

First, the court found indicia of bad faith because Porto's first counsel was warned that there was no colorable copyright infringement claim before any action had been filed. Next, the court found that the copyright infringement claim was objectively unreasonable because Porto could not point to a single similarity that relates to a protectable element of his novel. Having weighed the *Fogerty* factors, the court found that an award of reasonable costs and attorneys' fees was appropriate in this case to compensate Guirgis for the costs in litigating this matter and to deter future potential plaintiffs from filing objectively unreasonable claims.

Defenses

Fair Use

Government's Use of Photograph Depicting Sculpture It Commissioned Does Not Constitute Fair Use

In *Gaylord v. United States*,¹²² the Federal Circuit held that the U.S. government's use of a photograph depicting a sculpture it commissioned did not constitute fair use. The United States, through the Department of the Army, entered into a contract with Cooper-Lecky Architects, P.C. wherein Cooper-Lecky would serve as the prime contractor for the building of the Korean War Veterans Memorial in Washington D.C. Cooper-Lecky held a competition to select the sculptor, and Frank Gaylord won the contest. After several years, Gaylord completed the sculpture, which consists of nineteen stainless-steel statues of staggered soldiers, and called it *The Column*. Gaylord secured five copyright registrations related to *The Column*. The memorial was dedicated in 1995.

In 1996, after a snowstorm, John Alli photographed *The Column* and decided to sell reprints of one of the photographs entitled "Real Life." Alli sought permission from Mr. Lecky of Cooper-Lecky, who held himself out as the sole owner of the underlying work. Alli entered into a license agreement with Mr. Lecky, but Mr. Lecky never notified Gaylord about the license agreement. When Gaylord sued Alli for copyright infringement in 2006, the parties settled their dispute.

Prior to the Gaylord and Alli settlement, the U.S. Postal Service decided in 2002 to issue a stamp commemorating the Korean War and selected Alli's photograph, "Real Life," for the stamp. Alli notified the Postal Service that it would need permission from the copyright owner and referred the Postal Service to Mr. Lecky.

The Postal Service did not obtain permission from Gaylord to use the sculptures on its stamps or any related retail goods. The Postal Service received more than \$17 million from the sale of the stamp and received additional revenue from the sale of retail goods featuring images of the stamp.

Thus, in 2006, Gaylord filed suit against the United States for copyright infringement in the Court of Federal Claims. After a trial, the Court of Federal Claims found that the government's use of the sculpture on the stamp constituted fair use. Gaylord appealed to the Federal Circuit.

On appeal, the Federal Circuit reversed the lower court's finding of fair use. In considering the four fair-use factors, the Federal Circuit disagreed with the lower court's

122. 595 F.3d 1364 (Fed. Cir. 2010).

determination that the government's use was transformative. Although the stamp altered the appearance of the copyrighted work by changing the color and adding snow to the scene, the Federal Circuit found that these changes did not alter the purpose of the work or provide a different character to the work. The Federal Circuit noted that the stamp did not use the copyrighted work as part of an overall commentary or criticism. Therefore, the stamp was not transformative and, because it was used for a commercial purpose, the first factor weighed strongly against fair use.

The Federal Circuit also found that Gaylord's copyrighted work was expressive and creative, which weighed against fair use. With respect to the amount and substantiality copied, the Federal Circuit found that the government copied fourteen of the nineteen soldier sculptures, and the copied portion constituted the entire subject matter of the stamp. Accordingly, this factor weighed against fair use.

The Federal Circuit did find that the last factor favored fair use because the stamp did not adversely impact Gaylord's efforts to market derivative works. Weighing the four factors, the Federal Circuit found that three of the four factors militated against fair use; thus, the Federal Circuit held that the fair-use defense did not apply to the government's use of the copyrighted work.

After finding that the fair-use defense did not apply, the Federal Circuit considered the other defenses raised by the government, namely, joint authorship and whether Gaylord's sculptures were exempt from copyright protection under the Architectural Works Copyright Protection Act (AWCPA). The Federal Circuit held that the lower court's finding that the government was not a co-author was not clearly erroneous. In making this determination, the Federal Circuit agreed with the lower court's finding that the contributions of Cooper-Lecky and other third parties amounted to suggestions and criticisms and did not constitute independent copyrightable contributions. Furthermore, a 1994 agreement between Gaylord and Cooper-Lecky stated that Gaylord was the sole author of *The Column*; therefore, it was not the intent of the parties to create a joint work. Consequently, the Federal Circuit remanded for a determination of Gaylord's damages. Additionally, the Federal Circuit held that the lower court's determination that *The Column* was not an architectural work under the AWCPA was not clearly erroneous because the sculpture was not intended for human occupancy and, therefore, is not a building covered by the AWCPA.

Judge Newman argued in his dissent that the government should not be liable for copyright infringement: (1) because the terms of the contract the government had with Cooper-Lecky granted the government all rights in the memorial; and (2) because of the exemption provided in 28 U.S.C. § 1498, which prohibits any right of action by a copyright holder against the United States with respect to any work created by a person while in the service of the United States.¹²³ The majority acknowledged the dissent's arguments, which it claimed were raised *sua sponte*, and found that the government could not escape liability under the contract because Gaylord was not a party to the contract. Moreover, the government could not escape liability under section 1498 because Gaylord was not "in the service of the United States" nor was he using government "time, material or facilities" during his creation of *The Column*.¹²⁴

123. *Id.* at 1381–83 (Newman, J., dissenting).

124. *Id.* at 1380 (majority opinion) (quoting 28 U.S.C. § 1498(b) (2006)).