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Supreme Court Holds That Andy Warhol Foundation's Licensing of Prince Portrait Is Not Fair Use

On May 18, 2023, the Supreme Court concluded in *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith* that the licensing of an Andy Warhol silkscreen portrait of musician Prince Rogers Nelson, based on a 1981 photograph, for a magazine story was not “fair use” of the photograph, and therefore, infringed on the photographer’s copyright. Key to this holding is the Court’s determination that both the 1981 photograph and the licensing of the portrait shared substantially the same commercial purpose of providing portraits of Prince for magazine stories. Although some observers had feared that the Court would constrict the contours of fair use and hamper creative progress, the decision is expressly limited to the specific *licensing* of the portrait at issue, and does not speak to the creation, display, or sale of Warhol’s artworks or their use for other purposes. The decision also highlights the importance of balancing, on the one hand, the value of copying in fostering innovation, and on the other, the incentive to create original works in the first place, which includes an author’s exclusive right to produce derivative works.

Background

The Copyright Act encourages creativity by granting the creator of an original work the exclusive rights to reproduce that copyrighted work and prepare derivative works. But the Act also limits those rights in order to balance the competing goals of encouraging creativity and ensuring public availability of literature, music, and the arts. One such limitation is the “fair use” doctrine, which is an affirmative defense against copyright infringement. A use of a copyrighted work is considered fair, and thus exempted from copyright infringement, when it is done for purposes such as criticism, comment, news reporting, teaching, scholarship, or research.

Section 107 of the Copyright Act enumerates four factors for courts to consider in determining whether a particular use is fair use: “(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit

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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.”

In 1984, pop artist Andy Warhol was commissioned by *Vanity Fair* to produce an illustration of Prince for a magazine story using an unpublished photograph of the musician. That photograph had been taken by rock-and-roll photographer Lynn Goldsmith, who had been hired by *Newsweek* in 1981 to photograph Prince for an article on the musician. Although *Newsweek* published just one of Goldsmith's photographs of Prince, Goldsmith retained and held copyright in all of the photographs. In 1984, Goldsmith licensed one of the unpublished photographs to *Vanity Fair* to serve as an “artist reference for an illustration” for a “one time” use in exchange for \$400 and a source credit. Using that photograph, Warhol created a purple silkscreen portrait of Prince, which appeared alongside an article about Prince in *Vanity Fair*'s November 1984 issue.

Without Goldsmith's knowledge, Warhol derived 15 additional works using Goldsmith's photograph, collectively known as the “Prince Series.” In 2016, the Andy Warhol Foundation for the Visual Arts, Inc. (AWF), licensed one of those works, “Orange Prince,” to *Vanity Fair*'s parent company, Condé Nast, for \$10,000 to illustrate a magazine story following Prince's death. Goldsmith received neither payment nor a source credit, and she learned about “Orange Prince” only after seeing the portrait on the magazine cover. Recognizing her own work in “Orange Prince,” Goldsmith notified AWF that she believed it had infringed on her copyright.

In 2017, AWF brought suit against Goldsmith, requesting a declaratory judgment of noninfringement or, in the alternative, fair use. Goldsmith counterclaimed for copyright infringement. The district court considered the four fair-use factors and granted summary judgment to AWF. The Second Circuit reversed, concluding that all four factors favored Goldsmith. The Second Circuit also held that the Prince Series is substantially similar to Goldsmith's photograph, a holding that AWF did not challenge. The Supreme Court granted certiorari to determine whether the first fair-use factor—purpose and character—weighed in favor of AWF's fair-use defense.

The Supreme Court's Decision

In an opinion written by Justice Sotomayor on behalf of seven Justices, the Court concluded that the first factor weighed against AWF's fair-use defense. The Court began its opinion with an analysis of the purposes of the doctrine. The Court emphasized that the first fair-use factor “considers 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 must be balanced against the commercial nature of the use.”¹ Moreover, the Court noted that if the use of the copyrighted work is commercial in nature, the justification for the copying is also relevant.²

The Court also clarified the meaning of “transformative” uses for purposes of the fair-use doctrine. The Court stated that the first factor does not necessarily “weigh[] in favor of any use that adds some new expression, meaning, or message,” because otherwise the “‘transformative use’ would swallow the copyright owner's exclusive right to prepare derivative works,” which are also defined to include “any other form in which a work may be recast, *transformed*, or adapted.”³ Therefore, the Court reasoned, the degree of “transformative” use required for the fair-use doctrine must go beyond the degree of transformation normally required for derivative works.⁴

Accordingly, “[i]f 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.”⁵ Applying that standard, the Court reasoned that the first factor did not favor a finding of fair use because Goldsmith's photograph and the Orange Prince share substantially the same commercial purpose of providing portraits of Prince for magazine stories. The Court explained that the use of a celebrity photograph, such as Goldsmith's photo of Prince, “is to accompany stories about the celebrity, often in magazines.”⁶ The Court noted that Goldsmith has also introduced “uncontroverted evidence that photographers generally licensed others to create stylized derivatives of their work in the vein of [the Orange Prince].”⁷ In fact, the Court noted that Warhol himself paid to license photographs for some of his works.⁸ The Court also found no compelling

justification for the copying of Goldsmith's photograph for the commercial license because AWF did not contend that the Prince Series or the Orange Prince "comment on, criticize, or otherwise target Goldsmith's photograph."⁹ AWF merely asserted that the Prince Series generally comments on the dehumanizing nature and effects of celebrity. The Court found this justification to be insufficient: "[C]opying the photo because doing so was merely helpful to convey a new meaning or message is not justification enough."¹⁰

Notably, the Court's holding is limited to the specific use at issue—AWF's commercial licensing of Orange Prince to Condé Nast in 2016. It does not speak to the creation, display, sale or other potential uses of the Prince Series.¹¹ In fact, the Court's opinion included a lengthy discussion of the ways in which the use of Warhol's works may still constitute fair use. As an example, the Court analyzed Warhol's famous images of Campbell's soup cans. The Court noted that the images did not share a purpose with the soup company's advertising and, in fact, commented on the company's logo.¹²

Justice Gorsuch, joined by Justice Jackson, filed a concurring opinion. Justice Gorsuch outlined three considerations that led him to conclude that the first factor requires courts to assess the purpose and character of the challenged use, rather than the purpose the creator had when first producing her work. First, the statutory preamble instructs courts to assess whether the person asserting the fair-use defense seeks to "use" a copyrighted work for certain purposes. Second, the statute protects a copyright holder's exclusive right to create "derivative works" that "transfor[m] or adap[t]" his original work. Third, the four fair-use factors, taken as a whole, supply a logical "sequential chain of questions starting with purpose and character [of the challenged use] and ending with its effect" of the use upon the potential market.¹³

Justice Kagan, joined by the Chief Justice, filed an emphatic dissent. In Justice Kagan's view, the majority's opinion will affect many artists who engage in "transformative copying" like Warhol.¹⁴ She noted that some of the most iconic works in Western civilization, such as *Romeo and Juliet*, would not pass muster under the majority's opinion. She argued that the majority left the "first-factor inquiry in shambles" by abandoning the Court's precedent, which in her view focused on whether the use altered the original with a "new expression, meaning, or message."¹⁵ She also criticized the majority for ignoring the degree to which Warhol altered the original photograph's expression, meaning, or message, and instead focusing exclusively on whether Warhol's publisher entered into a licensing transaction. Because of the transformative nature of the Orange Prince, Justice Kagan reasoned, Warhol's Orange Prince and Goldsmith's photo are fundamentally different and not substitutable.¹⁶ She explained that Condé Nast chose the Orange Prince not because it is just a portrait of Prince, but because of the new meaning Warhol had created with that portrait.¹⁷

The majority rebutted the dissent on several grounds. First, Justice Sotomayor noted that the dissent offered no theory on the relationship between "transformative" use under the fair-use doctrine versus derivative works.¹⁸ Second, she rejected the dissent's concerns about stifling creativity: "It will not impoverish our world to require [AWF] to pay Goldsmith a fraction of the proceeds from its reuse of her copyrighted work" since "payments like these are incentives for artists to create original works in the first place."¹⁹ She noted that copyright law is replete with "escape valves"—such as the idea-expression distinction, requirement of originality, legal standard of actionable copying, limited duration of copyright—that provide ample space for creators to use existing materials to create valuable new works; the fair-use doctrine is just one of them.²⁰ Lastly, she observed that, "[i]f the last century of American art, literature, music, and film is any indication, the existing copyright law, of which today's opinion is a continuation, is a powerful engine of creativity."²¹

Implications

Although some had feared that the Court's decision in *Warhol* would have far-reaching consequences for the application of the fair-use doctrine across the creative industries, the actual decision appears relatively limited in scope. Following a long line of fair-use cases, the Court's analysis is fundamentally tied to the specific facts of the case, which include, notably, that Warhol's creation of the first Prince Portrait was based on a license from Goldsmith for the same purpose of illustrating for a magazine story about Prince. The Court expressed no opinion on other uses of the Prince Series of Warhol's art in general. In fact, Justice Gorsuch explained in his concurring opinion that other uses of the Orange Prince may still be fair, such as displaying it in a nonprofit museum or a for-profit book commenting on 20th century art.²²

Warhol has been especially closely watched by many who are navigating the legal uncertainty posed by generative Artificial Intelligence (AI) such as ChatGPT. One key legal issue posed by generative AI is whether the use of copyrighted materials for training AI models constitutes fair use. Ultimately, time will tell whether *Warhol's* application of the fair-use doctrine will narrow the substantive scope of the often-mounted defense.

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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¹ *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, No. 21–869, at 19–20 (May 18, 2023).

² *Id.* at 18.

³ *Id.* at 28 (citing §101 of the Copyright Act) (emphasis added).

⁴ *Id.* at 16.

⁵ *Id.* at 20.

⁶ *Id.* at 22.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 34, fn. 20.

¹⁰ *Id.* at 6.

¹¹ *Id.* at 21 (“In particular, the Court expresses no opinion as to the creation, display, or sale of any of the original Prince Series works.”).

¹² *Id.* at 26.

¹³ Gorsuch, dissenting at 4.

¹⁴ Kagan, dissenting, at 4.

¹⁵ *Id.* at 2.

¹⁶ *Id.* at 10.

¹⁷ *Id.*

¹⁸ Sotomayor, at 36.

¹⁹ *Id.*

²⁰ *Id.* at 37.

²¹ *Id.*

²² *Id.* at 6.