

Copyright

Legal Alert

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A Blow to Pop Art: Andy Warhol’s Prince Series Not a ‘Fair Use’ of Lynn Goldsmith’s Photograph

The Second Circuit recently held that artist Andy Warhol’s use of Lynn Goldsmith’s photograph of the musician Prince (the “Goldsmith Photograph”) to create fifteen new unauthorized silkscreen and pencil artworks (the “Prince Series”) was *not* fair use.

This decision has significant implications for the legacy of Andy Warhol and The Andy Warhol Foundation for the Visual Arts (the “Warhol Foundation”), which, as Warhol’s successor, now controls his copyrights. While the court did not affirmatively rule that Warhol’s Prince Series works are infringing, this fair use finding, coupled with the court’s additional finding that Warhol’s works are “substantially similar” to the original Goldsmith Photograph, all but assure an adverse infringement decision if the case returns to the lower court for further adjudication. Since a number of Warhol works appropriated third-party photographs without a license, an adverse fair use or infringement decision risks opening the floodgates of litigation. Not surprisingly, the Warhol Foundation has obtained additional time to request a panel rehearing or *en banc* review of the decision.¹ An appeal to the Supreme Court is also likely in the future, given the case’s stakes.

In the meantime, the Second Circuit’s opinion provides important clarifications for the Copyright Act’s fair use test as applied to works of visual art. Among other things, the court acknowledged criticism of its recent fair use cases (including Cariou v. Prince, which involved Richard Prince’s unlicensed use of a photographer’s images of Rastafarians) for placing too much weight on the question of whether the new use is “transformative” at the expense of the other statutory fair use factors. The court reiterated that all four fair use factors continue to matter and should be independently considered and weighed, even if a new use is found to be transformative under factor one of that test. To determine transformativeness for works of visual art, the court stated that the key question is whether the new work can be reasonably perceived as having a new message or meaning. To make that determination, the court “must examine whether the secondary work’s

i On April 2, 2021, the court granted the Warhol Foundation’s unopposed motion for an extension of time to file a petition for panel rehearing and/or rehearing *en banc*.

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use of its source material is in service of a ‘fundamentally different and new’ artistic purpose and character, such that the secondary work stands apart from the ‘raw material’ used to create it.”ⁱⁱ While the court cautioned that it could not identify all the ways in which a new work can achieve this standard, it did provide the following markers for artists and courts going forward: (1) An artist must do something more than merely apply their unique style to an unlicensed work in order to constitute a transformative use. (2) An artist’s subjective intent, even if it was to create a new artwork with a different message or meaning, is irrelevant to the question of transformativeness. (3) Likewise, a critic’s or judge’s personal assessment of the meaning, intent, or impression of a new work may not be relied on to determine if that work can be reasonably perceived as having a new message or meaning.

Background

Goldsmith took the at-issue photograph of Prince in 1981 and now owns the image’s copyright. In 1984, Goldsmith’s studio licensed the Prince photograph to Vanity Fair magazine for use as an “artist’s reference” for an illustration that would be published twice in the magazine with attribution back to Goldsmith. No other use was authorized. Goldsmith alleges that unbeknownst to her, the Vanity Fair artist was Warhol and that in addition to creating a work for the magazine, Warhol also used her photograph to create fifteen other silkscreen prints and pencil drawings depicting Prince. According to Goldsmith, she did not learn of the Prince Series until 2016, when Condé Nast published some of the images in a posthumous tribute to Prince.

The Goldsmith Photograph.ⁱⁱⁱ

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ii *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, No. 19-2420-CV, 2021 WL 1148826, at *8 (2d Cir. Mar. 26, 2021).

iii Image as shown in court documents, *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, Answer of Defendants, Counterclaim of Lynn Goldsmith for Copyright Infringement and Jury Demand, No. 17-cv-02532-JGK, Dkt. 18, 2017 WL 6818950, at Counterclaims ¶ 2 ((S.D.N.Y. Filed June 9, 2017).

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Warhol's Prince Series Works;^{iv}
 Upon seeing the 2016 Prince tribute publication, Goldsmith contacted the

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Andy Warhol, PO 50.537,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, PO 50.539,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, PO 50.540,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, PO 50.543,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, PO 50.538,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, PO 50.541,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



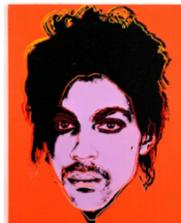
Andy Warhol, PO 50.542,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



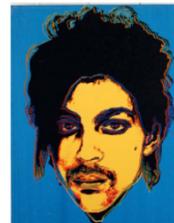
Andy Warhol, PO 50.545,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"

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Andy Warhol, PO 50.544,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, PO 50.547,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, TOP115.259,
Prince (1984)
 Graphite on HMP paper; 31 3/4 x 23
 3/4"



Andy Warhol, PO 50.458,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, PO 50.546,
Prince (1984)
 Synthetic polymer paint and silkscreen
 ink on canvas; 20 x 16"



Andy Warhol, TOP115.260,
Prince (1984)
 Graphite on HMP paper; 31 3/4 x 23
 3/4"



Andy Warhol, UP 42.72,
Prince (1984)
 Screenprint on Moulin du Verger paper;
 29 3/4 x 21 3/4"



Andy Warhol, UP 42.73,
Prince (1984)
 Screenprint on Moulin du Verger paper;
 30 x 21 3/4"

^{iv} Images as shown in court documents, *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, Complaint, No. 17-cv-02532-JGK, Dkt. 1, 2017 WL 1330503, ¶ 2 (S.D.N.Y. Filed Apr. 7, 2017).

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Warhol Foundation, but the parties were unable to privately resolve their dispute. Therefore, in April 2017, the Warhol Foundation sued Goldsmith and her studio for, among other things: (a) a declaratory judgment that the Prince Series works are non-infringing; and (b) in the alternative, a finding that the Prince Series is a fair use of the Goldsmith Photograph. Goldsmith and her studio, in turn, countersued the Warhol Foundation, alleging copyright infringement and asking the court to, among other things, bar the Foundation from reproducing, modifying, preparing derivative works from, selling, offering to sell, publishing, displaying, or claiming copyright ownership of the Prince Series or any images of them.^v The key issues in the case are: (a) whether Warhol's Prince Series and the licensing and republication of images of those works infringes the Goldsmith Photograph, and (b) whether the Prince Series qualifies as fair use to evade copyright infringement liability.

On July 1, 2019, the district court granted summary judgment in favor of the Warhol Foundation, finding that the Prince Series was fair use and dismissing Goldsmith's copyright infringement counterclaim on the same basis. The district court's decision turned largely on its finding that the Prince Series is transformative because: (a) the Warhol Prince Series displays the musician as an "iconic, larger-than-life figure" in a style that is "immediately recognizable as a 'Warhol,'" while the Goldsmith Photograph shows Prince as a "vulnerable human being" and "not a comfortable person"^{vi}; and (b) Warhol removed nearly all of the protectable elements of the Goldsmith Photograph for his new works. Goldsmith promptly appealed the case to the Second Circuit on the basis that the lower court misapplied the fair use test, setting up the stage for the decision that is the subject of this article.

Second Circuit Decision

On March 26, 2021, the Second Circuit reversed the district court's fair use finding and instead affirmatively found that the Prince Series works are not fair use of the Goldsmith Photograph. The Second Circuit also went a step further by affirmatively finding that the Prince Series works are substantially similar to the Goldsmith Photograph—the key issue for the copyright infringement claim in the case.

The Fair Use Decision

v The Warhol Foundation also pursued statute of limitations and laches defenses. However, the crux of Goldsmith's counterclaims were the Warhol Foundation's 2016 licensing conduct. Therefore, the Copyright Act's three-year statute of limitations, while addressed by the parties and the court, has not played a dispositive role in the case to date.

vi *Andy Warhol Found. 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 devoted a large portion of its opinion to identifying errors in the lower court's fair use and transformativeness findings and clarifying the legal standards for each.^{vii} The court acknowledged its recent fair use copyright decisions could be misread to broadly hold that that a second work is *necessarily* transformative as a matter of law if it has a different character, new expression, or employs new aesthetics from the original work. The court explained that this broad reading is wrong. At the same time, the court conceded that its prior fair use cases involving works of art had reached different and arguably inconsistent conclusions on the question of transformativeness.^{viii} However, rather than overruling any past decision, the court attempted to shore up its precedent by explaining that each case reached the right conclusion under the given facts when applying the following rule: if a new work does not comment on, relate back to, or use the original borrowed work for a new purpose,^{ix} then to be transformative the new work must be reasonably perceived as embodying an entirely distinct artistic purpose through a new meaning or message that is separate from the source material. Under this rule, the court clarified that the artist's intent and subjective testimony is irrelevant. Furthermore, the court explained that while the new work does not have to be barely recognizable from the original work, it must do something more than merely impose a different artist's style on the original work. Applying these rules and clarifications, the court then assessed the fair use factors and reversed the lower court by instead holding that Warhol's Prince Series was not fair use based on the following reasons:

— *Factor One – The Purpose and Character of the Use:* The lower court erred

vii The court applied the fair use test as codified in the Copyright Act to assess the following non-exclusive four factors: "(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." 16 U.S.C. § 107. While the question of whether or not a new work is transformative is not expressly worded in the statute, courts consider that question in connection with the first factor.

viii (1) In *Blanch v. Koons*, the court found Jeff Koons' use of an advertising photograph of a sandal collaged in a painting with other images was transformative because his purpose was commentary on mass media. (2) In *Rogers v. Koons*, the court conversely found that Koons' conversion of a photograph of a couple sitting on a bench holding puppies into a sculpture was not transformative, despite Koons' claim that his intent was to comment on modern society. (3) In *Cariou v. Prince*, a number of Richard Prince's two-dimensional works were found to be transformative when they overlaid additional imagery on top of borrowed photographs of Rastafarians, despite Prince's testimony that he was not trying to create a new meaning or message with his new works.

ix The court noted that at a basic level, both the Goldsmith Photograph and the Warhol Prince Series had the same purpose: to serve as a work of art.

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in both finding the Prince Series transformative, and that factor one favored fair use because: (a) the different Warholesque aesthetic of the Prince Series is irrelevant; (b) the Prince Series retained the essential elements of Goldsmith's photograph without significant additions or alterations; and (c) the lower court improperly based its decision on a stated or perceived intent of Warhol rather than on the reasonable perception of the Prince Series. The Second Circuit also found that while Warhol's works were commercial in nature (another finding that disfavors fair use), the fact that they also serve a public interest should be relevant to equitable relief.

- *Factor Two – The Nature of the Copyrighted Work*: The lower court erred by relying on its transformativeness finding under factor one to rule that this second factor favored neither party, even though Goldsmith's photograph was both unpublished and creative (both of which should weigh against fair use). At best, the Second Circuit explained, a finding under this factor may be given less weight if the new work is deemed transformative.
- *Factor Three – The Amount and Substantiality of the Use*: The lower court incorrectly found that this factor favored fair use because, despite cropping and flattening the image, Warhol quantitatively and qualitatively borrowed the essence of the Goldsmith Photograph.
- *Factor Four – The Effect of the Use on the Market for the Original*: The Second Circuit agreed with the lower court that the actual markets for the Goldsmith Photograph and Warhol's Prince Series works do not meaningfully overlap. Nonetheless, the circuit court found this factor also disfavors fair use because it found harm to Goldsmith's potential licensing markets, including through the evidence that both Goldsmith and Warhol licensed their Prince images to print magazines with overlapping customer bases for articles about the musician. The court also criticized the lower court for improperly putting the burden under this factor on Goldsmith, rather than on the Warhol Foundation as the party asserting fair use.

Substantial Similarity

The lower court sidestepped the question of infringement and declined to decide whether or not the Prince Series is substantially similar to the Goldsmith Photograph.^x Nonetheless, the Second Circuit on appeal went out of its way to affirmatively hold that the works are substantially similar. In doing so, the court applied the ordinary observer test. It rejected a call to apply the more stringent discerning observer test, which the court stated

^x In the Second Circuit, the test for copyright infringement is (1) ownership of a valid copyright and (2) copying of protectable elements of the work. The second prong of that test is further broken down into two parts: copying (or access) and substantial similarity.

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is not applicable to the Goldsmith Photograph because it does not contain a larger share of non-protectable elements than protectable ones. This substantial similarity ruling effectively ensures an infringement finding if or when the case returns to the lower court on remand, as the Warhol Foundation does not appear to dispute that the Goldsmith copyright is valid or that the photograph was copied.

Concurrences

Judge Sullivan, joined by Judge Jacobs, concurred with the majority decision but wrote separately to criticize the Second Circuit’s “overreliance” on the transformative use question. Instead, these judges proposed that a greater emphasis on the fourth factor—which considers “the effect of the use upon the potential market for or value of the copyrighted work”—would create more coherence and predictability in the case law. 17 U.S.C. § 107(4).

In addition to joining Judge Sullivan’s concurrence, Judge Jacobs also authored a separate concurrence to make two points. First, he noted that the majority decision may create unintended consequences, including because it did not decide how the decision should impact the original Warhol Prince Series artworks, many of which are now owned by museums or private collectors. While the Copyright Act does empower courts to order the destruction of infringing works, Judge Jacobs noted that encumbering the original Warhol works might not serve the public interest. Second, Judge Jacobs emphasized that his decision rested largely on the finding that when licensed to magazines, the Prince Series may be in market competition with the Goldsmith Photograph. This concurrence suggested but did not expressly state that Judge Jacobs might have found fair use if the case were limited to original Warhol works that were not actively licensed as images.

Takeaways

- It may be harder for visual artists who appropriate content without licenses to defeat infringement claims with fair use defenses in the Second Circuit.
 - Obtaining a license or only borrowing works in the public domain are safer courses of action.
 - Artists who use appropriated content may be more likely to gain fair use protection if they: (a) draw from numerous sources, rather than just one, for a given new work, or (b) remove all the protectable elements from the borrowed work in the new work.
- All four fair use factors will continue to matter, even if a work is found to be transformative. However, fair use cases in the Second Circuit may increasingly turn on the fourth factor’s question of the extent to which a new work impacts actual or potential markets for the original borrowed work. Therefore, artists who borrow source material from entirely different and unrelated markets may have stronger fair use defenses.

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- In order for a new artwork to be transformative when it does not comment on, relate back to, or use the original borrowed work for a new purpose, the new artwork must have a new distinct artistic purpose and be reasonably perceived as having a new meaning or message separate from the borrowed work.
- Changing a borrowed work through the use of a different medium, a different visual style (even if recognizable as the style of a famous artist), or minimal alterations whereby the borrowed work is still recognizable will likely not be enough to constitute a transformative use.
- When the new artwork does not clearly comment on or relate back to the original work (e.g., parody, commentary, criticism, etc.), then something more than artistic intent or the assertion of a different or higher purpose will also be required.

Arent Fox's Copyright group will continue to monitor this issue. If you have any questions, please contact [Michelle Mancino Marsh](mailto:michelle.marsh@arentfox.com), [Lindsay Korotkin](mailto:lindsay.korotkin@arentfox.com) or the Arent Fox professional who usually handles your matters.