

CLIENT ALERT

Supreme Court Sides With Photographer in Interpreting Claim of Fair Use by Warhol Foundation

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AUTHORS

Genevieve Dorment | **Matthew S. Makover** | **Jacob Pargament**

On May 18, 2023, the Supreme Court released its decision in a closely watched copyright battle between rock-photographer Lynn Goldsmith (“Goldsmith”) and the Andy Warhol Foundation for the Visual Arts, Inc. (“AWF”), which took title to artist Andy Warhol’s works following his death in 1987.¹ In a 7-2 decision, the Court ruled that the “purpose and character” factor of the fair use test, when applied to AWF’s licensing of a Warhol work based on a Goldsmith photograph, weighed in favor of Goldsmith, that is, against a finding of a “fair use” defense to copyright infringement under 17 U.S.C. § 107(1).

Background: AWF’s Use of Goldsmith’s Prince Photography

In 1981, Goldsmith photographed then “up and coming” musician Prince Rogers Nelson (commonly known mononymously as Prince) for Newsweek magazine.

In 1984, on the heels of the success of Prince’s film *Purple Rain* and its accompanying album, Goldsmith granted a license to Vanity Fair for the “one-time” use of one of her Prince photographs as an “artist reference for illustration.” Vanity Fair hired Andy Warhol to create a portrait of Prince using Goldsmith’s photo, which appeared in Vanity Fair’s November 1984 issue. Vanity Fair paid Goldsmith \$400 and credited her for the “source photograph.”

¹ *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, No. 21-869 (May 18, 2023).

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Unbeknownst to Goldsmith, Warhol subsequently created a series of portraits using the same photograph, now known as the “Prince Series.” Among them is an orange silkscreen portrait of Prince known as “Orange Prince.”

Upon Prince’s death in 2016, Condé Nast, the parent company of Vanity Fair, paid AWF \$10,000 to feature “Orange Prince” on the cover of a special edition magazine commemorating Prince’s life. Goldsmith was neither paid nor credited.

Goldsmith, learning of the “Prince Series” for the first time upon seeing the cover, notified AWF that she believed the license and use of “Orange Prince” by Condé Nast had infringed her copyrighted photograph. AWF responded by suing Goldsmith, seeking a declaratory judgment of non-infringement or, in the alternative, fair use. Goldsmith counterclaimed for infringement.

The District Court for the Southern District of New York found in favor of AWF by granting summary judgment on its defense of fair use. The Court of Appeals for the Second Circuit reversed in favor of Goldsmith. In its appeal, AWF did not challenge the Second Circuit’s determinations that three of the four fair use factors all favored Goldsmith; therefore, the sole issue before the Supreme Court was whether the first fair use factor, “the purpose and character of the use,”² favored AWF. The Court heard arguments in October 2022.

The Majority Ruling: The First Fair Use Factor Favors Goldsmith

The question presented to the Supreme Court was whether the first fair use factor, “the purpose and character of the use,” weighs in favor of AWF with respect to the license of “Orange Prince” granted to Condé Nast in 2016.

The common-law doctrine of fair use, codified in 17 U.S.C. § 107, provides that use of a copyrighted work for certain purposes deemed “fair use” is not an infringement of such copyright. The statute enumerates four factors to be considered in a fair use analysis:

- “(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 for or value of the copyrighted work.”

The first fair use factor considers whether the use of a copyrighted work “has a further purpose or different character, which is a matter of degree” – that is, whether the use can be considered to be “transformative” of the original work – to

² *Goldsmith*, slip op. at 2.

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be balanced against other considerations, including whether the nature of the use is commercial. The Court posited that this factor relates to whether the secondary use achieves a purpose that is so similar to the original work's that it is likely to be a substitute for the original work. The Court's majority opinion repeatedly emphasized that the use at issue, the licensing of the portrait of Prince for use in a magazine story about Prince, shared substantially the same purpose as the original work, noting that Goldsmith had in the past licensed her Prince photographs to magazines, including for use on the cover, and that in at least one instance she was paid for the use of a photograph of Prince that ran in a magazine commemorating his life in the wake of his death. The Court concluded that, if there are similar or highly similar purposes between an original work and a secondary use, and if the secondary use is of a commercial nature, then the first factor is likely to weigh against fair use.³

The fact that Warhol had added something new to Goldsmith's photo was not, by itself, enough to support a finding of transformative use with respect to the license of the work to Condé Nast. In particular, the Court highlighted a tension between an owner's right to prepare derivative works based on a copyrighted work, which is one of the exclusive rights granted under 17 U.S.C. § 106, with a broad interpretation of transformative use that would include *any* further purpose or character of the work; "[t]o preserve [the owner's right to prepare derivative works], the degree of transformation required . . . must go beyond that required to qualify as a derivative."⁴

In response to a critique from Justice Kagan's blistering dissenting opinion (discussed further below), the majority argued that, if a simple aesthetic preference for one portrait of Prince versus another was enough to deem a use to be transformative, every derivative work would qualify. Justice Gorsuch agreed in a concurring opinion joined by Justice Jackson, cautioning that a finding that any new aesthetic automatically transforms a work such that a fair use has been made "would risk making a nonsense of the statutory scheme,"⁵ whereby transformative uses belong to the owner as derivative works under § 106, but others may simultaneously make and own transformative uses of the same work under § 107.

A new meaning or message is not dispositive, but rather "simply relevant" to determining whether the secondary use serves a purpose that is different from the original work, which the Court characterized as the "central" question under the first factor. There must be an "objective inquiry into what use was made, *i.e.*, what the user does with the original work." The concurring opinion described the inquiry as focused on "how and for what reason a person is using a copyrighted work . . . not on the moods of any artist or the aesthetic quality of any creation," that is, "the purpose of the particular use" versus "the artistic purpose underlying a work."⁶

³ *Id.* at 20.

⁴ *Id.* at 3.

⁵ *Id.* at 3.

⁶ *Id.* at 3.

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The Court (like the Second Circuit before it) was careful throughout to stress that its analysis was narrowly and specifically applied only to the commercial license of “Orange Prince” to Condé Nast, and no other use of Goldsmith’s photograph, including its use in Warhol’s creation of the broader “Prince Series”. The Court provided several examples of other uses of “Orange Prince” that might have had a different purpose than the photo on which it was based, including if it was instead used in an art magazine to illustrate an article about Warhol, or for teaching purposes; the concurring opinion offered that display in a museum or in a book about 20th-century art might be of a purpose and character weighing toward a finding of fair use. To further its point, the Court stated that a different analysis would be applied to different Warhol works and different uses of such works, noting that Warhol’s iconic Soup Cans, which make use of the Campbell’s logo, would be examined differently if those images had been licensed to a soup business to serve as its logo, rather than for the purpose of artistic commentary.

In siding with Goldsmith on the first fair use factor, the Court found that AWF’s use of her work shared substantially the same purpose, and that it was commercial in nature; her work is “entitled to copyright protection, even against famous artists.”⁷

Justice Kagan’s Dissent:

Justice Kagan, in a scathing dissent joined by Chief Justice Roberts, expressed concern that the majority ruling will “stifle creativity of every sort” and “impede new art and music and literature. It will thwart the expression of new ideas and the attainment of new knowledge. It will make our world poorer.”⁸

Based on precedent established in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S., at 579, Justice Kagan argued for the position that “the critical factor 1 inquiry . . . is whether a new work alters the first with ‘new expression, meaning or message’,” rendering the new work transformative, and “the more transformative the work, the less commercialism matters.”⁹ Justice Kagan bolstered her belief with expert testimony regarding the extent to which the Warhol and Goldsmith works are “materially distinct” in “their composition, presentation, color palette, and media.”¹⁰

In direct response, the majority opinion again stressed the importance of purpose to its analysis when it chastened that “the dissent assumes that any and all uses of an original work entail the same first-factor analysis based solely on the content of a secondary work. This assumption contradicts the fair use statute and this Court’s precedents.”¹¹

⁷ *Id.* at 38.

⁸ *Id.* at 36 (Kagan, J., dissenting.)

⁹ *Id.* at 14 (Kagan, J., dissenting.)

¹⁰ *Id.* at 9 (Kagan, J., dissenting.)

¹¹ *Id.* at 21.

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The two opinions traded such barbs throughout, including Justice Kagan’s observation that in the 2021 term, in its opinion in *Google LLC v. Oracle America, Inc.*, 593 U.S. __, __ (2021), the Court had used Warhol’s work (albeit Soup Cans, discussed above) as an example of transformative use that should be protected. “If Warhol does not get credit for transformative copying,” Justice Kagan asked, “who will? And when artists less famous than Warhol cannot benefit from fair use, it will matter even more.”¹²

What’s Next

Focus on the purpose of the new use, not just the transformation of the work.

It is important to emphasize that the Court’s ruling is fairly narrow, but the broad takeaway is the explicit focus on the nature of the use of the work, not merely whether the new work is a “new expression, meaning or message.” It is therefore not necessarily now “open season” on artists who appropriate another artist’s work, but it is clear that, even if transformative, if a derivative or follow-on work is used in a commercial manner, then the protection of fair use will be of lesser comfort. Artists and purchasers of artistic works should be keenly aware of, and closely control, how their works will be used if such works are follow-ons or derivatives of existing works. The more similar the use of a secondary work is to the original work, particularly if the nature of the use is commercial, the more risk of infringement it will carry.

Fame is not a factor

While the opinions of the Southern District of New York and Justice Kagan venerated Warhol, it should be noted that the Second Circuit and the Supreme Court took pains to make the point that notoriety of a work or an artist does not impose any kind of heightened standard or new rights under the fair use doctrine. It is inconsequential whether an artist is famous or if the work, whether completely on its own through the zeitgeist or because of the promotion by the artist or a third party, gains significant fame; the same fair use test will apply as it would to any other work.

¹² *Id.* at 36 (Kagan, J., dissenting.)

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If you have any questions regarding this client alert, please contact the following attorneys or the Willkie attorney with whom you regularly work.

Genevieve Dorment

212 728 3865

gdorment@willkie.com

Matthew S. Makover

212 728 8739

mmakover@willkie.com

Jacob Pargament

212 728 8553

jpargament@willkie.com

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