Borrower Beware: Landmark Copyright Infringement Decision Issued by the United States Supreme Court

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The United States Supreme Court recently issued its first opinion in the realm of copyright since its 2021 decision in *Google v. Oracle*, this time focusing not on software and source code, but on pop art and the publishing industry. The decision addresses the first factor of the fair use defense, crafting the proper test for determining whether a use is "transformative" in nature.

In 1984 Lynn Goldsmith granted Vanity Fair a one-time license to use a photograph she had taken of the musician Prince. The photograph was to be used as an "artist reference for illustration." Vanity Fair then hired Andy Warhol, who made a purple silkscreen portrait using Goldsmith's photo. Vanity Fair published Warhol's image, credited Goldsmith for the "source photograph," and paid her $400.

Warhol then used Goldsmith's photograph to create 15 additional works now known as the Prince Series. In 2016, the Andy Warhol Foundation (AWF) licensed one of those works, "Orange Prince," to Condé Nast to again illustrate a magazine story about Prince. AWF received $10,000, and Goldsmith received nothing. Goldsmith did not know about the additional works until she saw Orange Prince on the cover of Condé Nast's magazine. When Goldsmith asserted copyright infringement, AWF sued her seeking a declaratory judgment of non-infringement. The district court granted AWF summary judgment on its assertion of "fair use." 17 U.S.C. 107. The Second Circuit reversed.

The sole question for the Supreme Court was whether the first fair use factor, "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes," weighs in favor of AWF's recent commercial licensing to Condé Nast.

The 7-2 majority held that the "purpose and character" of AWF's use of Goldsmith's photograph in commercially licensing Orange Prince to Condé Nast does not favor AWF's fair use defense to copyright infringement.

AWF contended that the purpose and character of its use of Goldsmith's photograph weighs in favor of fair use because Warhol's silkscreen image of the photograph conveys a new meaning or message and is thereby "transformative." The Court concluded that the merely adding a new message or meaning does not alone satisfy the first fair use factor by creating a new "purpose and character." Further, whether a work is transformative cannot turn merely on the intent of the artist or the meaning or impression that a critic or judge draws from the work. Instead, this first factor of the fair use test requires an objective inquiry into the particular use made.

When "an original work and copying 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. Whether the use was commercial is an additional element of the first fair use factor. The commercial nature is to be weighed against the degree to which the use has a further purpose or different character, and the same copying may be fair for one use but not another.

In this case, Goldsmith's photograph of Prince, and AWF's use of a photograph in an image licensed to a special edition magazine devoted to Prince shared substantially the same commercial purpose. The 2016 use also was of a commercial nature. Even though Orange Prince added new expression to Goldsmith's photograph, the degree of transformativeness is not enough for the first fair use factor to favor AWF.

Writing for the majority, Justice Sotomayor appeared heavily swayed by the similarity in commercial objectives between Goldsmith's photograph and Warhol's portrait, finding that similarity of purpose and character outweighed Warhol's artistic transformation of the photograph. The majority opinion also expressed concern over the potential that an expansive fair use doctrine could swallow a copyright-holder's right to create its own derivative works.

Concurring, Justice Gorsuch stated that judges need not "try their hand at art criticism" or evaluate the "artistic purpose underlying a work." Rather, the first fair use factor requires a court to focus on the particular *use* under challenge and determine whether that use is different from a copyrighted use. Gorsuch's concurrence emphasized that the Court's decision should be read narrowly and suggests that if AWF had sought to use Warhol's portrait in some other way, the use might have been considered fair.

Writing for the dissent, Justice Kagan argued the majority opinion leaves the first-factor inquiry “in shambles.” According to the dissent, the majority ignored whether Warhol’s work was actually transformative and negated his creative contributions, focusing with tunnel vision on the fact that Warhol licensed his portrait to a magazine, as Goldsmith sometimes did with her photos. The dissent also expressed concern that the majority’s decision will make it difficult for subsequent artists to improve upon prior works, and that it will “thwart the expression of new ideas and the attainment of new knowledge.”

While practical take-aways from this recent decision will evolve over time as the lower courts interpret and apply the decision, we can glean some practical considerations for those engaged in a space in which copyrighted works are at issue. First, those who intend to borrow from or build upon another’s work should strongly consider obtaining a license from the original creator. Because the opinion does not establish a bright-line test for when a secondary use’s “transformativeness” outweighs its commercial nature, the safest course of action is to get a license.

Another interesting practical development may be the nature and extent to which expert testimony will be helpful to the trier of fact in a fair use case. Here, the parties had relied extensively on expert opinion focused on the degree of transformation accomplished by the Warhol work. The majority opinion, however, was less focused on the specifics of the artistic transformation than on the similarity of the purpose (magazine publishing) to which the work was put. Copyright decisions in this realm may now rely less on testimony from experts in the relevant field of art in analyzing the fair use factors.

We Can Help

For questions, please contact Eileen Rumfelt or another member of our Intellectual Property Practice Group.