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Two Princes: Second Circuit Offers New Insights on Transformative Use

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On March 26, 2021, the U.S. Court of Appeals for the Second Circuit issued its decision in [*The Andy Warhol Foundation for the Visual Arts, Inc., v. Goldsmith*](#). The decision, which addressed whether a series of Andy Warhol works based on an older photograph constituted fair use, rolls back and qualifies the Circuit's often-cited, but controversial, 2013 opinion in *Cariou v. Prince* on what qualifies as “transformative” under the first fair use factor.

Procedural History

Back in 1981, photographer Lynn Goldsmith took a picture of legendary musical artist Prince. *Warhol*, No. 19-2420, at 6. Warhol later used that photo to create fifteen silkscreen prints and pencil illustrations, known as the Prince Series. *Id.* at 9. Goldsmith only became aware of Warhol's works in 2016, shortly after Prince's death, and filed suit for copyright infringement. *Id.* at 11. The U.S. District Court for the Southern District of New York granted summary judgment for the Warhol Foundation, finding that the prints were a fair use of the original. *Id.* at 12.

The Second Circuit's Decision in *Warhol*

The Second Circuit reversed, finding that the prints did not constitute fair use and further elucidating the standard for what qualifies as “transformative” for the purpose of fair use. The court began its analysis by addressing the transformativeness standard from *Cariou*. In *Cariou*, the Second Circuit held that twenty-five out of thirty works of so-called “appropriation art” by the artist Richard Prince that incorporated various black-and-white photographs of Rastafarians were fair use. 714 F.3d 694, 714 (2d Cir. 2013). The *Cariou* court focused its decision on the changed impression and size of the work, concluding that Prince had “used [Cariou's photographs] as raw material, transformed in the creation of new information, new aesthetics, new insights and understanding.” *Id.* The district court in *Warhol* heavily relied on *Cariou* in reaching its decision that Warhol's use was likewise transformative: “the Prince Series was ‘transformative,’” the court found, “because, while the Goldsmith Photograph portrays Prince as ‘not a comfortable person’ and a ‘vulnerable human being,’ the Prince Series portrays Prince as an ‘iconic, larger-than-life figure.’” *Warhol*, No. 19-2420, at 12 (citing *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 382 F. Supp. 3d 312, 316 (S.D.N.Y. 2019)).

While the Second Circuit maintained that *Cariou* remains valid precedent, it criticized the district court's application of the prior decision and determined

that clarification of *Cariou* was necessary. Although the Supreme Court and the Second Circuit have both emphasized that the fair use inquiry is highly context-sensitive and cannot rely on bright-line rules, the district court appeared to create a bright-line rule from *Cariou* that a use is “transformative as a matter of law ‘[i]f looking at the works side-by-side, the secondary work has a different character, a new expression, and employs new aesthetics with [distinct] creative and communicative results.’” *Id.* at 19. The Second Circuit demurred, noting that while altering an original work with “new expression, meaning, or message” is the *sine qua non* of transformativeness, merely adding a new aesthetic or new expression is not *per se* transformative. *Id.* For example, even Prince’s five works in *Cariou* that were *not* transformative gave *Cariou*’s original works a new aesthetic. *Id.* at 19-20. Adding blue lozenges and a guitar to *Cariou*’s portrait of a Rastafarian man changed the aesthetic of the work, but this was not enough for the court to decide on transformativeness as a matter of law. *Id.* at 20 (citing *Cariou*, 714 F.3d at 711).

In addition, the Second Circuit drew an important distinction between transformative uses and derivative works. Derivative works add “new expression, meaning, or message” to the original works, but nonetheless are excluded from fair use, as the right to create derivative works is an exclusive right granted to the copyright owner. *Id.* at 20. Citing to a similar statement by the Seventh Circuit, the Second Circuit noted that “an overly liberal standard of transformativeness, such as that embraced by the district court in this case, risks crowding out statutory protections for derivative works.” *Id.* (citing *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014)). The *Cariou* court’s statement that a derivative work was one that did not “add something new” to the original was a confusingly vague statement, the Circuit Court held, since paradigmatic derivative works, such as a movie adaptation of a novel, do indeed “add something new” to the original work. *Id.* at 21 (quoting 714 F.3d at 708). Instead, courts should look primarily at whether (1) the purpose of the work is different or (2) it conveys a new meaning or message. *Id.* at 22-25.

Having apparently tightened the transformativeness inquiry, the Second Circuit applied this standard to the facts at hand, concluding that the district court’s subjective determination that Warhol’s works transformed Prince from an uncomfortable person into a larger-than-life figure was incorrect. *Id.* at 26. The district court’s application of transformativeness was “grounded in a subjective evaluation of the underlying artistic message of the works rather than an objective assessment of their purpose and character.” *Id.* at 4. The Second Circuit explained that “whether a work is transformative cannot turn merely on the stated or perceived intent of the artist or the meaning or impression that a critic – or for that matter, a judge – draws from the work.” *Id.* Instead, the court should look at “how the works may reasonably be perceived” without imposing its own subjective aesthetic judgments. *Id.* at 27.

In regards to works incorporating copyrighted subject matter, “the secondary work’s transformative purpose and character must, at a bare minimum, comprise *something more* than the imposition of another artist’s style on the primary work such that the secondary work remains both recognizably deriving from, and retaining the essential elements of, its source material.” *Id.* at 28 (emphasis added). Warhol’s works did incorporate his signature style, creating a distinct aesthetic from Goldsmith’s original photo, but the purpose and function of the works were identical. *Id.* at 28-29. Warhol’s Prince Series retained the essential elements of the photograph “without significantly adding to or altering those elements.” *Id.* at 30. They thus failed to qualify as transformative uses. *Id.* at 32-33.

The Second Circuit went on to find that the other factors of the fair use inquiry – commercial use, nature of the copyrighted work, amount and substantiality of the use, and effect of the use on the market for the original – also weighed against a finding of fair use. *Id.* at 33-50. As all the factors weighed against fair use, Warhol’s use did not constitute fair use. *Id.* at 50-51. The court then addressed the affirmative copyright infringement claim, concluding that Warhol and Goldsmith’s works were substantially similar. *Id.* at 54-56.

Conclusion

The *Warhol* decision, while not overturning the centrality of transformativeness for the fair use inquiry, appears to have narrowed the scope of what qualifies as a transformative use. Instead of the somewhat vague “add[ing] something new” standard from *Cariou*, the court reemphasized the importance of looking – objectively – at whether a challenged use adopted a changed purpose or a new meaning or message. In

his concurring opinion, Judge Richard J. Sullivan went even further, highlighting what he considered an overreliance on “transformative use” in recent fair use jurisprudence and advocating for a renewed focus on the fourth fair-use factor, market effect, in deciding fair use cases. *Id.* at 1 (Sullivan, J., concurring). The stricter guidelines adopted in *Warhol* and wariness of allowing too broad a notion of transformativeness to dominate the fair use inquiry could result in a noticeable shift in future fair use decisions.

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