

**HARPER & ROW, PUBLISHERS, INC., ET AL.
v. NATION ENTERPRISES ET AL.**

471 U.S. 539 (1985)

JUSTICE O'CONNOR delivered the opinion of the Court.

This case requires us to consider to what extent the "fair use" provision of the Copyright Revision Act of 1976 (hereinafter [*542] the Copyright Act), *17 U. S. C. § 107*, sanctions the unauthorized use of quotations from a public figure's unpublished manuscript. In March 1979, an undisclosed source provided The Nation Magazine with the unpublished manuscript of "A Time to Heal: The Autobiography of Gerald R. Ford." Working directly from the purloined manuscript, an editor of The Nation produced a short piece entitled "The Ford Memoirs -- Behind the Nixon Pardon." The piece was timed to "scoop" an article scheduled shortly to appear in Time Magazine. Time had agreed to purchase the exclusive right to print prepublication excerpts from the copyright holders, Harper & Row Publishers, Inc. (hereinafter Harper & Row), and Reader's Digest Association, Inc. (hereinafter Reader's Digest). As a result of The Nation article, Time canceled its agreement. Petitioners brought a successful copyright action against The Nation. On appeal, the Second Circuit reversed the lower court's finding of infringement, holding that The Nation's act was sanctioned as a "fair use" of the copyrighted material. We granted certiorari, and we now reverse.

I

In February 1977, shortly after leaving the White House, former President Gerald R. Ford contracted with petitioners Harper & Row and Reader's Digest, to publish his as yet unwritten memoirs. The memoirs were to contain "significant hitherto unpublished material" concerning the Watergate crisis, Mr. Ford's pardon of former President Nixon and "Mr. Ford's reflections on this period of history, and the morality and personalities involved." In addition to the right to publish the Ford memoirs in book form, the agreement gave petitioners the exclusive right to license prepublication excerpts, known in the trade as "first serial rights." Two years later, as the memoirs were nearing completion, petitioners negotiated a prepublication licensing agreement with Time, a weekly news magazine. Time agreed to pay \$ 25,000, \$ 12,500 in advance and an [*543] additional \$ 12,500 at publication, in exchange for the right to excerpt 7,500 words from Mr. Ford's account of the Nixon pardon. The issue featuring the excerpts was timed to appear approximately one week before shipment of the full length book version to bookstores. Exclusivity was an important consideration; Harper & Row instituted procedures designed to maintain the confidentiality of the manuscript, and Time retained the right to renegotiate the second payment should the material appear in print prior to its release of the excerpts.

Two to three weeks before the Time article's scheduled release, an unidentified person secretly brought a copy of the Ford manuscript to Victor Navasky, editor of The Nation, a political commentary magazine. Mr. Navasky knew that his possession of the manuscript was not authorized and that the manuscript must be returned quickly to his "source" to avoid discovery. He hastily put together what he believed was "a real hot news story" composed of quotes, paraphrases, and facts drawn exclusively from the manuscript. Mr. Navasky attempted no independent commentary, research or criticism, in part because of the need for speed if he was to "make news" by "[publishing]

in advance of publication of the Ford book." The 2,250-word article, reprinted in the Appendix to this opinion, appeared on April 3, 1979. As a result of The Nation's article, Time canceled its piece and refused to pay the remaining \$ 12,500.

Petitioners brought suit in the District Court for the Southern District of New York, alleging conversion, tortious interference with contract, and violations of the Copyright Act. After a 6-day bench trial, the District Judge found that "A Time to Heal" was protected by copyright at the time of The Nation publication and that respondents' use of the copyrighted material constituted an infringement under the Copyright Act, §§ 106(1), (2), and (3), protecting respectively the right to reproduce the work, the right to license preparation of derivative works, and the right of first distribution of [*544] the copyrighted work to the public. The District Court rejected respondents' argument that The Nation's piece was a "fair use" sanctioned by § 107 of the Act. The court awarded actual damages of \$ 12,500.

A divided panel of the Court of Appeals for the Second Circuit reversed.

II

We agree with the Court of Appeals that copyright is intended to increase and not to impede the harvest of knowledge. But we believe the Second Circuit gave insufficient deference to the scheme established by the Copyright Act for [*546] fostering the original works that provide the seed and substance of this harvest. The rights conferred by copyright are designed to assure contributors to the store of knowledge a fair return for their labors. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

Article I, § 8, of the Constitution provides:

"The Congress shall have Power . . . to Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

As we noted last Term: "[This] limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired." *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984). "The monopoly created by copyright thus rewards the individual author in order to benefit the public." *Id.*, at 477 (dissenting opinion). This principle applies equally to works of fiction and nonfiction. The book at issue here, for example, was two years in the making, and began with a contract giving the author's copyright to the publishers in exchange for their services in producing and marketing the work. In preparing the book, Mr. Ford drafted essays and word portraits of public figures and participated in hundreds of taped interviews that were later distilled to chronicle his personal viewpoint. It is evident that the monopoly granted by copyright actively served its intended purpose of inducing the creation of new material of potential historical value.

Section 106 of the Copyright Act confers a bundle of exclusive rights to the owner of the copyright. Under the Copyright [*547] Act, these rights -- to publish, copy, and distribute the author's work -- vest in the author of an original work from the time of its creation. § 106. In practice, the author commonly sells his rights to publishers who offer royalties in exchange for their services in

producing and marketing the author's work. The copyright owner's rights, however, are subject to certain statutory exceptions. §§ 107-118. Among these is § 107 which codifies the traditional privilege of other author to make "fair use" of an earlier writer's work. ² In addition, no author may copyright facts or ideas. § 102. The copyright is limited to those aspects of the work -- termed "expression" -- that display the stamp of the author's originality.

Creation of a nonfiction work, even a compilation of pure fact, entails originality. See, e. g., *Schroeder v. William Morrow & Co.*, 566 F.2d 3 (CA7 1977) (copyright in gardening directory); cf. *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58 (1884) (originator of a photograph may claim copyright in his work). The copyright holders of "A Time to Heal" complied with the relevant statutory notice and registration [*548] procedures. Thus there is no dispute that the unpublished manuscript of "A Time to Heal," as a whole, was protected by § 106 from unauthorized reproduction. Nor do respondents dispute that verbatim copying of excerpts of the manuscript's original form of expression would constitute infringement unless excused as fair use. Yet copyright does not prevent subsequent users from copying from a prior author's work those constituent elements that are not original -- for example, quotations borrowed under the rubric of fair use from other copyrighted works, facts, or materials in the public domain -- as long as such use does not unfairly appropriate the author's original contributions. Perhaps the controversy between the lower courts in this case over copyrightability is more aptly styled a dispute over whether The Nation's appropriation of unoriginal and uncopyrightable elements encroached on the originality embodied in the work as a whole. Especially in the realm of factual narrative, the law is currently unsettled regarding the ways in which uncopyrightable elements combine with the author's original contributions to form protected expression. Compare *Wainwright Securities Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91 (CA2 1977) (protection accorded author's analysis, structuring of material and marshaling of facts), with *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972 (CA2 1980) (limiting protection to ordering and choice of words).

We need not reach these issues, however, as The Nation has admitted to lifting verbatim quotes of the author's original language totaling between 300 and 400 words and constituting some 13% of The Nation article. In using generous [*549] verbatim excerpts of Mr. Ford's unpublished manuscript to lend authenticity to its account of the forthcoming memoirs, The Nation effectively arrogated to itself the right of first publication, an important marketable subsidiary right. For the reasons set forth below, we find that this use of the copyrighted manuscript, even stripped to the verbatim quotes conceded by The Nation to be copyrightable expression, was not a fair use within the meaning of the Copyright Act.

III

A

Fair use was traditionally defined as "a privilege in others than the owner of the copyright to use the copyrighted material in a reasonable manner without his consent." The statutory formulation of the defense of fair use in the Copyright Act reflects the intent of Congress to codify the common-law doctrine. *Section 107* requires a case-by-case determination whether a particular use is fair, and the statute notes four nonexclusive factors to be considered. This approach was "intended to restate the [pre-existing] judicial doctrine of fair use, not to change, narrow, or enlarge it in any way."

"[The] author's consent to a reasonable use of his copyrighted works [had] always been implied by the courts as a necessary incident of the constitutional policy of promoting the progress of science and the useful arts, since a prohibition of such use would inhibit subsequent writers from attempting to improve upon prior works and thus . . . frustrate the very ends sought to be attained." Professor Latman, in a study of the doctrine of fair use commissioned by Congress for the revision effort, see *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S., at 462-463, n. 9 (dissenting opinion), summarized prior law as turning on the "importance [*550] of the material copied or performed from the point of view of the reasonable copyright owner. In other words, would the reasonable copyright owner have consented to the use?"¹

As early as 1841, Justice Story gave judicial recognition to the doctrine in a case that concerned the letters of another former President, George Washington.

"[A] reviewer may fairly cite largely from the original work, if his design be really and truly to use the passages for the purposes of fair and reasonable criticism. On the other hand, it is as clear, that if he thus cites the most important parts of the work, with a view, not to criticise, but to supersede the use of the original work, and substitute the review for it, such a use will be deemed in law a piracy." *Folsom v. Marsh*, 9 F. Cas. 342, 344-345 (No. 4,901) (CC Mass.)

As Justice Story's hypothetical illustrates, the fair use doctrine has always precluded a use that "[supersedes] the use of the original."

Perhaps because the fair use doctrine was predicated on the author's implied consent to "reasonable and customary" use when he released his work for public consumption, fair use traditionally was not recognized as a defense to charges [*551] of copying from an author's as yet unpublished works. Under common-law copyright, "the property of the author . . . in his intellectual creation [was] absolute until he voluntarily [parted] with the same. This absolute rule, however, was tempered in practice by the equitable nature of the fair use doctrine. In a given case, factors such as implied consent through *de facto* publication on performance or dissemination of a work may tip the balance of equities in favor of prepublication use. But it has never been seriously disputed that "the fact that the plaintiff's work is unpublished . . . is a factor tending to negate the defense of fair use." *Ibid.* Publication of an author's expression before he has authorized its dissemination seriously infringes the author's right to decide when and whether it will be made public, a factor not present in fair use of published works.² [*552] Respondents contend, however, that Congress, in including

¹ Professor Nimmer notes: "[Perhaps] no more precise guide can be stated than Joseph McDonald's clever paraphrase of the Golden Rule: 'Take not from others to such an extent and in such a manner that you would be resentful if they so took from you.'" 3 *Nimmer* § 13.05[A], at 13-66. This "equitable rule of reason," *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S., at 448, "permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster." *Iowa State University Research Foundation, Inc. v. American Broadcasting Cos.*, 621 F.2d 57, 60 (CA2 1980).

² See, e. g., *Wheaton v. Peters*, 8 Pet. 591, 657 (1834) (distinguishing the author's common-law right to "obtain redress against anyone who . . . by improperly obtaining a copy [of his unpublished work] endeavors to realize a profit by its publication" from rights in a published work, which are prescribed by statute); *Press Publishing Co. v. Monroe*, 73 F. 196, 199 (CA2), writ of error dismissed, 164 U.S. 105 (1896); *Stanley v. Columbia Broadcasting System, Inc.*, 35 Cal. 2d 653, 660-661, 221 P. 2d 73, 77-78 (1950) (en banc); *Golding v. RKO Radio Pictures, Inc.*, 193 P. 2d 153, 162 (Cal. App. 1948) ("An unauthorized appropriation of [an unpublished work] is not to be neutralized on the plea that 'it is such a little one'"), *aff'd*, 35 Cal. 2d 690, 221 P. 2d 95 (1950); *Fendler v. Morosco*, 253 N. Y. 281, 291, 171 N. E. 56, 59

first publication among the rights enumerated in § 106, which are expressly subject to fair use under § 107, intended that fair use would apply *in pari materia* to published and unpublished works. The Copyright Act does not support this proposition.

The Copyright Act represents the culmination of a major legislative reexamination of copyright doctrine. Among its other innovations, it eliminated publication "as a dividing line between common law and statutory protection," extending statutory protection to all works from the time of their creation. It also recognized for the first time a distinct statutory right of first publication, which had previously been an element of the common-law protections afforded unpublished works. The Report of the House Committee on the Judiciary confirms that "Clause (3) of *section 106*, establishes the exclusive right of publications. . . . Under this provision the copyright owner would have the right to control the first public distribution of an authorized copy . . . of his work."

Though the right of first publication, like the other rights enumerated in § 106, is expressly made subject to the fair use provision of § 107, fair use analysis must always be tailored to the individual case. The [*553] nature of the interest at stake is highly relevant to whether a given use is fair. From the beginning, those entrusted with the task of revision recognized the "overbalancing reasons to preserve the common law protection of undissemminated works until the author or his successor chooses to disclose them." The right of first publication implicates a threshold decision by the author whether and in what form to release his work. First publication is inherently different from other § 106 rights in that only one person can be the first publisher; as the contract with Time illustrates, the commercial value of the right lies primarily in exclusivity. Because the potential damage to the author from judicially enforced "sharing" of the first publication right with unauthorized users of his manuscript is substantial, the balance of equities in evaluating such a claim of fair use inevitably shifts.

The Senate Report confirms that Congress intended the unpublished nature of the work to figure prominently in fair use analysis. In discussing fair use of photocopied materials in the classroom the Committee Report states:

"A key, though not necessarily determinative, factor in fair use is whether or not the work is available to the potential user. If the work is 'out of print' and unavailable for purchase through normal channels, the user may have more justification for reproducing it. . . . The applicability of the fair use doctrine to unpublished works is narrowly limited since, although the work is unavailable, this is the result of a deliberate choice on the part of the copyright owner. Under ordinary circumstances, the copyright owner's 'right of first publication' would outweigh any needs of reproduction for classroom purposes."

Although the Committee selected photocopying of classroom materials to illustrate fair use, it emphasized that "the same [*554] general standards of fair use are applicable to all kinds of uses of copyrighted material." We find unconvincing respondents' contention that the absence of the quoted passage from the House Report indicates an intent to abandon the traditional distinction between fair use of published and unpublished works. It appears instead that the fair use discussion of photocopying of classroom materials was omitted from the final Report because educators and publishers in the interim had negotiated a set of guidelines that rendered the discussion obsolete. The

("Since plaintiff had not published or produced her play, perhaps any use that others made of it might be unfair"), rehearing denied, 254 N. Y. 563, 173 N. E. 867 (1930).

House Report nevertheless incorporates the discussion by reference, citing to the Senate Report and stating: "The Committee has reviewed this discussion, and considers it still has value as an analysis of various aspects of the [fair use] problem."

Even if the legislative history were entirely silent, we would be bound to conclude from Congress' characterization of § 107 as a "restatement" that its effect was to preserve existing law concerning fair use of unpublished works as of other types of protected works and not to "change, narrow, or enlarge it." We conclude that the unpublished nature of a work is "[a] key, though not necessarily determinative, factor" tending to negate a defense of fair use.

We also find unpersuasive respondents' argument that fair use may be made of a soon-to-be-published manuscript on the ground that the author has demonstrated he has no interest in nonpublication. This argument assumes that the unpublished nature of copyrighted material is only relevant to letters or other confidential writings not intended for dissemination. It is true that common-law copyright was often enlisted in the service of personal privacy. See Brandeis & Warren, *The Right to Privacy*, 4 Harv. L. Rev. 193, 198-199 (1890). In its commercial guise, however, an author's right to choose when he will publish is no less deserving of protection. [*555] The period encompassing the work's initiation, its preparation, and its grooming for public dissemination is a crucial one for any literary endeavor. The Copyright Act, which accords the copyright owner the "right to control the first public distribution" of his work, echos the common law's concern that the author or copyright owner retain control throughout this critical stage. The obvious benefit to author and public alike of assuring authors the leisure to develop their ideas free from fear of expropriation outweighs any short-term "news value" to be gained from premature publication of the author's expression. The author's control of first public distribution implicates not only his personal interest in creative control but his property interest in exploitation of prepublication rights, which are valuable in themselves and serve as a valuable adjunct to publicity and marketing. Under ordinary circumstances, the author's right to control the first public appearance of his undissemated expression will outweigh a claim of fair use.

B

Respondents, however, contend that *First Amendment* values require a different rule under the circumstances of this case. The thrust of the decision below is that "[the] scope of [fair use] is undoubtedly wider when the information [*556] conveyed relates to matters of high public concern." *Consumers Union of the United States, Inc. v. General Signal Corp.*, 724 F.2d 1044, 1050 (CA2 1983) (construing 723 F.2d 195 (1983) (case below) as allowing advertiser to quote Consumer Reports), cert. denied, 469 U.S. 823 (1984). Respondents advance the substantial public import of the subject matter of the Ford memoirs as grounds for excusing a use that would ordinarily not pass muster as a fair use -- the piracy of verbatim quotations for the purpose of "scooping" the authorized first serialization. Respondents explain their copying of Mr. Ford's expression as essential to reporting the news story it claims the book itself represents. In respondents' view, not only the facts contained in Mr. Ford's memoirs, but "the precise manner in which [he] expressed himself [were] as newsworthy as what he had to say." Respondents argue that the public's interest in learning this news as fast as possible outweighs the right of the author to control its first publication.

The Second Circuit noted, correctly, that copyright's idea/expression dichotomy "[strikes] a definitional balance between the *First Amendment* and the Copyright Act by permitting free communication of facts while still protecting an author's expression." No author may copyright his ideas

or the facts he narrates. As this Court long ago observed: “[The] news element -- the information respecting current events contained in the literary production -- is not the creation of the writer, but is a report of matters that ordinarily are *publici juris*; it is the history of the day.” *International News Service v. Associated Press*, 248 U.S. 215, 234 (1918). But copyright assures those who write and publish factual narratives such as “A Time to Heal” that [*557] they may at least enjoy the right to market the original expression contained therein as just compensation for their investment. Cf. *Zacchini v. Scripps-Howard Broadcasting Co.*, 433 U.S. 562, 575(1977).

Respondents' theory, however, would expand fair use to effectively destroy any expectation of copyright protection in the work of a public figure. Absent such protection, there would be little incentive to create or profit in financing such memoirs, and the public would be denied an important source of significant historical information. The promise of copyright would be an empty one if it could be avoided merely by dubbing the infringement a fair use “news report” of the book.

Nor do respondents assert any actual necessity for circumventing the copyright scheme with respect to the types of works and users at issue here.³ Where an author and publisher have invested extensive resources in creating an original work and are poised to release it to the public, no legitimate aim is served by pre-empting the right of first publication. The fact that the words the author has chosen to clothe his narrative may of themselves be “newsworthy” is not an independent justification for unauthorized copying of the author's expression prior to publication. To paraphrase another recent Second Circuit decision:

“[Respondent] possessed an unfettered right to use any factual information revealed in [the memoirs] for the purpose of enlightening its audience, but it can claim [*558] no need to ‘bodily appropriate’ [Mr. Ford's] ‘expression’ of that information by utilizing portions of the actual [manuscript]. The public interest in the free flow of information is assured by the law's refusal to recognize a valid copyright in facts. The fair use doctrine is not a license for corporate theft, empowering a court to ignore a copyright whenever it determines the underlying work contains material of possible public importance.” *Iowa State University Research Foundation, Inc. v. American Broadcasting Cos., Inc.*, 621 F.2d 57, 61 (1980).

In our haste to disseminate news, it should not be forgotten that the Framers intended copyright itself to be the engine of free expression. By establishing a marketable right to the use of one's expression, copyright supplies the economic incentive to create and disseminate ideas. This Court stated in *Mazer v. Stein*, 347 U.S. 201, 209 (1954):

“The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in ‘Science and useful Arts.’”

And again in *Twentieth Century Music Corp. v. Aiken*:

³ It bears noting that Congress in the Copyright Act recognized a public interest warranting specific exemptions in a number of areas not within traditional fair use, see, e. g., 17 U. S. C. § 115 (compulsory license for records); § 105 (no copyright in Government works). No such exemption limits copyright in personal narratives written by public servants after they leave Government service.

"The immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate [the creation of useful works] for the general public good." 422 U.S., at 156.

[*559] It is fundamentally at odds with the scheme of copyright to accord lesser rights in those works that are of greatest importance to the public. Such a notion ignores the major premise of copyright and injures author and public alike. "[To] propose that fair use be imposed whenever the 'social value [of dissemination] . . . outweighs any detriment to the artist,' would be to propose depriving copyright owners of their right in the property precisely when they encounter those users who could afford to pay for it." Gordon, Fair Use as Market Failure: A Structural and Economic Analysis of the *Betamax* Case and its Predecessors, 82 *Colum. L. Rev.* 1600, 1615 (1982). And as one commentator has noted: "If every volume that was in the public interest could be pirated away by a competing publisher, . . . the public [soon] would have nothing worth reading." Sobel, Copyright and the *First Amendment*: A Gathering Storm?, 19 ASCAP Copyright Law Symposium 43, 78 (1971).

Moreover, freedom of thought and expression "includes both the right to speak freely and the right to refrain from speaking at all." *Wooley v. Maynard*, 430 U.S. 705, 714 (1977). We do not suggest this right not to speak would sanction abuse of the copyright owner's monopoly as an instrument to suppress facts. But in the words of New York's Chief Judge Fuld:

"The essential thrust of the *First Amendment* is to prohibit improper restraints on the *voluntary* public expression of ideas; it shields the man who wants to speak or publish when others wish him to be quiet. There is necessarily, and within suitably defined areas, a concomitant freedom *not* to speak publicly, one which serves the same ultimate end as freedom of speech in its affirmative aspect." *Estate of Hemingway v. Random House, Inc.*, 23 N. Y. 2d 341, 348, 244 N. E. 2d 250, 255 (1968).

[*560] Courts and commentators have recognized that copyright, and the right of first publication in particular, serve this countervailing *First Amendment* value.

In view of the *First Amendment* protections already embodied in the Copyright Act's distinction between copyrightable expression and uncopyrightable facts and ideas, and the latitude for scholarship and comment traditionally afforded by fair use, we see no warrant for expanding the doctrine of fair use to create what amounts to a public figure exception to copyright. Whether verbatim copying from a public figure's manuscript in a given case is or is not fair must be judged according to the traditional equities of fair use.

IV

Fair use is a mixed question of law and fact. *Pacific & Southern Co. v. Duncan*, 744 F.2d 1490, 1495, n. 8 (CA11 1984). Where the district court has found facts sufficient to evaluate each of the statutory factors, an appellate court "need not remand for further factfinding . . . [but] may conclude as a matter of law that [the challenged use] [does] not qualify as a fair use of the copyrighted work." Thus whether The Nation article constitutes fair use under § 107 must be reviewed in light of the principles discussed above. The factors enumerated in the section are not meant to be exclusive: "[Since] the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts." The four factors identified by

Congress as especially relevant in determining whether the use was fair are: (1) the purpose and character of the use; (2) the nature of the copyrighted work; (3) the substantiality of the portion used in relation to the copyrighted work as [*561] a whole; (4) the effect on the potential market for or value of the copyrighted work. We address each one separately.

Purpose of the Use. The Second Circuit correctly identified news reporting as the general purpose of The Nation's use. News reporting is one of the examples enumerated in § 107 to "give some idea of the sort of activities the courts might regard as fair use under the circumstances." This listing was not intended to be exhaustive, or to single out any particular use as presumptively a "fair" use. The drafters resisted pressures from special interest groups to create presumptive categories of fair use, but structured the provision as an affirmative defense requiring a case-by-case analysis. "[Whether] a use referred to in the first sentence of *section 107* is a fair use in a particular case will depend upon the application of the determinative factors, including those mentioned in the second sentence." The fact that an article arguably is "news" and therefore a productive use is simply one factor in a fair use analysis.

We agree with the Second Circuit that the trial court erred in fixing on whether the information contained in the memoirs was actually new to the public. As Judge Meskill wisely noted, "[courts] should be chary of deciding what is and what is not news." The issue is not what constitutes 'news,' but whether a claim of newsreporting is a valid fair use defense to an infringement of *copyrightable expression*." The Nation has every right to seek to be the first to publish information. But The Nation went beyond simply reporting uncopyrightable information and actively sought to exploit the headline value of its infringement, making a "news event" out of its unauthorized first publication of a noted figure's copyrighted expression.

The fact that a publication was commercial as opposed to nonprofit is a separate factor that tends to weigh against a finding of fair use. "[Every] commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright." *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S., at 451. In arguing that the purpose of news reporting is not purely commercial, The Nation misses the point entirely. The crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain but whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.

In evaluating character and purpose we cannot ignore The Nation's stated purpose of scooping the forthcoming hardcover and Time abstracts. The Nation's use had not merely the incidental effect but the *intended purpose* of supplanting the copyright holder's commercially valuable right of first publication. Also relevant to the "character" of the use is "the propriety of the defendant's conduct." "Fair use presupposes 'good faith' and 'fair dealing.'" The trial court found that The Nation knowingly exploited a purloined manuscript. Unlike the typical claim of fair use, The Nation cannot offer up even the fiction of consent as justification. Like its competitor newsweekly, it was free to bid for the right of abstracting excerpts from "A Time to Heal." Fair use "distinguishes between 'a true scholar and a chiseler who infringes a work for personal profit.'"

Nature of the Copyrighted Work. Second, the Act directs attention to the nature of the copyrighted work. "A Time to Heal" may be characterized as an unpublished historical narrative or

autobiography. The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.

"[Even] within the field of fact works, there are gradations as to the relative proportion of fact and fancy. One may move from sparsely embellished maps and directories to elegantly written biography. The extent to which one must permit expressive language to be copied, in order to assure dissemination of the underlying facts, will thus vary from case to case."

Some of the briefer quotes from the memoirs are arguably necessary adequately to convey the facts; for example, Mr. Ford's characterization of the White House tapes as the "smoking gun" is perhaps so integral to the idea expressed as to be inseparable from it. But *The Nation* did not stop at isolated phrases and instead excerpted subjective descriptions and portraits of public figures whose power lies in the author's individualized expression. Such [*564] use, focusing on the most expressive elements of the work, exceeds that necessary to disseminate the facts.

In the case of Mr. Ford's manuscript, the copyright holders' interest in confidentiality is irrefutable; the copyright holders had entered into a contractual undertaking to "keep the manuscript confidential" and required that all those to whom the manuscript was shown also "sign an agreement to keep the manuscript confidential." While the copyright holders' contract with *Time* required *Time* to submit its proposed article seven days before publication, *The Nation's* clandestine publication afforded no such opportunity for creative or quality control. It was hastily patched together and contained "a number of inaccuracies." A use that so clearly infringes the copyright holder's interests in confidentiality and creative control is difficult to characterize as "fair."

Amount and Substantiality of the Portion Used. Next, the Act directs us to examine the amount and substantiality of the portion used in relation to the copyrighted work as a whole. In absolute terms, the words actually quoted were an insubstantial portion of "A Time to Heal." The District Court, however, found that "[The] *Nation* took what was [*565] essentially the heart of the book." We believe the Court of Appeals erred in overruling the District Judge's evaluation of the qualitative nature of the taking. See, e. g., *Roy Export Co. Establishment v. Columbia Broadcasting System, Inc.*, 503 F.Supp., at 1145 (taking of 55 seconds out of 1 hour and 29-minute film deemed qualitatively substantial). A *Time* editor described the chapters on the pardon as "the most interesting and moving parts of the entire manuscript." The portions actually quoted were selected by Mr. Navasky as among the most powerful passages in those chapters. He testified that he used verbatim excerpts because simply reciting the information could not adequately convey the "absolute certainty with which [Ford] expressed himself," or show that "this comes from President Ford," or carry the "definitive quality" of the original. In short, he quoted these passages precisely because they qualitatively embodied Ford's distinctive expression.

As the statutory language indicates, a taking may not be excused merely because it is insubstantial with respect to the *infringing* work. As Judge Learned Hand cogently remarked, "no plagiarist can excuse the wrong by showing how much of his work he did not pirate." *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 56 (CA2), cert. denied, 298 U.S. 669 (1936). Conversely, the fact that a substantial portion of the infringing work was copied verbatim is evidence of the qualitative value of the copied material, both to the originator and to the plagiarist who seeks to profit from marketing someone else's copyrighted expression.

Stripped to the verbatim quotes, the direct takings from the unpublished manuscript constitute at least 13% of the infringing [*566] article. The *Nation* article is structured around the quoted ex-

cerpts which serve as its dramatic focal points. See Appendix to this opinion, *post*, p. 570. In view of the expressive value of the excerpts and their key role in the infringing work, we cannot agree with the Second Circuit that the "magazine took a meager, indeed an infinitesimal amount of Ford's original language."

Effect on the Market. Finally, the Act focuses on "the effect of the use upon the potential market for or value of the copyrighted work." This last factor is undoubtedly the single most important element of fair use.⁴ "Fair use, when properly applied, is limited to copying by others which [*567] does not materially impair the marketability of the work which is copied." The trial court found not merely a potential but an actual effect on the market. Time's cancellation of its projected serialization and its refusal to pay the \$ 12,500 were the direct effect of the infringement. The Court of Appeals rejected this fact-finding as clearly erroneous, noting that the record did not establish a causal relation between Time's nonperformance and respondents' unauthorized publication of Mr. Ford's *expression* as opposed to the facts taken from the memoirs. We disagree. Rarely will a case of copyright infringement present such clear-cut evidence of actual damage. Petitioners assured Time that there would be no other authorized publication of *any* portion of the unpublished manuscript prior to April 23, 1979. *Any* publication of material from chapters 1 and 3 would permit Time to renegotiate its final payment. Time cited The Nation's article, which contained verbatim quotes from the unpublished manuscript, as a reason for its nonperformance. With respect to apportionment of profits flowing from a copyright infringement, this Court has held that an infringer who commingles infringing and noninfringing elements "must abide the consequences, unless he can make a separation of the profits so as to assure to the injured party all that justly belongs to him. Similarly, once a copyright holder establishes with reasonable probability the existence of a causal connection between the infringement and a loss of revenue, the burden properly shifts to the infringer to show that this damage would have occurred had there been no taking of copyrighted expression. Petitioners established a *prima facie* case of actual damage that respondents failed to rebut. The trial court properly awarded actual damages and accounting of profits. See *17 U. S. C. § 504(b)*.

More important, to negate fair use one need only show that if the challenged use "should become widespread, it would adversely affect the *potential* market for the copyrighted work." *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S., at 451 (emphasis added); *id.*, at 484, and n. 36 (collecting cases) (dissenting opinion). This inquiry must take account not only of harm to the original but also of harm to the market for derivative works. See *Iowa State University Research Foundation, Inc. v. American Broadcasting Cos.*, 621 F.2d 57 (CA2 1980); *Meeropol v. Nizer, supra*, at 1070; *Roy Export v. Columbia Broadcasting System, Inc.*, 503 F.Supp., at 1146."If the defendant's work adversely affects the value of any of the rights in the copyrighted work (in this case the adaptation [and serialization] right) the use is not fair." 3 *Nimmer § 13.05[B]*, at 13-77 -- 13-78 (footnote omitted).

⁴ Economists who have addressed the issue believe the fair use exception should come into play only in those situations in which the market fails or the price the copyright holder would ask is near zero. See, e. g., T. Brennan, *Harper & Row v. The Nation*, Copyrightability and Fair Use, Dept. of Justice Economic Policy Office Discussion Paper 13-17 (1984); Gordon, Fair Use as Market Failure: A Structural and Economic Analysis of the *Betamax* Case and its Predecessors, 82 *Colum. L. Rev.* 1600, 1615 (1982). As the facts here demonstrate, there is a fully functioning market that encourages the creation and dissemination of memoirs of public figures. In the economists' view, permitting "fair use" to displace normal copyright channels disrupts the copyright market without a commensurate public benefit.

It is undisputed that the factual material in the balance of The Nation's article, besides the verbatim quotes at issue here, was drawn exclusively from the chapters on the pardon. The excerpts were employed as featured episodes in a story about the Nixon pardon -- precisely the use petitioners had licensed to Time. The borrowing of these verbatim quotes from the unpublished manuscript lent The Nation's piece a special air of authenticity -- as Navasky expressed it, the reader would know it was Ford speaking and not The Nation. Thus it directly competed for a share of the market for pre-publication excerpts. The Senate Report states:

"With certain special exceptions . . . a use that supplants any part of the normal market for a copyrighted work would ordinarily be considered an infringement."

[*569] Placed in a broader perspective, a fair use doctrine that permits extensive prepublication quotations from an unreleased manuscript without the copyright owner's consent poses substantial potential for damage to the marketability of first serialization rights in general. "Isolated instances of minor infringements, when multiplied many times, become in the aggregate a major inroad on copyright that must be prevented." *Ibid.*

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The Court of Appeals erred in concluding that The Nation's use of the copyrighted material was excused by the public's interest in the subject matter. It erred, as well, in overlooking the unpublished nature of the work and the resulting impact on the potential market for first serial rights of permitting unauthorized prepublication excerpts under the rubric of fair use. Finally, in finding the taking "infinitesimal," the Court of Appeals accorded too little weight to the qualitative importance of the quoted passages of original expression. In sum, the traditional doctrine of fair use, as embodied in the Copyright Act, does not sanction the use made by The Nation of these copyrighted materials. Any copyright infringer may claim to benefit the public by increasing public access to the copyrighted work. But Congress has not designed, and we see no warrant for judicially imposing, a "compulsory license" permitting unfettered access to the unpublished copyrighted expression of public figures.

The Nation conceded that its verbatim copying of some 300 words of direct quotation from the Ford manuscript would constitute an infringement unless excused as a fair use. Because we find that The Nation's use of these verbatim excerpts from the unpublished manuscript was not a fair use, the judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.

It is so ordered.