

Alert | Intellectual Property & Technology



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SCOTUS to Warhol Foundation: Your Use of Previously Licensed Work Isn't Fair

On May 18, 2023, the United States Supreme Court issued its long-awaited decision in *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, a case that presented the Court with an opportunity to bring clarity to the often highly subjective standards lower courts apply when deciding the issue of fair use of visual works of art under copyright law.

Background

The case involved a black and white photograph of the rock musician Prince taken in 1981 by rock photographer Lynn Goldsmith. In 1984, Goldsmith licensed that photograph to *Vanity Fair* to serve as an “artist reference for an illustration in the magazine.” *Vanity Fair* hired Andy Warhol to create the illustration, which appeared alongside an article about Prince in its November 1984 issue. Warhol used Goldsmith’s photograph to create a silkscreen portrait of Prince. In addition to the illustration for the *Vanity Fair* article, Warhol created 15 other works based on Goldsmith’s photograph, known as the “Prince Series.”

After Prince died in 2016, the Andy Warhol Foundation for the Visual Arts (which asserted copyright ownership of all of Warhol’s works after his death) licensed to publisher Condé Nast an orange silkscreen portrait of Prince (“Orange Prince”) to appear on the cover of a magazine commemorating Prince’s life. Images of the Goldsmith photograph and the Orange Prince silkscreen portrait appear below:



Upon learning of Condé Nast’s use of Orange Prince on its magazine cover, Goldsmith, who also had licensed her photograph of Prince to be used on magazine covers, notified the Foundation of her belief that the image infringed her copyright in her black and white photograph of Prince. The Foundation then sued Goldsmith for a declaratory judgment of non-infringement or, alternatively, fair use. Goldsmith counterclaimed for copyright infringement.

The U.S. District Court for the Southern District of New York granted summary judgment in favor of the Foundation, holding that Orange Prince was protected under the doctrine of fair use. A fair use determination under the Copyright Act is a flexible analysis involving consideration of four non-exclusive factors; the first of these factors is the “purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.” On that point, the District Court held that the works were “transformative” because Orange Prince gave Goldsmith’s photograph a new expression. Specifically, the District Court found that Warhol’s work “can reasonably be perceived to have transformed Prince from a vulnerable, uncomfortable person to an iconic, larger-than-life figure.”

On appeal, the U.S. Court of Appeals for the Second Circuit reversed, finding that all four of the statutory fair use factors favored Goldsmith. On the first factor, the Second Circuit framed the issue as “whether the secondary work’s use of its source material is in service of a fundamentally different and new artistic purpose and character” and that such “transformative purpose and character must, at a bare minimum, comprise something more than the imposition of another artist’s style on the primary work.” It held that “the overarching purpose of the two works at issue . . . is identical, not merely in the broad sense that they are created as works of visual art, but also in the narrow but essential sense that they are portraits of the same person.”

The Supreme Court granted the Foundation’s petition for certiorari on the following narrow issue: Does the first fair use factor weigh in favor of the Foundation’s commercial licensing of Orange Prince to Condé Nast? In a 7-2 decision, the Court held that it did not. The majority opinion was written by Justice Sotomayor. Justice Gorsuch wrote a concurring opinion in which Justice Jackson joined. Justice Kagan wrote a dissenting opinion, in which Chief Justice Roberts joined.

The Majority Opinion

“Purpose and character of the use”

In its discussion of the “purpose or character of the use” under the first fair use factor, the Court stated that the “central” question is “whether the new work merely supersede[s] the objects of the original creation . . . (supplanting the original) or instead adds something new, with a further purpose or different character.” Thus, the first factor relates to the problem of “substitution,” i.e., if the secondary use of an

original work is to achieve a purpose that is the same as, or highly similar to, that of the original work, then the secondary work is more likely to substitute for, or “supplant,” the original work. On this point, the Court made a number of general observations.

First, the Court held that whether an allegedly infringing use has a further purpose or different character—i.e., whether and to what extent it is “transformative”—is a “matter of degree.” It observed that “[m]any secondary works add something new” but “[t]hat alone does not render such uses fair.” Rather, the first factor asks “whether *and to what extent* the use at issue has a purpose or character different from the original. . . . The larger the difference, the more likely the first factor weighs in favor of fair use. The smaller the difference, the less likely.” The Court cautioned against an “overbroad concept of *transformative* use” because of the copyright owner’s exclusive right to prepare derivative works, which the Copyright Act defines to include “any other form in which a work may be recast, *transformed*, or adapted.” To preserve the copyright owner’s right to create derivative works, the Court held that “the degree of transformation required to make ‘transformative’ use of an original must go beyond that required to qualify as a derivative.” As an example, the Court turned to the allegedly infringing song in *Campbell v. Acuff-Rose Music, Inc.*, for the proposition that a parody of a copyrighted work may be a use with a different purpose that justifies the copying of material from that work.

Second, the Court stressed that the first fair use factor “requires an analysis of the specific ‘use’ of a copyrighted work that is alleged to be ‘an infringement,’” and that “[t]he same copying may be fair when used for one purpose but not another.” The Court only addressed the specific use under challenge—the Foundation’s licensing of Orange Prince to Conde Nast—and expressed “no opinion as to the creation, display, or sale of any of the original Prince Series works.”

Accordingly, the Court held that, in the context of the use licensed by the Foundation, the purpose of Orange Prince was “substantially the same as that of Goldsmith’s photograph” as “[b]oth are portraits of Prince used in magazines to illustrate stories about Prince.” In the Court’s view, the Foundation’s licensing of Orange Prince thus “supersede[d] the objects, i.e., shared objectives of Goldsmith’s photograph, even if the two were not perfect substitutes.”

A “new meaning or message”

The Foundation argued that the Prince Series works, including Orange Prince, were “transformative,” and that the first fair use factor weighs in its favor, because the works convey a different meaning or message than the Goldsmith photograph. The Court disagreed.

Agreeing with the Second Circuit, the Court emphasized that whether a work is transformative “cannot turn merely on the stated or perceived intent of the artist or the meaning or impression that a critic – or for that matter, a judge – draws from the work.” If that were the case, the “law may well recogniz[e] any alteration as transformative.” The Court thus rejected the Foundation’s argument that the first factor is satisfied by “any use that adds some new expression, meaning, or message,” cautioning that such a definition of transformative use “would swallow the copyright owner’s exclusive right to prepare derivative works.” Instead, the Court held that a secondary work’s objective meaning or message, as “reasonably can be perceived,” is to be “considered to the extent necessary to determine whether the purpose of the use is distinct from the original.” In other words, “meaning or message is relevant to, but not dispositive of, purpose.”

The Court acknowledged that Orange Prince “portrays Prince somewhat differently from Goldsmith’s photograph” but stated that it “has no critical bearing on her photograph.” Thus, “that degree of difference is not enough for the first factor to favor [the Foundation], given the specific context of the use.”

Commercial nature of the use

The fact that a use is commercial as opposed to nonprofit “is an additional element of” the first fair use factor but, as the Court noted, “[t]he commercial nature of the use is not dispositive.” Rather, “it is to be weighed against the degree to which the use has a further purpose or different character.” Thus, the Court held that “[i]f an original work and a secondary use share the same or highly similar purposes, and the secondary use is of a commercial nature, the first factor is likely to weigh against fair use, absent some other justification for copying.” As Goldsmith’s photograph and the Foundation’s licensing of Orange Prince shared the same purpose, and the Foundation’s use of the photograph was of a commercial nature, “both elements point in the same direction,” i.e., against fair use. Further, because the Foundation’s use of the photograph “does not target the photograph” or otherwise use it for an “artistic commentary,” the Court looked for the Foundation to offer “another compelling justification for the use.” Finding none, the Court held that the first factor weighed in Goldsmith’s favor.

The Concurring Opinion

Justice Gorsuch, joined by Justice Jackson, concurred with the majority by confirming that the first factor of the fair-use defense requires “courts to assess the purpose and character of the *challenged* use,” rather than “focus[ing] on the purpose the *creator* had in mind when producing his work and the character of his resulting work.” Justice Gorsuch also emphasized the narrow nature of the majority opinion and its focus on the specific challenged use (the Foundation’s licensing of Orange Prince to Condé Nast in connection with an article about Prince), stating: “[W]hile our interpretation of the first fair-use factor does not favor the Foundation in this case, it may in others. If, for example, the Foundation had sought to display Mr. Warhol’s image of Prince in a nonprofit museum or a for-profit book commenting on 20th-century art, the purpose and character of that use might well point to fair use.”

The Dissenting Opinion

Justice Kagan, joined by Chief Justice Roberts, dissented by criticizing the majority’s opinion as “leav[ing] our first-factor inquiry in shambles” and “not [being] faithful to our precedent.” Specifically, Justice Kagan contended that the majority transplanted the fourth fair use factor (the effect of the use upon the potential market for or value of the copyrighted work) into the first factor by improperly relying on the fact that The Foundation licensed Warhol’s work to a magazine despite “how much ‘new expression, meaning, or message’ [Warhol] added.”

Justice Kagan further stated that Warhol’s Orange Prince and Goldsmith’s original photograph were fundamentally different and that “the majority distort[ed] ultimate resolution of the fair-use question” by “failing to give Warhol credit for [the] transformation.”

Takeaways

As noted above, the Court emphasized in the majority opinion that it expressed “no opinion as to the creation, display, or sale of any of the original Prince Series works.” In other words, the Court did not opine as to whether Warhol, in creating, displaying, or selling paintings in the Prince Series, infringed upon Goldsmith’s copyright in her photograph. Rather, the Court’s analysis focused on the specific use before it – the Foundation’s commercial licensing of Orange Prince. The Court held that this use did not

meet the “purpose and character of the use” criterion under the first fair use factor and thus favored Goldsmith. Had the Foundation licensed the use of Orange Prince for a different purpose (including a nonprofit or noncommercial one), the case may have come out differently.

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