

US Supreme Court Finds that Andy Warhol Foundation's Licensing of "Orange Prince" is Not a Fair Use of the Underlying Photograph

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Introduction

The US Supreme Court recently released its ruling in *Andy Warhol Foundation for the Visual Arts, Inc. v Goldsmith et al.*,¹ one of the most important fair use decisions in recent decades. The Court held that the first fair use factor — the purpose and character of the use — favoured the photographer of the original Prince photograph underlying Andy Warhol's silkscreen print because both uses had substantially similar commercial purposes.

Background

Lynn Goldsmith is a professional photographer best known for her concert and portrait photography of rock-and-roll superstars. In 1981, Goldsmith took a black-and-white photograph of Prince in her studio (the Original Work).

In 1984, Vanity Fair magazine paid \$400 to Goldsmith for a limited, "one time" only licence to use the Original Work as an "artist reference for an illustration." Vanity Fair then hired Andy Warhol, who produced a purple-coloured silkscreen print based on the Original Work, which was used for the Vanity Fair story. In addition, Warhol created 15 other works based on the Original Work, collectively known as the Prince Series. Following Warhol's death, the Andy Warhol Foundation for the Visual Arts (AWF) claimed to own copyright in the Prince Series.

In 2016, after Prince's death, Vanity Fair's parent company, Condé Nast, obtained a licence from AWF to use an orange-coloured image from the Prince Series (Orange Prince) as the cover of a special commemorative edition of their magazine. Condé Nast paid \$10,000 to AWF for the licence but did not pay or credit Goldsmith.

Goldsmith reached out to AWF after learning of the use of Orange Prince in Vanity Fair. In response, AWF brought a claim against Goldsmith for a declaration of noninfringement or, in the alternative, of fair use.

Goldsmith counterclaimed for copyright infringement.

The Lower Courts' Decisions

At first instance, the Southern District of New York granted summary judgment in favour of AWF on its fair use defence. The district court concluded that Orange Prince was “transformative” because it altered the Original Work with a new meaning, expression, or message. Specifically, while Goldsmith had portrayed Prince as an uncomfortable person, the Prince Series portrayed him as an “iconic, larger-than-life figure.”

On appeal, the US Court of Appeals for the Second Circuit reversed the district court’s decision. It held that Orange Prince was not transformative and that all four fair use factors weighed against a finding of fair use. Those factors are as follows:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit 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.

Majority Decision Finds the First Fair Use Factor Weighs Against “Fairness”

Before the US Supreme Court, the sole issue was whether the first fair use factor weighed in favour of a finding of fairness. In addition, the Court considered only the one challenged use—AWF’s licensing of Orange Prince to Condé Nast in 2016. The Court did not consider the creation, display, or sale of the works in the Prince Series.

In a 7-2 decision, Justice Sotomayor, writing for the majority of the Supreme Court, found in favour of Goldsmith, concluding that the specific “purpose and character” of AWF’s licence of Orange Prince to Condé Nast weighed against a finding of fairness.

The Court held that the focus of the first fair use factor is whether an allegedly infringing use has a further purpose or different character than the original use, and that the degree of difference must be weighed against other considerations, like whether the use is for commercial purposes. Whether the allegedly

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infringing use involves a new expression, meaning, or message may be relevant to whether it has a sufficiently distinct purpose or character, but it is not without more dispositive of the first fair use factor.

The Court held that, because the US *Copyright Act* protects an author's right to prepare "derivative works,"² the degree of transformation required to make a "transformative use" of an original work, for purposes of a fair use analysis, must go beyond that required to qualify as derivative.

Whether a challenged use is commercial in nature is relevant to, but not dispositive of, the first fair use factor. The first fair use factor also considers the "justification" for the challenged use. A use that has a distinct purpose is justified because it furthers the goal of copyright (i.e., to promote the progress of science and the arts) without diminishing the incentive to create. On the other hand, a use that shares the same purpose as a copyrighted work is more likely to constitute a substitute for the original work, which may undermine the goal of copyright.

On that basis, the Court held that the first fair use factor did not favour AWF's licensing of *Orange Prince* to Condé Nast in 2016. AWF's use served substantially the same purpose as the Original Work in that both were used in magazines to illustrate stories about Prince. AWF's use was commercial in nature because it involved a paid licence. Thus, both the purpose of the use and its commercial character "point in the same direction" against a finding of fair use. The majority held the application of Warhol's unique style did not constitute a "further purpose" or make the work "transformative" in the fair use sense. In considering the transformative nature of a work, the Court clarified that it should not look at the artistic significance of a given work or the subjective intent of the artist.

In its analysis, the Court compared *Orange Prince* to Warhol's *Campbell's Soup Cans* (1962). The Court characterized the *Campbell's Soup Cans* work as transformative because it capitalized on the logo of a Campbell's soup to "conjure up" the original work and "shed light" on the work itself. The Court concluded that purpose was distinct from the logo's initial purpose, which was to advertise. In contrast, the Court concluded that even though *Orange Prince* had some new expression, the commercial nature of the specific use at issue outweighed that expression.

Dissenting Opinion Emphasizes Warhol's Creative Transformation

In a scathing dissenting opinion, Justice Kagan and Chief Justice Roberts held that *Orange Prince* was sufficiently transformative of the Original Work and a fair use. The dissenting opinion focused on the aesthetic contributions made by Warhol to *Orange Prince* from the Original Work. It criticized the majority for undermining the contributions made by Warhol, whom the dissent called the "avatar of transformative copying." The dissent expressed concern that restrictions on transformative use "will impede new art and music and literature. It will thwart the expression of new ideas and the attainment of new knowledge. It will make our world poorer."

Key Takeaways

The decision provides guidance regarding the scope and application of the first factor under the exception for fair use in the US *Copyright Act*. It confirms that the focus of the first factor is whether a challenged use has a further purpose or different character than the original use, and that considerations of “transformative use,” “justification,” and commerciality will be viewed through that lens.

However, it will remain to be seen how US courts interpret and apply the decision in future cases given the clear divide between the approach favoured by the majority and the dissent. The strong dissent suggests that the issue may continue to play itself out in future court decisions despite the analysis endorsed by the majority.

Furthermore, since the Court expressed no opinion as to the creation, display, or sale of any of the original Prince Series works, it is unclear whether artists can be restricted from creating derivative images altogether. Courts will still need to consider whether consent from the original creator is needed to use their works for all derivative works. If so, that could have implications for A.I. generation services, which rely on copyrighted works to create subsequent works.

At first glance, the implications of the decision on Canadian copyright cases are likely limited. The Supreme Court of Canada has cautioned against the “automatic” reliance on US fair use jurisprudence when considering fair dealing.³ Further, the “transformative” nature of a work, which was critical in this case, has not factored into the application and analysis of fair dealing in Canada. Canadian courts have characterized “transformative use” as an American concept that has not been recognized by Canadian courts as a characteristic of fair dealing.⁴

Indeed, the decision is also a reminder of key differences between fair use under US copyright law and Canadian fair dealing.

For example, in Canada, fair dealing is available only in relation to a certain closed set of allowable purposes: research, private study, education, parody, satire, “criticism or review”, and news reporting.⁵ By contrast, fair use is not so limited, and the US statute lists six *examples* of the types of uses that might qualify as fair use: criticism, comment, news reporting, teaching, scholarship, and research.⁶ In addition, unlike the US approach of proceeding directly to the fairness assessment, a Canadian court must be satisfied that the dealing was for an allowable purpose before engaging in a fairness analysis.⁷

Nevertheless, the case has garnered significant attention north of the border and it may very well influence the way that parties frame their arguments in future cases. That may be particularly true in cases where the alleged infringing work is competing directly with the original work.

¹ 598 US (2023) [*Andy Warhol Foundation*].

² 17 U. S. C. §106.

³ *Society of Composers, Authors and Music Publishers of Canada v. Bell Canada*, 2012 SCC 36 at para 25 (*Bell*).

⁴ *Century 21 Canada Limited Partnership v. Rogers Communications Inc.*, 2011 BCSC 1196 at para 234; *Bell* at para 24-25.

⁵ *Copyright Act*, RSC 1985, c C-42, ss. 29, 29.1, 29.2.

⁶ 17 U. S. C. §107.

⁷ *Bell* at para 26.

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