

# Supreme Court Addresses Copyright Fair Use Defense in *Goldsmith*

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On May 18, 2023, the U.S. Supreme Court ruled 7-2 in favor of the respondent copyright holder in *Andy Warhol Foundation for the Visual Arts, Inc. v. Lynn Goldsmith et al.*, No. 21-869, analyzing the Copyright Act's first fair use factor and affirming the Second Circuit's ruling that the licensing of Andy Warhol's adaptation of the respondent's photograph of Prince to a print publication did not constitute fair use.

## Background

**Fair use is an important defense in copyright law.** It protects certain uses of copyrighted works that promote socially valuable purposes, such as commentary, criticism, news reporting and education. The Copyright Act lists four nonexhaustive factors to be considered in a fair use analysis<sup>1</sup>:

- The purpose and character of the alleged infringer's use of copyrighted material.
- The nature of the copyrighted work being used.
- The amount and substantiality of the portion used in relation to the copyrighted work as a whole.
- The effect of the use upon the potential market for, or value of, the copyrighted work.

This four-factor test has led to highly unpredictable results. Courts have struggled not only to interpret and apply the factors consistently, but also to address the proper scope of fair use as public policy. In *Goldsmith*, the Supreme Court considered for the first time in nearly 30 years the bounds of fair use pertaining to artistic works.<sup>2</sup>

**The *Goldsmith* dispute concerned a black-and-white photo of the musician Prince taken in 1981 by celebrity photographer Lynn Goldsmith.** Pursuant to a license from Goldsmith's agency to *Vanity Fair* magazine, pop artist Andy Warhol had used the photo as source material for an image of Prince called "Purple Fame," which appeared as part of a full-page feature in the magazine. Warhol thereafter created what is now known as the "Prince Series": 16 silkscreen prints adding Warhol's signature, colorful style to the original Goldsmith photo. However, unlike Purple Fame, the other works in the Prince Series were not created under a license.

In 2016, Goldsmith discovered the extent of Warhol's use of the photograph when another entry in the Prince Series, "Orange Prince," appeared on the cover of a *Condé Nast* magazine issue paying tribute to Prince's life. Goldsmith notified the holder of Warhol's copyrights — the Andy Warhol Foundation for the Visual Arts (Warhol Foundation) — that she believed the Prince Series was infringing. In response, the Warhol Foundation filed suit seeking a declaratory judgment that the Prince Series was noninfringing and constituted fair use of the underlying Goldsmith photo.

**On summary judgment, the Southern District of New York agreed with the Warhol Foundation,** concluding that Warhol had altered the depiction of Prince from a "vulnerable, uncomfortable person" to an "iconic, larger-than-life figure."<sup>3</sup> Such use was deemed "transformative" of the source material, leading to the court's holding that the Prince Series constituted fair use.

<sup>1</sup> 17 U.S.C. § 107.

<sup>2</sup> The Supreme Court's 2021 decision in *Google LLC v. Oracle America, Inc.* dealt with the fair use of copyrighted operating system software.

<sup>3</sup> *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 382 F. Supp. 3d 312, 326 (S.D.N.Y. 2019).

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The Second Circuit reversed, chastising the lower court for “assum[ing] the role of art critic” and considering the artist’s subjective intent and impression created by the work.<sup>4</sup> The Second Circuit reasoned that a fair use must serve a “fundamentally different and new artistic purpose,” concluding that the aesthetic alterations seen in the Prince Series were “much closer to presenting the same work in a different form” and that fair use requires “something more than the imposition of another artist’s style.”<sup>5</sup> The Second Circuit described its approach as an “objective assessment” of a work’s “purpose and character,” purportedly more faithful to fair use jurisprudence than the lower court’s art critic-like inquiry.<sup>6</sup>

The Warhol Foundation argued to the Supreme Court that the Second Circuit’s articulation of “transformative” use conflicts with a position taken by the Supreme Court and other Courts of Appeal that a work is “transformative” if it adds a new “meaning or message” beyond that of the original. The Warhol Foundation also argued that the Second Circuit’s rule will chill legitimate fair uses of copyrighted material, forcing would-be artists to predict whether their work will be deemed too visually similar to merit fair use protection. In response, Goldsmith argued that the “meaning or message” standard is not justified by the text of the Copyright Act, and that blessing follow-on works because they alter the source material just enough to perceive a new meaning from the work would eviscerate the protections of copyright law.

The case attracted enormous attention given its potential impact on the sometimes-nebulous fair use doctrine. There was hope that the Supreme Court’s intervention would provide additional clarity and predictability. At both the petition and merits stage, the Supreme Court was presented with numerous *amicus* briefs on both sides of the issue.

## The Supreme Court’s Ruling

The Supreme Court majority, in an opinion authored by Justice Sonia Sotomayor, did not address whether Warhol’s creation of the Prince Series constituted fair use. Rather, the majority analyzed *only* the issue of whether the Warhol Foundation’s *specific* act of licensing Orange Prince to *Condé Nast* constituted fair use. Even more specifically, the majority explained that the only appealed issue was whether the *first* statutory fair use factor — the purpose and character of the use — weighed in favor of or against a fair use finding. Indeed, the Court explained that it “expresses no opinion as to the creation, display, or sale of any of the original Prince Series works.”

<sup>4</sup> *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, No. 1:7-cv-02532, 11 F.4th 26 (2d Cir. 2021).

<sup>5</sup> *Id.* at 27-28, 30 (citations omitted).

<sup>6</sup> *Id.* at 4.

The Court concluded that the “purpose and character” of the Warhol Foundation use did not weigh in favor of fair use. In so concluding, the majority elaborated on the nature of the fair use inquiry and the role of “transformativeness” in analyzing the first fair use factor. Key elements of the majority’s reasoning included the following:

- Fair use analysis is necessarily highly context-dependent and requires “an analysis of the specific ‘use’ of a copyrighted work that is alleged to be ‘an infringement.’” Indeed, “[t]he same copying may be fair when used for one purpose but not another.”
- The mere fact that a use is “transformative” by adding a message or meaning is not dispositive of the first fair use factor. Thus, it is improper to end the analysis of the first factor without other considerations about the nature and purpose of the use, with particular emphasis on whether the allegedly infringing use is commercial or not.
- The key question for “transformativeness” is not simply whether there is a new meaning or message being conveyed; the *degree* of transformation and differences between works or uses is relevant. “The larger the difference, the more likely the first factor weighs in favor of fair use.”
- Where an allegedly infringing use and an original use “share the same or highly similar purposes, and the secondary use is commercial, the first fair use factor is likely to weigh against fair use, absent some other justification for copying,” such as parody, commentary or criticism.
- Fair use is an “objective inquiry” into how an original work is used by an alleged infringer, *not* “an inquiry into the subjective intent of the user, or into the meaning or impression that an art critic or judge draws from a work.” Accordingly, when considering issues such as whether a use constitutes protected parody, commentary or criticism, courts should not attempt to divine the purported parodist’s or commentator’s intent while ignoring the actual context in which the specific use of the original work is made.

In light of the foregoing principles, the majority concluded that the Warhol Foundation’s act of licensing Orange Prince to *Condé Nast* was functionally indistinguishable from Goldsmith’s licensing of the original Prince photo to *Vanity Fair*. Both acts had the same commercial purpose of licensing an image of Prince to illustrate a magazine about Prince, and thus the Warhol Foundation’s use was not fair use.

In dicta, the majority also minimized the artistic differences between the works, concluding that the Prince Series portrays Prince “somewhat differently from Goldsmith’s photograph,” but in a way that has “no critical bearing” on the original. Even to the extent there were differences, the Court reasoned that the similarity in commercial objectives “loom[ed] larger.”

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**In a brief concurring opinion,** Justice Neil Gorsuch contended that the Warhol Foundation’s suggestion that the first fair use factor focuses “on the purpose the *creator* had in mind when producing his work and the character of his resulting work” would impermissibly require judges to “speculate” about artists’ intentions and “try their hand at art criticism.” Justice Gorsuch further emphasized the narrowness of the Court’s decision and highlighted that the first fair use factor still could favor the Warhol Foundation under other circumstances, such as if the Warhol Foundation sought to display the Prince image in a nonprofit museum.

**In a sharp dissent that delves deeply into the underlying purposes of copyright law,** Justice Elena Kagan criticized the majority’s analysis as “leav[ing] our first-factor inquiry in shambles.” In the dissent’s view, the majority improperly relied solely on the fact that “Warhol licensed his work to a magazine,” thus ignoring whether Warhol’s work was actually “transformative” and improperly “transplant[ing]” 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. Pointing to a series of examples drawn from historical art, music and literature, the dissent expressed deep-seated concern about how the decision “will stifle creativity of every sort,” “thwart the expression of new ideas and the attainment of new knowledge,” and “make our world poorer.”

## Looking Ahead

Subverting the expectation — and for some, hope — that the Supreme Court would take the opportunity to provide sweeping clarity about all aspects of fair use analysis, the majority explicitly

and repeatedly emphasizes the narrowness of its decision, perhaps in part to address the dissent’s concern about a parade of horrors eviscerating the artistic domain. As such, the most immediate jurisprudential value of the decision may be the principles for analyzing the first fair use factor detailed above. For example, courts now have additional guidance for considering the role — and limits — of determining whether a use is “transformative.”

The broader impact the decision on future copyright jurisprudence is more difficult to discern, but at least two potential effects can be reasonably predicted:

- **First, the decision may tilt the fair use balance back in favor of copyright owners/plaintiffs** because (i) it is now indisputable that merely adding message or meaning to works does not automatically render the first factor to weigh in favor of fair use, and (ii) the Court’s dicta regarding parody and commentary reduces the ability of alleged infringers to rely on their subjective intent when arguing their uses of original source material is “fair.”
- **Second, copyright litigants will increasingly focus not only on whether the creation of derivative works constitutes a fair use — whether the mere existence of new works like the Prince Series are infringing or ultimately permissible — but also on the array of specific, subsequent uses of those works.** In that regard, the Court’s explicit recognition that the “same copying may be fair when used for one purpose but not another” could lead to a proliferation of litigation activity relating to types of works that may constitute fair use as created, but not as subsequently exploited.