Sterne Kessler
STERNE KESSLER GOLDSTEIN & FOX

March 2021

The March 2021 issue of Sterne Kessler's MarkIt to Market® newsletter discusses fair use cases for photographs and three recent developments in the cannabis space. We also highlight recent accolades earned by Sterne Kessler's Trademark & Brand Protection practice professionals.

Sterne Kessler's Trademark & Brand Protection practice is designed to help meet the intellectual property needs of companies interested in developing and maintaining strong brands around the world. For more information, please contact Monica Riva Talley or Tracy-Gene G. Durkin.

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ART IMITATING ART?

By: Ivy Clarice Estoesta

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RECENT ACCOLADES

Sterne, Kessler, Goldstein & Fox PLLC WTR 1000 Recommended Firm 2021

Professionals from Sterne Kessler's Trademark & Brand Protection practice have recently received the following accolades from *Managing IP* and *World Trademark Review*:

- Director Monica Riva Talley is nominated for National Trademark Practitioner of the Year at the 2021 Managing IP Awards.
- Directors Monica Riva Talley and Tracy-Gene G. Durkin are ranked in the 2021 *WTR 1000*. Counsels

Lauriel F. Dalier and Dana Justus were named as "future leaders."

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The Second Circuit recently decided whether artist Andy Warhol's series of silkscreen prints and pencil illustrations titled "Prince Series" was a fair use of photographer Lynn Goldsmith's copyrighted photograph of musical artist Prince. The images at issue appear below:

Prince Series by Andy Warhol

Photograph by Lynn Goldsmith

The decision is preceded by a line of cases involving the appropriation of copyrighted photographs for use in artwork, which has generally trended in favor of finding fair use. For example, in *Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006), the Second Circuit held that Koons' painting titled *Niagara, 2000* was a fair use of Andrea Blanch's copyrighted photograph titled *Silk Sandals by Gucci*.

***Silk Sandals by Gucci* by Andrea Blanch**

***Niagara, 2000* by Jeff Koons**

In *Cariou v. Prince*, 714 F.3d 694 (2d Cir. 2013), the Second Circuit concluded that twenty-five of artist Richard Prince's paintings and collages, including a work titled *James Brown Disco Ball*, were a fair use of photographer Patrick Cariou's photographs of Rastafarians in Jamaica, which appeared in Cariou's copyrighted book titled *Yes Rasta*. (However, the Second Circuit declined to reach the same conclusion for five other works, including Prince's *Graduation*, and remanded to the district court).

Photograph from *Yes Rasta* by Patrick Cariou

***James Brown Disco Ball* by Richard Prince**

Photograph from *Yes Rasta* by Patrick Cariou

Graduation by Richard Prince

Most recently, in *Rentmeester v. Nike, Inc.*, 883 F.3d 1111 (9th Cir. 2018), the Ninth Circuit held that Nike's Jumpman logo was a fair use of photographer Jacobus Rentmeester's copyrighted photograph of Michael Jordan.

Photograph by Jacobus Rentmeester

Nike's Jumpman logo

On the other hand, in *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992), the Second Circuit held that Jeff Koons' sculpture titled *String of Puppies* was not a fair use of Art Roger's copyrighted photograph titled *Puppies*:

Puppies by Art Rogers

String of Puppies by Jeff Koons

In view of this trend, how do you think the Second Circuit ruled on Warhol's Prince Series?

Fair Use

The Second Circuit considered the four factors of fair use enumerated in Section 107 of the Copyright Act, and found that all four weighed in favor of Goldsmith. Critical to the Second Circuit's analysis was the first factor, which assessed whether Warhol's use was "transformative," or altered Goldsmith's work with a new expression, meaning, or message. According to the Second Circuit, while Warhol changed some elements in Goldsmith's photo to depict Prince in a characteristically "Warhol" style (e.g., removing depth and contrast, adding "loud, unnatural colors"), the Prince Series is not transformative. It simply recasts Goldsmith's photograph with a new aesthetic, which is more akin to derivative use, not transformative use. The overarching purpose and function of the Prince Series and Goldsmith's photograph are identical: both are portraits of the same person. Moreover, though the Prince Series can reasonably be perceived to have transformed Goldsmith's depiction of Prince as a vulnerable, uncomfortable person into an iconic, larger-than-life figure, the Second Circuit stated that determining whether a work is transformative cannot rest merely on the stated or perceived intent of the artist.

Substantial Similarity

In considering whether the Prince Series and the copyrighted photograph are substantially similar, the Second Circuit declined to apply the "more discerning observer" test, and instead applied the "average lay observer" test. According to the Second Circuit, even though photographs, like Goldsmith's work, capture images of reality, they nevertheless are "creative aesthetic expressions of a scene or image" and are deserving of "thick copyright protection." Because Goldsmith's work was undisputedly the source of the Prince Series, which was created by copying Goldsmith's work, the Second Circuit determined that Goldsmith's work remains recognizable within the Prince Series, and therefore, that the two are substantially similar.

Thus, the Second Circuit found that the Prince Series did infringe Goldsmith's copyright in the earlier work.

This decision is notable because it appears to swing the pendulum away from the trend favoring fair use, and is positive news for photographers. Photographers seeking guidance on how best to protect their photographs may want to take advantage of the U.S. Copyright Office's program that allows registering up to 750 photographs in a single application, provided that that the photos meet the eligibility requirements.

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Last week, the FDA issued two warning letters to companies selling drugs where CBD is listed as an ingredient on the label. The FDA's "naughty list" of companies manufacturing CBD-ingredient drugs is growing with four total companies added this year.

The letter reminds recipients that, to date, the FDA has only approved one prescription drug containing CBD, Epidiolex, used for treating seizures associated with tuberous sclerosis complex, but has not approved any over-the-counter drugs containing CBD. The letter notes that none of the companies' products in question comply with the requirements for lawful marketing. The letter expresses the FDA's concerns for consumer safety that could arise from use of these CBD-ingredient drugs – the efficacy and the manufacturer claims of which have not been evaluated. Additionally, the letters identify violations of good manufacturing practices discovered upon inspection of the companies' facilities.

At least for now, the FDA's authority to regulate drugs and therapeutic products containing cannabis or cannabis-derived compounds, including in dietary supplements, is still preserved under the Federal Food, Drug, and Cosmetic (FD&C) Act. Nevertheless, with the increase in awareness of CBD's therapeutic benefits, brand owners continue to churn out CBD-ingredient products. Many of these same brand owners, despite knowing that the USPTO will not register marks for unlawful products, continue to file applications for products for which use in interstate commerce is not lawful – perhaps betting that federal legalization is imminent. As an alternative strategy, many brand owners choose to file applications for complimentary lawful goods/services so that if – and, more likely, when – deregulation of CBD-ingredient dietary supplements and even federal legalization of marijuana occurs, brand owners will be well-positioned to extend coverage to CBD products as well. With continued legislative efforts, many believe the lawful pathway for CBD could be viable within the next few years.

Be sure to read the other two cannabis articles in this month's issue of MarkIt to Market®: "H.R. 841 – Federal CBD Deregulation Bill Back in Play" and "GW Pharma Seeks Dismissal of Patent Suit Filed in Texas by Canopy Growth."

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