



U.S. Supreme Court Warhol Foundation Decision on Copyright Fair Use

SCOTUS: TRANSFORMATION ALONE IS NOT FAIR USE OF A COPYRIGHTED WORK

BY ELLIOTT ALDERMAN, ESQ.

ANDY WARHOL FOUNDATION FOR THE VISUAL ARTS, INC. V. GOLDSMITH, 598 U.S. 508 (2023)

On May 18, 2023, the U.S. Supreme Court decided that Andy Warhol's adaptation (called "Orange Prince") of a copyrighted photograph of Prince, taken by noted music photographer, Lynn Goldsmith, infringed her work and was not fair use.¹ Under the Copyright Act, the owner of a work has an exclusive bundle of rights, and secondary users have the burden of proof to show that their otherwise infringing adaptation of the owner's work is excused as a fair use. The scope of fair use is a complex, fact-intensive, contextual inquiry.

Importantly, because Andy Warhol Foundation (AWF) didn't challenge the Second Circuit's holding that the second through fourth fair use factors favored Goldsmith, the only issue before the Court was the whether the first factor—"the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes,"² weighed in favor of AWF's commercial licensing of Orange Prince to Condé Nast.

¹ *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 143 S. Ct. 1258 (2023).

² 17 U.S.C. § 107(f).



The question is whether the secondary use is of a fundamentally different and new artistic purpose and character, which is something more than the imposition of another artist's style on the primary work.

The Court majority determined that the Goldsmith photograph and Orange Prince shared substantially the same purpose, that AWF's use was commercial,³ and, crucially, that a secondary user needed independent justification to copy a photo, other than just to convey a new meaning or message.⁴ By contrast, the dissent accorded more weight to Warhol's transformation of Goldsmith's photograph, concluding that Warhol's use had a further purpose or different character, thus ending the fair use inquiry.

FACTS

The facts are straightforward, but the interplay of Goldsmith's exclusive copyright rights and Warhol's fair use rights are not. Goldsmith had been commissioned by Newsweek in 1981 to photograph nascent musical superstar Prince Rogers Nelson. Newsweek later published one of Goldsmith's photos along with an article about Prince. Years later, Goldsmith granted a one-time license to Vanity Fair to use one of her Prince photos as an "artist reference for an illustration." Vanity Fair hired Warhol to create the illustration, and Warhol used Goldsmith's photo to create a purple silkscreen portrait of Prince, which appeared with an article about Prince in Vanity Fair's November 1984 issue. The magazine credited Goldsmith for the "source photograph" and paid her \$400.

In the intervening years, Warhol created a series of 16 works (14 prints and two drawings) called the "Prince Series," that were derived from Goldsmith's copyrighted 1981 photograph. The Court specifically did not address whether the Prince Series infringed Goldsmith's photograph. After Prince died in 2016, Vanity Fair's parent company (Condé Nast) asked AWF about reusing the 1984 Vanity Fair image for a special edition magazine that would commemorate Prince. When Condé Nast learned about the other Prince Series images, it opted instead to purchase a license from AWF to publish Orange Prince.⁵

Goldsmith did not know about the Prince Series until 2016, when

she saw Orange Prince on the cover of Condé Nast's magazine. After Goldsmith sent AWF an infringement demand letter, AWF sued her for a declaratory judgment of noninfringement or fair use, and the district court granted summary judgment on AWF's fair use claim.⁶

Leaning heavily on transformation, the district court concluded that all four fair use factors favored AWF: looking at the images side-by-side, they had different characters and new aesthetics; the nature of Goldsmith's work as creative and unpublished—which would ordinarily favor her—was of limited importance because the Prince Series was transformative; Warhol removed nearly all of the photographs protectible elements, so the amount and substantiality of Goldsmith's photograph favored AWF; and the Prince Series works weren't market substitutes for the Goldsmith work.

The Second Circuit swung the pendulum the other way.⁷ It found that all four factors favored Goldsmith: a new aesthetic or new expression is not necessarily transformative, rather the question is whether the secondary use is of a fundamentally different and new artistic purpose and character, which is something more than the imposition of another artist's style on the primary work; the creative and unpublished nature of Goldsmith's photograph favored her; the amount and substantiality of the portion taken (which the appellate court determined was the essence of the photograph) was not reasonable in relation to the purpose of the use; and AWF's commercial licensing violated Goldsmith's rights to license and create derivative works based upon her image.

The Second Circuit also concluded that the Warhol and Goldsmith works were substantially similar as a matter of law, even though the district court never reached the similarity issue.⁸

GOLDSMITH'S EXCLUSIVE RIGHTS

Section 106 sets forth the exclusive rights of copyright ownership. Specifically, it provides that:

Subject to the limitations in sections 107 (the fair use provision) through 122, the copyright owner has the exclusive rights to utilize, or license others to: 1) *reproduce the copyrighted work*; 2) *prepare derivative works based upon the work*; 3) *distribute the work to the public by sale or other transfer of ownership, or by rental, lease, or lending*; 4) *publicly perform literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures*; 5) *publicly display literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual works*; 6) *publicly perform sound recordings by means of a digital audio transmission*.

17 U.S.C. § 106 (1976)(as amended) (the italicized provisions apply to Goldsmith's use or licensing of her photographs).

Importantly, also, for the analysis of Warhol's secondary use of Goldsmith's photograph, she has the exclusive right to make, or authorize,

3 Andy Warhol Foundation, Inc. for the Visual Arts v. Goldsmith, 143 S. Ct. 1258, 1266 (2023).

4 Id. at 1265.

5 Id., at 1261.

6 Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith, 385 F. Supp. 3d 312, 325–331 (S.D.N.Y. 2019).

7 Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith, 992 F.3d 99 (2nd Cir. 2021); amended 11 F.4th 26 (2nd Cir. 2021), at 38–51.

8 Id. at 51.

derivative use of her photograph. A “derivative work” is defined as one “[b]ased upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a “derivative work”. 17 U.S.C. § 101 (emphasis added).

Under the plain language of the statute, then, Goldsmith has the exclusive rights to recast, transform or adapt her photograph, subject to a secondary user’s fair use rights. But there are actually two derivative work rights: the explicit statutory grant in section 106(2), and the secondary user’s implicit right, within the parameters of fair use, to transform a pre-existing copyrighted work. So how are these inconsistent rights harmonized?

FAIR USE

The U.S. Constitution’s Copyright Clause balances the rights of creators and users, *see* U.S. Const., Art. 1, Sec. 8, Cl. 2, so Goldsmith’s exclusive 106 rights are subject to the fair use limitations in section 107.

Certain secondary uses of copyrighted works are favored—criticism, comment, news reporting, teaching, scholarship or research—and Section 107 provides that in making a fair use analysis, “the factors to be considered shall include:”

- (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.

17 U.S.C. § 107 (1976) (as amended).

Since fair use is an affirmative defense to copyright infringement, the burden of proof is on the secondary user.⁹ All four factors are evaluated, but because copyright is a commercial right, the fourth factor has long been considered the most important element. *See Harper & Row, Publishers, Inc. v. Nation Enterprises*.¹⁰ However, five years after the *Harper & Row* decision, then-District Court Judge Pierre Leval wrote a seminal law review article introducing the concept of transformative use,¹¹ which elevated the significance of the first factor, asking



whether secondary works used an existing copyrighted work in a different manner or for a different purpose from the original. A use that has a further purpose or different character is said to be “transformative.”¹²

For a time practitioners and judges seized on this ostensibly simple substitute for analyzing the complex, subjective interplay of the four fair use factors, and the scope of fair use ebbed and flowed but was no clearer.

A. THE WARHOL COURT AND THE FIRST FAIR USE FACTOR

Although the sole issue on appeal was the scope of the first factor, the other fair use elements, notably, the effect on the copyright owner’s work, loomed large in the background, leaving difficult questions: if commercial use is the most important consideration, how much weight is accorded such use? Does commerciality automatically affect the market for, or value of, the copyright owner’s work?

The majority’s standard for the first factor was 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 is then 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.¹³ Since Goldsmith’s photograph and AWF’s 2016 licensing of *Orange Prince* shared substantially the same purpose, and AWF’s use of Goldsmith’s photo was for commercial purposes, the secondary use wasn’t a fair use.¹⁴

9 *Dr. Seuss Enters., LP v. ComicMix LLC*, 983 F.3d 443 (9th Cir. 2020).

10 471 U. S. 539, 566 (1985).

11 P. Leval. “Toward a Fair Use Standard,” 103 *Harv. L. Rev.* 1105 (1990).

12 *Id.*, at 1111.

13 *Andy Warhol Foundation v. Goldsmith*, 143 S. Ct. 1258, 1263 (2023).

14 *Id.*, at 1280.



Above: A portrait of Prince taken by Lynn Goldsmith (left) in 1981 and 16 silk-screened images Andy Warhol later created using the photo as a reference. Collection of the Supreme Court of the United States



Also, an overbroad concept of transformative use that includes any further purpose, or any different character, would excessively narrow the copyright owner’s exclusive right to create derivative works. To preserve that right, the degree of transformation required to make “transformative” use of an original must go beyond that required to qualify as a derivative work. *Id.* at 16. In other words, adding new expression, meaning or message alone, is not transformational:

Otherwise, “transformative use” would swallow the copyright owner’s exclusive right to prepare derivative works. Many derivative works, including musical arrangements, film and stage adaptations, sequels, spinoffs, and others that “recast, transfor[m] or adap[t]” the original . . . add new expression, meaning or message, or provide new information, new aesthetics, new insights and understanding.”¹⁵

For context, the Court also noted earlier nonsubstitutive Warhol art:

Yet not all of Warhol’s works, nor all uses of them, give rise to the same fair use analysis. In fact, *Soup Cans* well illustrates the distinction drawn here. The purpose of Campbell’s logo is to advertise soup. Warhol’s canvases do not share that purpose. Rather, the *Soup Cans* series uses Campbell’s copyrighted work for an artistic commentary on consumerism, a purpose that is orthogonal to advertising soup. The use therefore does not supersede the objects of the advertising logo.¹⁶

B. COMPARING THE MAJORITY AND DISSENTING OPINIONS

The majority and dissent differ fundamentally in the weight accorded to transformation. The majority opinion accords more weight to all four fair use factors, including the copyright owner’s derivative work rights, while Justice Kagan starts and ends her analysis with transformation—her perception of the dramatic altering of Goldsmith’s photo—despite the dangers of judges getting involved in subjective aesthetic analysis.¹⁷ Ironically, and underscoring this subjectivity, the dissent refers to the dramatic alteration of the Goldsmith photograph, dissent at 1, while the majority opinion notes that “Orange Prince crops, flattens, traces, and colors the photo *but* (emphasis added) *otherwise does not alter it.*”¹⁸

C. THE CONCURRENCE

Justice Gorsuch’s concurrence, based upon statutory construction, is the clearest analysis. The Copyright Act focuses on the particular use under challenge, “[a]nd it asks us to assess whether the purpose and character of that use is different from (and thus complements)

The degree of transformation required to make “transformative” use of an original must go beyond that required to qualify as a derivative work.

or is the same as (and thus substitutes for) a copyrighted work. It’s a comparatively modest inquiry focused on how and for what reason a person is using a copyrighted work in the world, “*not on* (emphasis added) *the moods of any artist or the aesthetic quality of any creation.*”¹⁹

CONCLUSION

Fair use requires a complex, fact-specific analysis; it will never be crystalline. The Court’s decision clarifies the concept of transformation, limiting the weight of that conclusion, while considering substitutive use and the copyright owner’s derivative work rights.

The further purpose or different character is still balanced against the commercial nature of the secondary use, and the justification for copying is that the secondary use transforms the original work into a different noncompeting one, harmonizing factors one and four.

The Court also narrows the scope of fair use by emphasizing the importance of the copyright owner’s derivative work rights as a limitation on the concept of transformation. To preserve these rights, transformation must be more than new expression, meaning or message. In short, transformation is a matter of degree, and not automatically fair use.

Finally, the context of the secondary use is critical. Licensing *Orange Prince* to a museum may be a fair use, while competing with the copyright owner for magazine licensing opportunities is clearly not.

Elliott Alderman is the former general counsel of a new media publishing company and provided copyright policy advice to Congress for a decade. He is firm principal of Alderman IP a partner for strategic and comprehensive intellectual property counsel.



¹⁵ *Id.*, at 1282.

¹⁶ *Id.*, at 1280–82.

¹⁷ See *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239 (1903).

¹⁸ *Andy Warhol Foundation v. Goldsmith*, 143 S. Ct. 1258, 1270 (2023).

¹⁹ Justice Neil Gorsuch, concurring opinion, *Andy Warhol Found. v. Goldsmith*, 143 S. Ct. 1258, 1288 (2023).