

# Client Alert: Putting the “Use” Back in Fair Use: The Supreme Court Decides *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*

## Publications

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The Supreme Court’s recent and much-anticipated decision in *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith* redefines the contours of the fair use defense to copyright infringement. The Court ruled in favor of respondent Lynn Goldsmith, holding that the licensing to a magazine of an Andy Warhol print depicting the recording artist Prince did not constitute fair use of Goldsmith’s photograph on which the print was based. The Court’s analysis was limited to the first of the four statutory fair use factors and emphasized that any fair use analysis must focus on the specific use at issue. While the decision was 7-2, the majority and dissenting opinions are highly charged and replete with pointed, contentious rejoinders throughout.

## Background

This case arose out of the licensing of a Warhol silkscreen print by the Andy Warhol Foundation for the Visual Arts (“AWF”) to a magazine. In 1984, rock-and-roll photographer Goldsmith licensed her photograph of Prince in her studio to Vanity Fair for a single use as an “artist reference for an illustration” that the magazine commissioned Warhol to create.<sup>[1]</sup> Later, Warhol used the photograph to create the “Prince Series” consisting of “13 silkscreen prints and two pencil drawings.”<sup>[2]</sup> After Prince’s death in 2015, AWF licensed one image from the Prince Series (the “Orange Prince”) to Condé Nast (Vanity Fair’s parent company) to use in a Vanity Fair commemorative edition celebrating Prince.<sup>[3]</sup> Goldsmith notified AWF that she believed that image violated her copyright, and AWF sued Goldsmith and her agency seeking a declaratory judgment of noninfringement or, in the alternative, fair use.<sup>[4]</sup> Goldsmith counterclaimed for infringement.<sup>[5]</sup>

The district court granted summary judgment in favor of AWF, holding that the Prince Series works were fair uses of Goldsmith’s photograph based on the four factors enumerated in 17 U.S.C. § 107.<sup>[6]</sup> The Second Circuit reversed, holding that “all four fair use factors favored Goldsmith.”<sup>[7]</sup> AWF sought and the Supreme Court granted *certiorari* on the narrow question of whether the first of the

four fair use factors—“the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes”<sup>[8]</sup>—weighed in Goldsmith’s favor.

## **The Court’s Decisions**

The Court affirmed the Second Circuit’s decision. The opinion is a reminder that fair use is a defense to allegations that specific conduct is infringing, and that the statutory provisions addressing fair use reference that specific “use.” Consequently, “[t]he same copying may be fair when used for one purpose but not another.”<sup>[9]</sup>

Writing for the majority, Justice Sotomayor summarized the first fair use factor as considering:

whether the use of a copyrighted work has a further purpose or different character, which is a matter of degree, and the degree of difference must be balanced against the commercial nature of the use. If 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.<sup>[10]</sup>

Applying this standard, the Court’s analysis asks how to characterize the “use” of a work, focusing on “the specific ‘use’ of a copyrighted work that is alleged to be ‘an infringement.’”<sup>[11]</sup> Here, the Court expressly limited its analysis to AWF’s licensing of the photograph to Condé Nast, rather than other uses like Warhol’s creation of the Prince Series or display of the Prince Series in museums.<sup>[12]</sup>

The Court explained that this narrow consideration of the specific use alleged to be infringing is required because the first fair use factor asks a “central” question regarding the use at issue: “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.”<sup>[13]</sup> This concept is often referred to as “transformative use,” a term drawn from the Supreme Court’s 1994 decision in *Campbell v. Acuff-Rose Music*. The Court noted that determining whether “a use shares the purpose or character of an original work” will not always be “clear cut,” as that inquiry is “a matter of degree.”<sup>[14]</sup> However, the “larger the difference” in purpose and character between the original work and secondary use, “the more likely the first factor weighs in favor of fair use.”<sup>[15]</sup> Here, because both Goldsmith’s original photograph and AWF’s license of Orange Prince to Condé Nast involved “portraits of Prince used in magazines to illustrate stories about Prince,” the uses were not “distinct and different.”<sup>[16]</sup> That is, the two uses shared the same objectives, even if they were not “perfect substitutes.”<sup>[17]</sup>

Recognizing that a copyright owner has the exclusive right to create derivative works, and derivative works are defined as those that recast, transform, or adapt a work,<sup>[18]</sup> the Court rejected AWF’s argument that Orange Prince’s conveyance of a new meaning or message, standing alone, was a

transformative use sufficient to carry the first factor.<sup>[19]</sup> In sharp contrast to the dissent, the Court was clear that “[t]he application of an artist’s characteristic style to bring out a particular meaning that was available in the photograph is less likely to constitute a ‘further purpose.’”<sup>[20]</sup>

The Court additionally explained that the “justification” for the use at issue must be considered as part of the first fair use factor.<sup>[21]</sup> A use that has a distinct purpose is “justified because it furthers the goal of copyright.”<sup>[22]</sup> Narrower grounds for justification may also exist, particularly where the purposes are similar and a secondary work may otherwise “run the risk of substitution for the original,” if “copying is reasonably necessary to achieve the user’s new purpose.”<sup>[23]</sup> However, the Court rejected AWF’s argument that the Warhol image’s commentary on the “dehumanizing nature” and “effects” of celebrity was sufficient to justify the use, as that commentary “‘has no critical bearing on’ Goldsmith’s photograph[.]”<sup>[24]</sup>

The Court further found that the undisputed commercial character of AWF’s use weighed against a finding of fair use under the first factor.<sup>[25]</sup> In other words, in analyzing the first fair use factor, “the commercial character of a secondary use should be weighed against the extent to which the use is transformative or otherwise justified.”<sup>[26]</sup>

Justice Gorsuch wrote a short concurring opinion, joined by Justice Jackson, stressing that any fair use analysis must be objective. Relying on the statutory text, he noted that “[n]othing in the law requires judges to try their hand at art criticism and assess the aesthetic character of the resulting work. Instead, the first statutory fair-use factor instructs courts to focus on ‘the purpose and character of *the use*, including whether *such use is of a commercial nature or is for nonprofit educational purposes.*”<sup>[27]</sup> Justice Gorsuch highlighted that the majority opinion addressed only one narrow issue regarding the Prince Series, clarifying that “[t]he Court today does not even decide whether the Foundation’s image of Prince infringes on Ms. Goldsmith’s copyright.”<sup>[28]</sup>

In a heated dissent, Justice Kagan, joined by Chief Justice Roberts, focused on the significant differences in “aesthetics and meaning” between the Goldsmith photograph and Orange Prince, and accused the majority of over-emphasizing commerciality and under-emphasizing the copyright goal of advancing creativity.<sup>[29]</sup> Justice Kagan also took aim at the majority’s lack of consideration of the expressive differences between the two works.

## **Key Takeaways**

The Court’s decision is limited and consistent with traditional notions of fair use. However, by clarifying and refining the analysis under the first factor, and particularly the concept of transformative use, the decision will shape fair use analysis for years to come. Some major takeaways include:

- **Limitation of “Transformative Use.”** Over the last 30 years since the Supreme Court’s decision in *Campbell v. Acuff-Rose Music*, analysis of the first factor—and fair use as a whole—in practice often turned on the question of whether the secondary use at issue was perceived to be “transformative.” This trend arguably peaked in 2013 with the Second Circuit’s decision in *Cariou v. Prince*,<sup>[30]</sup> which the Second Circuit itself later described as the “high-water mark” of transformative use.<sup>[31]</sup> In *Cariou*, which also involved an appropriation artist using photographs to create visual works of art, the Second Circuit found the secondary works transformative because they had “a different character, [gave the original works] a new expression, and employ[ed] new aesthetics with creative and communicative results distinct from [the original’s].”<sup>[32]</sup> The *Warhol* decision rejects this simple understanding of “transformative use,” likely cabining the dominance of changes to a work over the first factor and the entire fair use analysis. Instead, while the Court notes that if a particular use “has a further purpose or different character,” it “is said to be ‘transformative,’” the Court warns that transformativeness cannot be permitted to swallow the right of copyright owners to create derivative works.<sup>[33]</sup> Thus, a new meaning or message, standing alone, is “not sufficient” to demonstrate fair use.<sup>[34]</sup>
- **“Purpose and Character” Are a Matter of Degree.** The Court repeatedly emphasized that how a work is used and the purpose of such use are a “matter of degree” and depend on the facts of the case.<sup>[35]</sup> The Court addressed the importance of the specific facts in its analysis; distinguishing, for instance, much to the dissent’s dismay, Warhol’s Soup Cans Cans images—which changed the purpose of the Campbell’s logo from advertising soup to an artistic commentary on consumerism—from Warhol’s Prince Series.<sup>[36]</sup> Therefore, although the opinion provides guidance regarding how to analyze the first fair use factor, the inquiry remains highly fact-specific and courts must still engage in highly individualized analyses of particular cases when fair use is at issue.
- **Analysis Is Objective.** The Court was clear that this inquiry, though fact-specific, remains “an objective inquiry into what use was made, *i.e.*, what the user does with the original work.”<sup>[37]</sup> Even consideration of the new work’s meaning, which the Court conceded could inform the analysis of the use’s purpose, must be limited to what “reasonably can be perceived.”<sup>[38]</sup> Justice Gorsuch reiterated this point in his concurrence, emphasizing that the first factor analysis does not call on judges to “speculate about the purpose an artist may have in mind when working on a particular project.”<sup>[39]</sup>
- **A Commercial Purpose Can Affect the First Factor Analysis.** The Court noted that any analysis of transformative use must be weighed against the commercial character of the use to address the first factor completely.<sup>[40]</sup> Over the last 30 years, courts often have been prepared to overlook the commercial nature of an accused use when they perceived it to be transformative. The *Warhol* decision makes clear that both transformativeness and commerciality matter. This indicates that the transformative nature of a secondary use may no longer be a practically dispositive issue in

the fair use analysis, but rather only one element of the first factor analysis, which itself must be weighed against the other three factors.

- **First and Fourth Factor Relationship.** A perennial question in fair use caselaw is how to give meaning to both the first fair use factor and the fourth, which requires courts to consider “the effect of the use upon the potential market for or value of the copyrighted work.”<sup>[41]</sup> In recent years, the lower courts’ analysis of the first factor’s transformative use concept has often dominated.

Attempting to provide some clarity, the Court explained that although there is a “positive association” between the first factor and the fourth factor, the two factors are distinct because “the first factor does not ask whether a secondary use causes a copyright owner economic harm.”<sup>[42]</sup> Criticizing the dissent’s approach to the relationship between these factors, the Court explained that “[w]hile the first factor considers whether and to what extent an original work and secondary use have substitutable purposes, the fourth factor focuses on actual or potential market substitution.”<sup>[43]</sup> Thus, “the analysis here might be different if Orange Prince appeared in an art magazine alongside an article about Warhol.”<sup>[44]</sup> Essentially, the Court reaffirmed that the purpose of the particular use at issue is the crux of the first factor analysis, while any actual or potential market effects fit more appropriately into the fourth factor.

- **Parting Ways on Fair Use.** Just two years ago Justices Kagan and Sotomayor agreed on a fair use analysis, both signing on to the majority opinion in *Google LLC v. Oracle America, Inc.*, in which the Court held that Google’s use of certain computer software code was fair use. This opinion, in which they part ways on the fair use analysis, reflects a rare moment in which Justices Sotomayor and Kagan are not only on opposite sides of an issue, but passionately so. As Justice Kagan notes, “the majority opinion is trained on this dissent in a way majority opinions seldom are.”<sup>[45]</sup> Indeed, Justice Sotomayor’s majority opinion is rife with critiques of the dissent, noting, for instance, that “the dissent begins with a sleight of hand” which results in “a series of misstatements and exaggerations, from the dissent’s very first sentence . . . to its very last.”<sup>[46]</sup> The dissent does not hold back either, noting that the Court’s opinion shows it “would not have much of a future in magazine publishing,”<sup>[47]</sup> and suggesting to the reader, “[f]irst, when you see that my description of a precedent differs from the majority’s, go take a look at the decision. Second, when you come across an argument that you recall the majority took issue with, go back to its response and ask yourself about the ratio of reasoning to *ipse dixit*.”<sup>[48]</sup> This may demonstrate that fair use will continue to engender impassioned arguments, and also may have implications in future cases as the justices apparently agree on how certain language applied to computer programs, yet part ways on how the same standards apply to more traditional media.

- **New Technologies.** This opinion was highly anticipated not just for its impact on the arts, but also for its potential impact on new and emerging technologies such as artificial intelligence. Although the decision’s ultimate effects will only become apparent with the passage of time, companies clearly should take the Court’s analysis into account when considering the use of copyrighted works in new technologies. Particularly, any such analysis should take into account whether the use of copyrighted material is for a same or different purpose than the original, whether the use is commercial, and whether there is any other justification for the use.

The case will now return to the district court with the issue of fair use determined on summary judgment.<sup>[49]</sup> The district court, therefore, will have to consider whether AWF has any other defenses to copyright infringement.<sup>[50]</sup> Should it find in Goldsmith’s favor, the district court is likely to consider whether Goldsmith is entitled to her requested relief: permanent injunctive relief against AWF from further infringement and actual damages and profits earned by AWF’s infringement.<sup>[51]</sup> The district court may also award significant attorney’s fees to the prevailing party in the case, as permitted by 17 U.S.C. § 505.<sup>[52]</sup>

As and after that claim finishes its journey through the courts, this opinion will live on—perhaps, as the majority suggests, continuing existing copyright law as “a powerful engine of creativity,”<sup>[53]</sup> or, as the dissent fears, “thwart[ing] the expression of new ideas and the attainment of new knowledge,”<sup>[54]</sup> but no doubt shaping the discussion of fair use for years to come.

## Footnotes

[1] No. 21-869, 598 U.S. \_\_\_, slip op. at 3 (May 18, 2023) (internal quotation marks omitted).

[2] *Id.* at 4–5.

[3] *Id.* at 5.

[4] *Id.* at 8–9.

[5] *Id.* at 9.

[6] *Id.* at 9–10.

[7] *Id.* at 10.

[8] 17 U.S.C. § 107. Other statutory factors not addressed by the Court are “the nature of the copyrighted work,” “the amount and substantiality of the portion used in relation to the copyrighted work as a whole,” and “the effect of the use upon the potential market for or value of the copyrighted work.” *Id.*

[9] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 20–21.

[10] *Id.* at 19–20.

[11] *Id.* at 20 (quoting 17 U.S.C. § 107).

[12] *Id.* at 21.

[13] *Id.* at 14–15 (quoting 17 U.S.C. § 107(1) and *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994)).

[14] *Id.* at 15.

[15] *Id.* at 15–16.

[16] *Id.* at 23–24.

[17] *Id.* at 24.

[18] *Id.* at 16.

[19] *Id.* at 28–29.

[20] *Id.* at 33 (citing *Campbell*, 510 U.S. at 579).

[21] *Id.* at 18.

[22] *Id.*

[23] *Id.* at 19.

[24] *Id.* at 34.

[25] *Id.* at 18, 24.

[26] *Id.* at 25–26 n.13.

[27] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 2 (Gorsuch, J., concurring) (quoting 17 U.S.C. § 107(1)) (emphasis in opinion).

[28] *Id.* at 4–5.

[29] No. 21-869, 598 U.S. \_\_\_, slip op. at 10, 18–19 (2023) (Kagan, J., dissenting).

[30] 714 F.3d 694 (2d Cir. 2013).

[31] *TCA Television Corp. v. McCollum*, 839 F.3d 168, 181 (2d Cir. 2016).

[32] *Cariou*, 714 F.3d at 707–08.

[33] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 16 (quoting P. Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1111 (1990)).

[34] *Id.* at 29.

[35] *See, e.g., id.* at 15, 16, 19–20.

[36] *Id.* at 26–27.

[37] *Id.* at 33.

[38] *Id.* at 32.

[39] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 2 (Gorsuch, J., concurring).

[40] *See, e.g., Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 19–20, 25.

[41] 17 U.S.C. § 107(4).

[42] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 24 n.12.

[43] *Id.*

[44] *Id.* (citing Brief for United States as *Amicus Curiae* at 33, *Warhol Found.*, 598 U.S. \_\_\_).

[45] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 4 n.2 (Kagan, J., dissenting).

[46] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 21 n.10.

[47] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 10 (Kagan, J., dissenting).

[48] *Id.* at 4 n.2.

[49] The Supreme Court affirmed the Second Circuit opinion below. The Second Circuit reversed the district court’s grant of summary judgment in favor of AWF and vacated the dismissal of Goldsmith’s counterclaim of infringement, both of which were based on the fair use issue, held that Warhol’s image was substantially similar to Goldsmith’s, and remanded the case for further proceedings consistent with its opinion. *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 52, 54 (2d Cir. 2021).

[50] There was no dispute that Goldsmith held a valid copyright and that Warhol copied Goldsmith's image ("at least to some extent"), and the Second Circuit held that Warhol's image was substantially similar to Goldsmith's, thereby addressing the copyright infringement test. *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 382 F. Supp. 3d 312, 323 (S.D.N.Y. 2019); *Warhol Found. v. Goldsmith*, 11 F.4th at 52–53.

[51] Counterclaim at 26–28, *Warhol Found. v. Goldsmith*, No. 17-cv-2532 (JGK) (June 9, 2017), ECF No. 18.

[52] Under *Kirtsaeng v. John Wiley & Sons, Inc.*, the court will have significant discretion to award "reasonable" attorney's fees, even if it believes "the losing party advanced a reasonable claim or defense" as AWF may have done here. *See* 579 U.S. 197, 200 (2016).

[53] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 37.

[54] *Warhol Found. v. Goldsmith*, 598 U.S. \_\_\_, slip op. at 36 (Kagan, J., dissenting).

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