect upon the publishing industry would be far-reaching, while potential infringers would enjoy a windfall. This result would thwart Congress's goal of trying to strike a balance between fostering incentives for the creation of literary and artistic works and the optimal use and dissemination of such works by the public.

Defendants argue that the First Amendment demands denial of the preliminary injunction in this case. However, Defendants take this constitutional argument too far - there is not a First Amendment right to take someone else's copyrighted expression and duplicate it. The First Amendment, which guarantees freedom of speech, is relevant to this analysis, and the Court must not tread on such an important constitutional right. Thus, granting injunctive relief in this case would not disserve public interest.

II. DEFENDANTS MAY NOT USE THE FAIR USE DEFENSE

Having found that A Muggle's Tale is substantially similar to the Harry Potter series, the Court must then consider the Defendants' fair use defense. The Copyright Act of 1976, 17 U.S.C.S § 107, provides that, "the fair use of a copyrighted work...is not an infringement." The Supreme Court established that reasonable use of copyrighted works may be permitted. Harper & Rowe, Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 547 (1985). The following are among the factors considered in fair use cases: (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 value of the copyrighted work. 17 U.S.C.S. § 107.

These statutory factors are to "be explored and weighed together, in light of the purposes of copyright." Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578 (1994). The Supreme Court has recognized that the goal of copyright law is to encourage the creation and publication of artistic works, and has therefore held that parodies can fall within the fair use doctrine. Defendants contend that, at most, Thomas's story is a parody on the peculiarity of a children's book that does not teach her desired lesson that in real life there are consequences for your actions. Although Thomas's story may be a parody of the Harry Potter series, the story still must satisfy the totality of the criteria laid out in the fair use analysis of the Copyright Act.

A. Purpose and Character of the Use

The first factor to examine in determining whether A Muggle's Tale is protected under fair use deals with the question of whether or not the work serves a commercial purpose, or is purely for an educational purpose. It is arguable that because Mykman received the story as a

result of a high school assignment, the story serves educational purposes, and therefore should be protected. However, Emma Lee assigned the writing with the intention that the work be published. This intention to publish rendered the nature of the story commercial. Defendant Mykman even went so far as to advertise the release of the book to potential buyers. The Eleventh Circuit has held that the core issue of whether a work is for-profit or not-for-profit depends not on whether the user's motive is monetary gain, but instead whether the user stands to profit from the work. Suntrust Bank v. Houghton Mifflin Company, 268 F.3d 1257, 1269 (11th Cir. 2001). While Thomas's story began as a school assignment, both Thomas and Mykman stood to make a great deal of money since the Harry Potter books are highly profitable and popular. Therefore, A Muggle's Tale is not purely an educational or nonprofit work.

The Eleventh Circuit also held that a for-profit status can be overlooked in view of the transformative nature of a work. Suntrust Bank, 268 F.3d at 1269. The more transformative the new work, the less commercialism can be weighed against it. In Campbell, the Supreme Court explained the meaning of transformative as "whether the new work merely supersedes the objects of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message." 510 U.S. at 579. Defendants argue that there are a number of differences between the two works. Specifically they point to the number of protagonists, the focus of the books, and the messages of the works.

Though the court in Suntrust Bank held that consideration of the transformative value favored a finding of fair use, we believe that case is distinguishable from the one at bar. 268 F.3d at 1270. In the Suntrust case, the author wrote a story based on Margaret Mitchell's Gone With the Wind. The parody in that case was told in the first person, whereas Gone With the

Wind is told in the third person. Furthermore, the parody was a very different tale. The language in the parody was distinct from the original prose, and the second half of the work told an innovative story with new plot elements.

Here, conversely, there are superficial differences. The main characters remain the same, and although there may be minor name changes, the ideas are consistent. In Harry Potter, Harry and Ron even face a three-headed dog, very similar the two-headed lion that Henry and Rob battle. Although Thomas claims that her book serves as a parody or a “comment” on the values in Harry Potter, we do not find the distinct moral of her story sufficiently transformative to protect it as fair use.

B. The Nature of the Copyrighted Work.

The next statutory factor is the nature of the copyrighted work. Original, creative works are generally afforded greater protection than derivative works or factual compilations. Suntrust Bank, 268 F. 3d 1270; Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc., 150 F.3d 132, 143-44 (2d Cir. 1998) (finding that the television show Seinfeld is afforded greater protection due to its status as an original, fictional work). The Harry Potter series is indisputably a creative work and therefore, it is entitled to the greatest degree of protection.

C. The Amount and Substantiality of the Portion Used in Relation to the Copyrighted Work as a Whole.

Defendants argue, that at most, the work is a parody on the oddity of a children’s book where students constantly disobeyed rules with minimal repercussions. Parody comes from an imitation of an original piece, and when aimed at a particular work, the parody must at least be able to “conjure up” enough of the original work so that it is recognizable. Campbell, 510 U.S. at 587. The question then becomes how much more of the work may be used. The Supreme Court noted that simply because an author calls himself a parodist does not mean he can steal

from a copyrighted work in any way he chooses. As the Court ruled in Harper & Rowe, the question of fairness requires an inquiry of how much the parodist took in addition to what was necessary. 471 U.S. at 564. Here, although there are differences, Thomas's story is remarkably similar to Rowling's books. Thomas used more of the protected elements of Harry Potter than was necessary to achieve the goal of writing a parody. Thus, the Court finds Defendants fail this factor of the fair use analysis.

D. The Effect of the Use Upon the Potential Market Value of the Copyrighted Work

As the Supreme Court has repeatedly held, the effect of the use upon the potential market is the most important factor in making a fair use determination. Campbell, 510 U.S. at 590; Harper & Rowe, 471 U.S. at 566. In Harper & Rowe, the Court noted that when fair use is properly applied, it is "limited to copying by others which does not materially impair the marketability of the work which is copied." 471 U.S. at 567.

In Campbell, the Court found that a rap song, based on Roy Orbison's "Pretty Woman," did not adversely affect the market because the rap song targeted a different audience than the original work. Therefore, there was no fear of market substitution. However, here, the same audience would be attracted to both Harry Potter and A Muggle's Tale. As Scholastic pointed out, the Harry Potter series creates a media frenzy and a great deal of suspense. Readers anxiously await the sixth book, and the series generates millions of dollars. Any reader anticipating the newest Harry Potter book could easily be confused due to the reasons cited in Part I(B) of this opinion. There is certainly potential for readers to associate the works and believe they came from a single source. Should readers be disappointed by Thomas's work, it could potentially damage Rowling's marketability. A Muggle's Tale does not satisfy this, or any

other factor of the fair use analysis. For this reason, this Court finds that Defendants may not use a fair use defense.

CONCLUSION

For the above reasons, Plaintiffs' request is hereby GRANTED, and Defendants are enjoined from further production, display, distribution, advertising or sale of A Muggle's Tale.

IT IS SO ORDERED.

Dated: September 5, 2003

GOODMAN, J.
Southern District Court for the State of Fordham

**UNITED STATES COURT OF APPEALS
FOR THE FOURTEENTH CIRCUIT**

-----X
MYKMAN PUBLISHERS and :
Jenna Thomas :
 :
Appellants, : **DECISION**
 : **and**
 : **ORDER**
 :
v. : **Civ. No. 03-4387**
 :
 :
SCHOLASTIC INC. and :
J.K. Rowling, :
 :
Appellees. :
-----X

Before BENJAMIN, Chief Judge, MORLEY, CHIN, and REISMAN, Circuit Judges.

BENJAMIN, C.J.

This is an appeal from an order by the United States District Court for the Southern District of Fordham granting a preliminary injunction in favor of Plaintiffs Scholastic Inc. and Jenna Thomas. The order enjoined publication of a work of fiction, A Muggle’s Tale, that was alleged to infringe upon the copyright of the Plaintiffs’ work of fiction, on which it was admittedly based. The district court further rejected Defendants’ fair use defense. For the reasons set forth below, we now reverse the findings of the district court.

FINDINGS OF FACT

The Findings of Fact are set forth in district court opinion. We need not repeat them here.

DISCUSSION

I. PLAINTIFFS ARE NOT ENTITLED TO A PRELIMINARY INJUNCTION BASED ON THEIR COPYRIGHT INFRINGEMENT CLAIM AGAINST DEFENDANTS.

The district court held that Scholastic Inc. (“Scholastic”) was entitled to a preliminary injunction enjoining Mykman Publishers (“Mykman”) from further publication and distribution of the book, A Muggle’s Tale, by Jenna Thomas. The district court found that Plaintiffs fulfilled the four criteria necessary for a preliminary injunction. We disagree. This Court holds that Plaintiffs fail the four-part test, and thus are not entitled to an injunction against Mykman. Contrary to the lower court’s opinion, we do not believe Plaintiffs can show substantial similarities between the two books, and in the interest of fairness and the First Amendment, we reverse. Whether Thomas’s book falls within the fair use exception will be discussed in Part II of this opinion.

A. Substantial Likelihood of Success on the Merits

The district court erred in finding that it was likely that Plaintiffs would win on the merits of the case. The lower court relied on the two-pronged test delineated by the Supreme Court in Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S 340, 361 (1991). Based on this test, the district court found that there was a substantial likelihood that Plaintiffs would win on the merits. We disagree for the following reasons.

1. Ownership of a Valid Copyright.

Mykman does not contest that Scholastic has a valid copyright in the Harry Potter series. Thus, we will not address this issue, and we will move on to the second element of a prima facie case of copyright infringement.

2. Copying Original Elements of the Work

As the district court noted, a plaintiff may demonstrate that a defendant copied original elements of the work in two ways. First, a plaintiff might show direct proof of copying. This is an extremely difficult standard. Because no evidence of this was presented, we move on to the second analysis. The second method of proving this element is to demonstrate that the defendant had access to the original, copyrighted work, and that the works are “substantially similar.” Herzog v. Castle Rock Entertainment, 193 F.3d 1241, 1249 (11th Cir. 1999). Plaintiffs have not met this burden.

In order to show substantial similarity, Plaintiffs must demonstrate that an average untrained observer would recognize the new work as having been taken from the copyrighted work. They failed to make this showing. The district court focused on the fact that Ms. Lee asked her students to “draw upon” a favorite book or story. However, the court did not mention that Ms. Lee also told her students to create an original work of their own. An original work is exactly what Thomas created. The fact that Thomas read the first book in the Harry Potter series is not determinative. Scholastic argued that Mykman’s intention was to publish A Muggle’s Tale in place of Rowling’s sixth book. Since Thomas has not read books two through five, this is highly unlikely.

Thomas did not have the requisite access to the Harry Potter series, but the Court will examine the next element in any case – whether there is a substantial similarity between the works. The lower court pointed to the use of the word muggle to demonstrate a connection. Harry Potter has become a phenomenon and its language has transitioned from simply fiction to part of our vocabulary. Even those unacquainted with the books may reasonably know that the word muggle means non-magical human. To use a different word might confuse the readership.

Second, the use of an unusual gate number, two magical friends, and a school for magic does not demonstrate substantial similarity. This is an example of scenes á faire, or “sequences of events which necessarily follow from a common theme.” Reyher v. Children's Television Workshop, 533 F.2d 87, 91 (2d Cir. 1976). Just as flying broomsticks, multi-headed creatures, and potions are natural elements of a magical story, the unusual magical details of Thomas’s story were around long before J.K. Rowling’s books and will persist long after.

In order to show infringement, the Plaintiffs must demonstrate that there are similarities between the two works, and that those similarities involve copyrightable material. Scholastic has argued that the characters are similar, and those ideas are original, and belong to J.K. Rowling. However, the minimal similarities found do not lead to a finding that there is a substantial likelihood that Plaintiffs would have success on the merits.

B. Substantial Threat of Irreparable Injury if the Injunction Is Not Granted

The district court determined that Plaintiffs would face a substantial threat of irreparable injury if the injunction were not granted. Defendants have shown that Plaintiffs will not face irreparable harm. While it is true that Rowling has taken as many as three years to release a book in the Harry Potter series, it does not appear that Thomas or Mykman were trying to capitalize on that fact. Plaintiffs argue that without injunctive relief, A Muggle’s Tale will serve as an unauthorized book in the Harry Potter sequence. They further contend that their readership will associate Thomas’s book with Rowling’s books and treat it as a member of the series, thus undermining Rowling’s valid copyright in her original work. This connection seems highly unlikely. An injunction is a drastic measure and inappropriate in this case. A Muggle’s Tale is the story of a human being who joined the magical world and learned a lesson about the values

instilled there. This story is extremely different from the message in Rowling’s books, and thus readers would not likely associate the two works.

C. Whether Threatened Injury to the Plaintiffs Outweighs the Harm of Injunction to Defendants

Plaintiffs contend that the injury they face from the distribution and sale of A Muggle’s Tale far outweighs the possible harm an injunction would cause the Defendants. Though the district court agreed with this contention, we find that Plaintiffs fail this prong of the test for a preliminary injunction as well. The district court questions the value of a book authored by a high school student. However, we find it reasonable for a publishing company to defend a book it believes would be profitable. Mykman’s established credentials as a publishing company and Scholastic’s corresponding concerns suggest there is significant value here. Therefore, an injunction has the potential to cause great harm to Mykman.

D. Whether the Injunction Would Disserve the Public Interest

Copyright laws were designed to balance with First Amendment rights. The Framers of the Constitution relied on an Eighteenth Century English statute when drafting the Copyright Clause of the Constitution. The clause reads: “The Congress shall have Power . . . to promote the . . . useful Arts, by securing for limited Times to Authors . . . the exclusive Right to their respective Writings” U.S. Const. Art I, §8, cl. 8. It is our belief that the Framers intended to balance the protection afforded to authors with the right of the public to express and use ideas. In the instant case, Thomas took an old idea, the world of magic, and expressed it in a new way – through the eyes of a non-magical teenaged boy. To deny the public access to this work would contradict the public’s First Amendment right to freedom of speech and undermine the limitations implicit and explicit in the Copyright Act of 1976.

Further, the district court's concern about the potential effect on the publishing industry as a whole is unfounded. A preliminary injunction is a drastic tool that must be used carefully. In a case such as this, where there is no clear evidence of copying, nor do we find a substantial similarity between the works, it would be inappropriate to send a message to writers that they should not produce works if there is any possibility that they might be accused of infringement. In a litigious society like ours, the threat of suit is ever-present, but we must continue to encourage our writers to produce their best works.

II. MYKMAN IS ENTITLED TO A FAIR USE DEFENSE

Defendants contend that even if they did infringe on Plaintiffs' copyright, A Muggle's Tale falls within the fair use exception to the Copyright Act of 1976. The fair use exception provides an affirmative defense to copyright infringement. 17 U.S.C.S. § 107. This exception balances copyright laws with First Amendment rights by allowing authors to use copyrighted works to introduce new ideas and concepts to the public. Suntrust Bank v. Houghton Mifflin Company, 268 F.3d 1257, 1263 (11th Cir. 2001). The Copyright Act lists four factors that courts may consider in fair use cases: (1) the purpose and character of the use of the copyrighted work, including whether the use is commercial or for nonprofit education purposes; (2) the nature of the copyrighted work; (3) the amount and significance of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market value. 17 U.S.C.S. § 107. Courts should determine fair use by using all of these factors together, "in light of the purposes of copyright." Campbell, 510 U.S. at 578. Of these purposes, the most important is "to consider [] the free flow of ideas – particularly criticism and commentary." Suntrust Bank, 268 F.3d at 1268.

Defendants argue that A Muggle's Tale is a parody sanctioned by the fair use exception. When the fair use defense is raised in the context of parody, a court must determine whether the work in question is in fact a parody. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 580 (1994). In Campbell, the Supreme Court held that parody is a form of comment and criticism that may constitute a fair use of a copyrighted work. Id. at 579. Clearly, A Muggle's Tale criticizes the Harry Potter series in that Harry Potter and his friends rarely get in trouble for their numerous outlawed and dangerous acts. Therefore, we find that A Muggle's Tale is a parody

and we apply the four factors to it as such. We hold that the fair use exception protects A Muggle's Tale and reverse the district court's decision for the following reasons.

A. Purpose and Character of the Use

The first factor we must consider is the purpose and character of A Muggle's Tale. This factor has several facets, the first of which is whether A Muggle's Tale serves a commercial or an educational purpose. It is undisputed that Thomas wrote A Muggle's Tale to satisfy a high school writing assignment. The district court put particular weight on the fact that Lee intended to publish the story. However, while it is true that Lee hoped to receive a publishable work from one of her students, she did not hope to profit for herself. She merely gave her students a challenging assignment suitable for the rigors of such a renowned English program. She used the publishing possibility as an incentive for her students to achieve academic excellence.

However, the distinction between commercial or educational purpose lies in “whether the user stands to profit from exploitation without paying the customary price.” Harper & Rowe, 471 U.S. at 562. Even if Defendants do stand to receive a profit from the sale of A Muggle's Tale, a showing of a highly transformative use of the Harry Potter series will outweigh its for-profit status. See Suntrust Bank, 268 F.3d at 1269.

Though the district court found that the differences between the Harry Potter books and A Muggle's Tale were insufficient to distinguish the two works, we disagree. The Eleventh Circuit held that The Wind Done Gone, the parody on Gone With the Wind, which told the story from a different perspective from the original, did satisfy the fair use requirements. Id. at 1270. Thomas wrote A Muggle's Tale from the point of view of a character that is not in the original Harry Potter books. In fact, the Harry Potter series spends little time on the subject of muggles, much less on their perspective of the magical world. Moreover, A Muggle's Tale is only one

book, while the Harry Potter story includes five (eventually seven) books, some as long as 900 pages. In addition, Thomas changed the setting of the story, which is a significant departure because Hogwarts's location in England plays a large part in the Harry Potter stories. While some similarities between the two works do exist, the Supreme Court has recognized that parodies must use elements of the original story in order to be a parody by definition: "A parody is a work that seeks to comment upon or criticize another work by appropriating elements of the original." Id. at 1271. Therefore, A Muggle's Tale is a parody with enough significant changes to overcome the for-profit nature of the publishing industry.

The transformative nature of A Muggle's Tale does more than outweigh the commercial nature of the work: "The more transformative the new work, the less will be the significance of other factors." Campbell, 510 U.S. at 579. Our analysis of the purpose and character of A Muggle's Tale will therefore inform our discussion of the next three factors and will weigh heavily for a finding of fair use.

B. The Nature of the Copyrighted Work

The second statutory factor, the nature of the copyrighted work, "recognizes that there is a hierarchy of copyright protection in which original, creative works are afforded greater protection than derivative works of factual compilations." Campbell, 510 U.S. at 586. Without a doubt, the Harry Potter series is an original, creative work of fiction. The second factor "is given little weight in parody cases, however, 'parodies almost invariably copy publicly known, expressive works.'" Suntrust Bank, 268 F.3d at 1271 (citing Campbell, 510 U.S. at 586.)

C. The Amount and Substantiality of the Portion Used in Relation to the Copyrighted Work as a Whole.

The third factor for our consideration is the amount of the Harry Potter series used in A Muggle's Tale. Admittedly, parodies introduce "difficult problems for courts in the fair use

context, for a parody’s humor...necessarily springs from recognizable allusion to its object through distorted imitation.” Suntrust Bank, 268 F.3d at 1271. Beyond “recognizable allusion,” the second work must utilize elements of the original work to “serve the new work’s parodic aims.” Campbell, 510 U.S. at 588. However, the Supreme Court does not require a user to take the “bare minimum” amount of copyrighted material from the original work. Id. at 1176. Extensive use is still “fair use, provided the parody builds upon the original, using the original as a known element of modern culture and contributing something new for humorous effect or commentary.” Elsmere Music, Inc. v. National Broadcasting Company, 623 F.2d 252, 253 n.1 (2d Cir. 1980). As discussed above in Part II(A), A Muggle’s Tale does use elements of the Harry Potter series but also transforms them to serve a critical aim: to comment on the fact that the characters in the Harry Potter books unrealistically rarely suffer consequences from their actions. A Muggle’s Tale puts a realistic spin on a fantasy story. Undoubtedly, every child (or adult) who has read the series has noted the way Harry Potter and his friends escape consequences no matter how dangerous their adventures, and maybe even have wished to be a part of such a world. A Muggle’s Tale gives such readers a voice to tell their impression of the series and the experience of an outsider looking in on the world of magic and wizardry.

D. The Effect of the Use Upon the Potential Market Value of the Copyrighted Work

The final factor we must discuss is the effect A Muggle’s Tale will have on the market for the Harry Potter series. The Supreme Court has “made clear that, particularly in cases of parody, evidence of harm to the potential market or value of the original copyright is crucial to a fair use determination.” Suntrust Bank, 268 F.3d at 1275. In this case, Plaintiffs have to show a meaningful likelihood that future harm exists. Future harm can include whether the parody will serve as a substitute for the original work. Campbell, 510 U.S. at 586. We disagree with the

district court's finding that a reader would be confused by A Muggle's Tale, thinking it was the latest installment from J.K. Rowling. The titles of the two works are completely different.

While a Harry Potter reader will recognize the term muggle, upon reading the book that reader will quickly realize that the book is from a different point of view. As we discussed above, A Muggle's Tale is a transformative work. The Ninth Circuit holds that a transformative work is less likely to create an adverse impact on the potential market of the original. Sony Computer Entertainment, Inc. v. Connectix Corp., 203 F.3d 596, 607 (9th Cir. 2000).

Instead of harming the Harry Potter market, A Muggle's Tale will actually add value to the copyrighted work, increasing interest among fans of the series and those who have never read it. Interest and controversy over the parody – including the case at bar – will likely lead those unfamiliar with the Harry Potter series to read both the series and A Muggle's Tale. In order to fully understand A Muggle's Tale, one must have read Rowling's series. A Muggle's Tale will also appeal to Harry Potter fans. Many Harry Potter readers have probably noticed that Harry, Hermione, and Ron rarely get in trouble and will appreciate the criticism. Already hungry for movies and other related works, these readers will enjoy the Harry Potter story from a different angle.

A Muggle's Tale will not detract from the value of the Harry Potter series. Therefore, Defendants pass this and the other three factors used in a fair use analysis. Thus, we find that A Muggle's Tale falls within the fair use exception to the Copyright Act of 1976.

CONCLUSION

For the foregoing reasons, the decision of the district court is reversed.

IT IS SO ORDERED.

Dated: September 25, 2003

BENJAMIN, C.J.
Fourteenth Circuit Court of Appeals

SUPREME COURT OF THE UNITED STATES OF AMERICA

-----X		
SCHOLASTIC INC. and	:	
J.K. Rowling,	:	
	:	DECISION
Petitioners,	:	and
	:	ORDER
	:	
v.	:	Civ. No. 03-2153
	:	
	:	
MYKMAN PUBLISHERS and	:	
Jenna Thomas	:	
	:	
Respondents.	:	
-----X		

ON PETITION FOR WRIT OF CERTIORARI to the Supreme Court of the United States of America, No. 03-2153.

ON CONSIDERATION of the Petition for Writ of Certiorari herein to the Supreme Court of the United States of America.

IT IS SO ORDERED by this Court that the said Petition be, and the same is hereby granted in order that this Court may consider the following questions raised by the parties:

1. Whether Plaintiffs are entitled to a preliminary injunction due to copyright infringement by Defendants; and
2. Whether Defendants may use “fair use” as an affirmative defense.

Dated: October 8, 2003.

/s/
Renee Wankoff, Clerk