

Supreme Court Weakens Fair-Use Defense for Copyright Infringement Claims

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On May 18, 2023, the U.S. Supreme Court issued its first decision this century on copyright fair use in the artistic context. *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 143 S. Ct. 1258 (2023). The 7-2 decision, authored by Justice Sonia Sotomayor, has the potential to significantly limit the amount of borrowing from and building upon copyrighted works permitted in the commercial space. While the majority opinion affirmed the role of fair use as an essential component of the copyright system, its reasoning was a departure from precedent. The Court shifted its analytical focus away from the artistic contribution of the new work and instead focused on commercial concerns—potentially altering the landscape for copyright infringement cases going forward.

The dispute centered on a 1981 photograph of the artist Prince captured by Lynn Goldsmith. Goldsmith licensed the photo in 1984 for Andy Warhol's reference in creating a single silkscreen illustration which was published in a 1984 issue of *Vanity Fair*. Warhol then used the photo as a direct source to create a series of fifteen other silkscreen images and pencil drawings depicting Prince—collectively known as the "Prince Series." In 2016, the Andy Warhol Foundation (AWF) licensed one of those silkscreen images, "Orange Prince," to Condé Nast to be used on the cover of its magazine's tribute issue following Prince's death. Goldsmith was neither compensated nor credited as the source of the image. Upon discovering the 2016 licensing, Goldsmith notified AWF of her belief that it had infringed her copyright. AWF sued Goldsmith for a declaratory judgment of noninfringement and, alternatively, fair use. Goldsmith countersued for copyright infringement. The district court sided with AWF, who argued Warhol's artistry had so transformed the image that their licensing of his work constituted fair use of the image, but the Second Circuit reversed, which ultimately resulted in the case coming before the Supreme Court.

This was the Supreme Court's first time hearing a case on fair use in art since 1994, when it decided that rap group 2 Live Crew's parody of Roy Orbison's song, "Oh, Pretty Woman," constituted fair use of the song. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994). Fair use, an affirmative defense to copyright infringement, promotes freedom of expression by allowing the unauthorized use of copyright-protected works under certain circumstances. In deciding when it applies, the *Campbell* court established that fair use analysis should examine whether the purpose and character of the use was "transformative." Following that decision, courts have largely focused on whether the borrower has altered the original work with new

expression, meaning, or message to determine whether the borrower's work is transformative.

The *Warhol* Court took a distinctly different approach to fair use. Rather than comparing the works themselves, the Court contemplated the purpose and character of the intended *use* for both works. The focus was not on Andy Warhol's intended meaning or message in creating "Orange Prince," but on AWF's purpose in licensing the silkscreen image to CondÉ Nast in 2016.

Accordingly, the Court was not swayed by AWF's argument that Warhol's artistic augmentations had so transformed Goldsmith's picture that the two differed in purpose and character. The justices remained fixated on commercial purpose and use. AWF's commercial purpose in licensing "Orange Prince" was "substantially the same" as Goldsmith's when licensing her 1981 photograph - to depict Prince in a magazine story about Prince. Therefore, the Court concluded, AWF's use of "Orange Prince" was neither transformative nor fair use.

In its decision, the Court said that simply conveying "a new meaning or message" through artistically altered work was not, on its own, sufficient justification to afford fair use protections. Where an artist and an alleged infringer are essentially competing for the same commercial benefit, the Court stated, the original work and the derivative work share substantially the same commercial purpose, and the secondary use is not "transformative" no matter the differences in meaning or message conveyed by it.

The Court's opinion made clear this ruling was tailored to the specific licensing issue before it and did not address the broader question of whether Warhol's Prince Series itself violated Goldsmith's rights. It did note, however, that its decision "does not mean . . . that derivative works borrowing heavily from an original cannot be fair uses." To illustrate this point, the Court contrasted AWF's licensing of "Orange Prince" with Warhol's famed prints of Campbell's soup cans. Whereas AWF's licensing of "Orange Prince" had substantially the same purpose as Goldsmith's photograph, the "Soup Cans series uses Campbell's copyrighted work for an artistic commentary on consumerism, a purpose that is orthogonal to advertising soup." While this sentiment should provide some comfort to the artist community, those operating in the commercial space should prepare for and work to avoid potential consequences of the Court's decision.

Those who utilize copyrighted work in the commercial space should be familiar with the decision and its potential implications for using derivative work in advertising and otherwise. In light of the Supreme court's decision, business owners can take the following steps to ensure they are not infringing on copyrighted works in their marketing or advertising:

1. Understand fair use and stay up to date with relevant court decisions to ensure their use of copyrighted work falls within the most recent and up-to-date guidance.
2. Consider the purpose and character of their use of copyrighted material, including whether their use adds something new and original to the work and whether their use is for a commercial purpose.



3. To eliminate risk of allegations of copyright infringement and disputes over fair use, consider whether to obtain written permission from the copyright owner to use their work.
4. Consult a legal expert if at all unsure whether use of copyrighted work falls within fair use guidelines or may constitute infringement.

If you have any questions regarding this case, please contact Eric Sidler.

Summer Associate Fiona Madden assisted with the drafting of this alert.