

# The Supreme Court’s Decision in *Warhol*: A Narrow Interpretation of Fair Use With a Potentially Limited Impact

May 26, 2023

In a much-anticipated decision concerning the copyright fair use defense as to Andy Warhol’s silk screen image of Prince based on a photograph by prominent photographer Lynn Goldsmith, the United States Supreme Court adopted a narrow conception of fair use in two respects.<sup>1</sup> It framed the relevant use as the commercial licensing of an image of Prince for a publication about Prince – a use that in this instance applied to both Warhol’s work and Goldsmith’s photograph.<sup>2</sup> And while recognizing that Warhol’s work may have added “new expression, meaning, or message,” the Court concluded that, in respect of the specific use in question, this would not establish fair use without a showing that it also had some “critical bearing” on the underlying source material – as does, for example, a parody of an underlying work.<sup>3</sup> The Court held that the combination of these two considerations points against fair use, while emphasizing that its decision did not extend to other uses – such as display in a museum or in an article about Warhol’s artistry.

Though the Court’s resolution of the case was highly fact-specific and therefore arguably limited in impact, it raises concerns for the field of “appropriation art” – the practice of creating works based on underlying source material; and it makes fair use assessments more complex by requiring a new and detailed analysis for each particular “use” of a work. In a spirited dissent, Justice Kagan, joined by Chief Justice Roberts, criticized the majority for denying fair use based merely on a marketing decision, the commercial licensing of Warhol’s work, and giving too little weight to the Warhol work’s transformative meaning, message and expression, and warned that the majority’s approach hampers creative progress and undermines creative freedom.

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## Background

The underlying photograph at issue was the work of Lynn Goldsmith, whom the majority opinion described as a “trailblazer” who “began a career in rock-and-roll photography when there were few women in the genre” and whose “award-winning concert and portrait images . . . shot to the top.”<sup>4</sup> In 1984, *Vanity Fair* executed a license with Goldsmith to use her photograph of Prince as an “artist’s reference” for Andy Warhol to prepare an image of Prince for an article about him, paying her \$400 for the right to use the photo once for that purpose.<sup>5</sup> Warhol’s image appeared in the *Vanity Fair* article (below) with an attribution to Goldsmith.<sup>6</sup>



Without Goldsmith’s knowledge, Warhol then created 15 additional works based on Goldsmith’s photograph (the “Prince Series”).<sup>7</sup>

When Prince died in 2016, Condé Nast, *Vanity Fair*’s parent company, licensed one of the Prince Series works – the “Orange Prince” – from the Andy Warhol Foundation (“AWF”), for \$10,000, for a commemorative magazine about Prince.<sup>8</sup> “Orange Prince” appeared on the cover (below) with no attribution to Goldsmith.<sup>9</sup>



Upon seeing the magazine and learning about the Prince Series, Goldsmith notified AWF that the Prince Series infringed her copyright.<sup>10</sup> In response, AWF filed suit for a declaratory judgment of noninfringement, or alternatively fair use<sup>11</sup>, a defense where a court weighs four factors enumerated in the Copyright Act that consider (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”.<sup>12</sup> Goldsmith countersued for copyright infringement.<sup>13</sup> The District Court for the Southern District of New York granted summary judgment for AWF, finding fair use based on the transformative nature of the Prince Series.<sup>14</sup> The Second Circuit reversed, determining that all four of the statutory fair use factors favored Goldsmith.<sup>15</sup> As to the first factor, the Second Circuit rejected the notion that “any secondary work that adds a new aesthetic or new expression to its source material is necessarily transformative”<sup>16</sup> and stated that the question is “whether the secondary work’s use of its source material is in service of a fundamentally different and new artistic purpose and character.”<sup>17</sup>

The Supreme Court granted AWF’s certiorari petition to consider a narrow question: whether the Second Circuit correctly held that the first fair use factor

weighs against the fair use defense as to AWF's licensing of the "Orange Prince" to Condé Nast.<sup>18</sup>

### **The Supreme Court's Ruling**

In a 7-2 decision authored by Justice Sotomayor, The Supreme Court affirmed the Second Circuit and held that the first fair use factor weighed in favor of Goldsmith and against AWF's fair use defense.<sup>19</sup>

#### **A. Assessing The "Use" Factor Must Focus On The Specific Challenged Use**

At the outset, the Court observed that "[t]he fair use provision, and the first factor in particular, requires an analysis of the specific 'use' of a copyrighted work that is alleged to be 'an infringement.'"<sup>20</sup> Because Goldsmith was challenging only the licensing of the "Orange Prince" to Condé Nast (and not the creation of the Prince Series or the use or display of it or other Prince Series works for other purposes), the Court confined its analysis to that specific use.<sup>21</sup>

The Court observed that Goldsmith had licensed her own photographs of celebrities to magazines over the years – and in fact she had licensed a photograph of Prince to People magazine for its commemorative magazine about Prince following his death.<sup>22</sup> The Court thus found that both Goldsmith's photograph and "Orange Prince" were "portraits of Prince used to depict Prince in magazine stories about Prince," meaning AWF's use and Goldsmith's use "share substantially the same purpose."<sup>23</sup> Moreover, the Court wrote that "use of an original work to achieve a purpose that is the same as, or highly similar to, that of the original work is more likely to substitute for...the work."<sup>24</sup>

In a footnote, the Court acknowledged the interaction between the first factor (purpose and character of the use) and fourth factor (effect of the use on the potential market) of the fair use test, but distinguished the two by explaining that "the first factor considers whether and to what extent an original work and secondary use have substitutable purposes," whereas the fourth "focuses on actual or potential market substitution."<sup>25</sup> Despite this connection between the factors, the Court said that the outcome of one does not necessarily dictate the outcome of the

other, citing copies made for classroom use as an example where the first factor and fourth factor analysis might diverge.<sup>26</sup>

By narrowing the issue solely to AWF's licensing, the Court did not address the broader issues of whether the creation of the Prince Series itself or the display or sale of those works qualify as fair use.<sup>27</sup> This is significant, because some of the Prince Series works were already sold to collectors or galleries.<sup>28</sup> Instead, the majority took the position that "[t]he same copying may be fair when used for one purpose but not another,"<sup>29</sup> even noting that that using "Orange Prince" as an illustration for an article about Warhol, rather than Prince, could shift the fair use analysis under both the first and fourth factors.<sup>30</sup> Justice Gorsuch, in his concurring opinion, also suggested that the analysis of the first fair use factor may have been different if the use at issue involved museum display or artistic commentary, observing that "[u]nder the law Congress has given us, each challenged use must be assessed on its own terms."<sup>31</sup>

#### **B. The Court Clarifies Analysis of Transformativeness under the First Factor**

In addition to its focus on the specific challenged use, the Court also clarified its interpretation of the first factor of the fair use test. Quoting its 1994 opinion in *Campbell v. Acuff-Rose Music, Inc.*,<sup>32</sup> the Court said the "'central' question" of the first fair use factor is "'whether the new work merely 'supersede[s] the objects' of the original creation . . . ('supplanting' the original), or instead adds something new, with a further purpose or different character.'"<sup>33</sup> The *Campbell* case concerned the alleged infringement by 2 Live Crew of the song "Oh, Pretty Woman" by Roy Orbison. The Court in that case held 2 Live Crew's song, "Pretty Woman" could qualify as fair use largely based on the first factor, since it was a parody that commented on the underlying song.<sup>34</sup>

However, the Court also noted that though "new expression may be relevant to whether a copying use has a sufficiently distinct purpose or character, it is not, without more, dispositive of the first factor."<sup>35</sup> Furthermore, the Court instructed that "further purpose

or different character... is a matter of degree.”<sup>36</sup> This degree “must be weighed against other considerations, like commercialism.”<sup>37</sup>

Looking to *Campbell* as an example, the Court noted that though 2 Live Crew clearly changed Roy Orbison’s song in many ways – rewriting the lyrics in a manner that altered the meaning and message, and even switching the genre from rock to rap – these changes alone were insufficient for the first factor to support fair use.<sup>38</sup> The “meaning or message was simply relevant to whether the new use served a purpose distinct from the original.”<sup>39</sup> The key analysis was whether 2 Live Crew’s version had a “distinct purpose of commenting on the original or criticizing it.”<sup>40</sup>

The Court also discussed the relevance of the commercial nature of the use and the justification for the use to the first factor analysis.<sup>41</sup> Commercial use generally cuts against finding fair use, though a high degree of transformation may outweigh the fact that a particular use is commercial.<sup>42</sup> In this case, given that the Court determined the purpose of AWF’s use was effectively the same as Goldsmith’s use (to depict Prince in a magazine article about Prince), the commercial nature of the use weighed against AWF. Thus, AWF needed “some other justification for copying.”<sup>43</sup>

In *Campbell*, the justification was that for the parody to work, 2 Live Crew had to mimic the underlying song.<sup>44</sup> A parody targets its source material. The Court in *Warhol* suggested that similar reasoning distinguishes Warhol’s soup cans from the Prince Series – “[i]t is the very nature of Campbell’s copyrighted logo—well known to the public, designed to be reproduced, and a symbol of an everyday item for mass consumption—that enables the commentary.”<sup>45</sup> In comparison, “AWF’s use of Goldsmith’s photograph does not target the photograph.”<sup>46</sup>

The Court’s reasoning echoed concerns expressed at oral argument that construing transformativeness too broadly would harm copyright holders’ exclusive right to create and authorize the creation of derivative works. To avoid this issue, the Court said that “the degree of transformation required to make ‘transformative’ use of

an original must go beyond that required to qualify as a derivative.”<sup>47</sup> Otherwise, derivative works would be “swallow[ed]” by the fair use exception.<sup>48</sup>

### **C. Dissent Frames “Use” Broadly and Would Place More Emphasis on “Character” of the Use**

For its part, the dissent strongly criticized the majority for declaring that Warhol’s work is not sufficiently “transformative” to qualify as fair use, simply because of the decision (many years after the artist’s death) to license the work to a magazine, and for leaving the first factor of fair use “in shambles.”<sup>49</sup> According to the dissent, the majority opinion discounted artistic value, ignoring the differences in both aesthetics and meaning between “Orange Prince” and Goldsmith’s photograph.<sup>50</sup> In particular, the dissent noted that “the key term ‘character’ [in the first fair use factor] plays little role in the majority’s analysis,” suggesting the majority prioritized the purpose of the current use over the essential and distinctive nature of Warhol’s work, thereby downplaying “Warhol’s creative contributions.”<sup>51</sup> Instead, the Court should have asked if Warhol’s work “adds something new, with a further purpose or different character, altering the copyrighted work with new expression, meaning or message.”<sup>52</sup>

One of the dissent’s main criticisms of the majority is that “the majority transplants factor 4 into factor 1” of the fair use test.<sup>53</sup> The dissent argued that the majority improperly “conduct[ed] a kind of market analysis,” by focusing on Goldsmith’s own licensing of her photographs to magazines and whether “Orange Prince” was a substitute for the original.<sup>54</sup> According to the dissent, this analysis is properly assessed in the fourth factor, rather than the first.<sup>55</sup> Additionally, the dissent rejected the suggestion that Goldsmith’s photograph and Warhol’s work are substitutes for one another, even in a commercial licensing context.<sup>56</sup> Magazine editors might select one image over the other depending on the message they are trying to convey.<sup>57</sup>

The dissent also framed the majority opinion as a departure from how the Court analyzed the first factor in *Campbell* and, more recently, *Google v. Oracle*. In

both of those cases, the use was “patently commercial,” but the dissent said this was not an overriding factor in the Court’s analysis.<sup>58</sup> The majority in *Campbell* said the appeals court erred by “giving virtually dispositive weight to the commercial nature of the parody.”<sup>59</sup> Similarly, the majority in *Google* said that while a non-commercial use “tips the scales in favor of fair use,” “the inverse is not necessarily true, as many common fair uses are indisputably commercial.”<sup>60</sup>

Moreover, in *Campbell*, the focus of the first fair use factor was not on any specific use of the work but on whether and to what extent the *new work* was “transformative.”<sup>61</sup> Finally, in *Google*, the Court focused on whether the copying “adds something new and important,” (quoting *Campbell*) even alluding to Warhol’s soup cans as an example of something that could be fair use despite the exact copying of *Campbell*’s logo.<sup>62</sup> The dissent called this an “embarrassing fact” for the majority, noting that majority had to “slice[] the baloney pretty thin” to parse between Warhol’s soup cans and his celebrity images.<sup>63</sup>

### **Takeaways**

The Court’s decision in *Warhol* is narrow, and may have limited applicability beyond the facts presented in the case. The Court made clear that the relevant use under the first factor of the fair use test is the “specific use” the copyright holder has alleged as infringing, which in this case was AWF’s licensing of “Orange Prince” to Condé Nast as an illustration for a publication about Prince.<sup>64</sup> It was significant not only that Goldsmith was in the business of licensing her photographs to magazines, but that she licensed one of her Prince photographs to People magazine for use in a special edition around the same time AWF licensed “Orange Prince” to Condé Nast for a similar purpose.<sup>65</sup> Framed in this manner, it is easier to see how the first factor favors the copyright holder over the secondary user.

This narrow approach to defining the relevant use creates the possibility that different uses of the same work will require separate fair use analyses. The Court’s opinion specifically did not address the creation or sale

of “Orange Prince” or other works in the Prince Series, leaving these questions open.<sup>66</sup> The framing of the challenged use will be particularly important for litigants going forward.

For this reason, the decision creates significant uncertainty for artists and artists’ estates and foundations. The majority’s ruling means that a work may be “transformative” enough such that its creation, sale and display are fair use (not requiring a license from the author of the first work); but the artist would still not be free to exploit this transformative work and could face the risk of copyright infringement for future uses (including licensing) of the work, which will require new fair use analysis for each such use. That, some would argue, undermines the whole purpose of the fair use defense and may discourage creativity. At the same time, this gives more power to some copyright owners, including artists, whose works are used by third parties to create other works, by enabling these copyright owners to have a “second bite at the apple” and assert infringement based not on the creation of the other works (the initial use) but on some subsequent commercial exploitation that is not “transformative.”

The opinion also sets a high bar for transformative use, at least when considering the availability of the fair use defense for commercial use in competition with the author of the first work. The analysis underscores a concern that too broad of an interpretation of transformativeness would sweep in derivative works, undermining copyright owners’ exclusive right to create and authorize derivatives. To that end, the Court suggested that updating the aesthetic of a work, or even altering the message is insufficient to make a work transformative if that work is used commercially in the same market as the author of the first work. In this circumstance, something more, such as direct commentary or criticism, or another strong justification for copying, appears to be needed.

Finally, the Court’s three opinions entailed unusual alliances: Justice Sotomayor was joined by Justices Thomas, Alito, Kavanaugh and Barrett; Justices Gorsuch and Jackson joined in a concurrence; and Chief Justice Roberts joined in Justice Kagan’s strong dissent. The majority and dissenting opinions were also notable

for their sharp tone, with the majority accusing the dissent of pulling “a sleight of hand” and perpetuating “a false equivalence between AWF’s commercial licensing and Warhol’s original creation,”<sup>67</sup> while the dissent bemoaned the majority’s inability to see (“literally”) Warhol’s “dazzling creativity”<sup>68</sup> and its

“reductionist view” of the character of the use element of the first factor.<sup>69</sup>

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<sup>1</sup> Christine D’Alessandro, an associate in the New York office, contributed to this client alert.

<sup>2</sup> *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 2023 WL 3511534, at \*8 (U.S. May 18, 2023).

<sup>3</sup> *See id.* at \*8-11.

<sup>4</sup> *Id.* at \*4.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at \*6.

<sup>8</sup> *Id.* at \*6.

<sup>9</sup> *Id.*

<sup>10</sup> *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 35 (2d Cir. 2021).

<sup>11</sup> *Id.*

<sup>12</sup> 17 U.S.C. § 107.

<sup>13</sup> *Warhol*, 11 F.4th at 35.

<sup>14</sup> *Id.* at 35-36.

<sup>15</sup> *Warhol*, 11 F.4th 26 (2d Cir. 2021).

<sup>16</sup> *Id.* at 38-39.

<sup>17</sup> *Id.* at 42.

<sup>18</sup> *Warhol*, 2023 WL 3511534, at \*7.

<sup>19</sup> *Id.* at \*5.

<sup>20</sup> *Id.* at \*11.

<sup>21</sup> *See id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at \*8.

<sup>24</sup> *Id.* at \*9.

<sup>25</sup> *Id.* at \*12 n.12.

<sup>26</sup> *Id.*

<sup>27</sup> *See id.* at \*11.

<sup>28</sup> *Id.* at \*6 n.2.

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* at \*12 n.12.

<sup>31</sup> *Id.* at \*23 (Gorsuch, J., concurring).

<sup>32</sup> *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994).

<sup>33</sup> *Warhol*, 2023 WL 3511534, at \*9.

<sup>34</sup> *Campbell*, 510 U.S. 569 (1994).

<sup>35</sup> *Warhol*, 2023 WL 3511534, at \*7.

<sup>36</sup> *Id.*

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at \*10, \*16.

<sup>39</sup> *Id.* at \*16.

<sup>40</sup> *See id.*

<sup>41</sup> *Id.* at \*10-11.

<sup>42</sup> *See id.* at \*10.

<sup>43</sup> *See id.* at \*14.

<sup>44</sup> *See id.* at \*10.

<sup>45</sup> *Id.* at \*15.

<sup>46</sup> *Id.*

<sup>47</sup> *Id.* at \*9.

<sup>48</sup> *Id.* at \*15.

<sup>49</sup> *Id.* at \*23 (Kagan, J., dissenting).

<sup>50</sup> *Id.*

<sup>51</sup> *Id.* at \*30.

<sup>52</sup> *See id.* at \*28 (quoting *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1219 (2021)) (internal quotation marks omitted).

<sup>53</sup> *Id.* at \*31.

<sup>54</sup> *See id.*

<sup>55</sup> *Id.*

<sup>56</sup> *Id.* at \*26.

<sup>57</sup> *Id.*

<sup>58</sup> *Id.* at \*32.

<sup>59</sup> *Campbell*, 510 U.S. at 584.

<sup>60</sup> *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183, 1204 (2021).

<sup>61</sup> *See Campbell*, 510 U.S. 569 (1994).

<sup>62</sup> *Warhol*, 2023 WL 3511534, at \*28 (Kagan, J., dissenting).

<sup>63</sup> *Id.*

<sup>64</sup> *Id.* at \*11.

<sup>65</sup> *Id.* at \*6, \*12.

<sup>66</sup> *Id.* at \*11.

<sup>67</sup> *Id.* at \*11 n.10.

<sup>68</sup> *Id.* at \*29 (Kagan, J., dissenting).

<sup>69</sup> *Id.* at \*30.