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Still too subjective: the Copyright Act's fair use defense AFTER *Andy Warhol Foundation v. Goldsmith* (2023)

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Earlier this year, the Supreme Court decided *Andy Warhol Found. for the Visual Arts, Inc.* (AWF) *v. Goldsmith*,[1] which involved the fair use defense to copyright infringement under 17 U.S.C.A. § 107. The reach of *Goldsmith* is quite narrow, however, for two reasons: (1) given the posture of the case, *Goldsmith* addressed only the first of four non-exclusive factors set out in § 107;[2] and (2) the only alleged infringing use of Goldsmith's photograph of the artist Prince was a commercial use by AWF that was most similar to Goldsmith's use of the original photograph.[3]

As with any multi-factor test, there is always going to be subjectivity in how a finder of fact assigns weight to different factors.

Thus, even within the context of factor one of the fair use analysis, *Goldsmith* did not offer guidance in situations where the accused infringing use and the original use are different or where the commercial purpose of the accused use is less clear.

I. The subjectivity baked into § 107

In § 107, Congress delineated the contours of the fair use defense, by listing examples of permissible uses of a copyrighted work — "such as criticism, comment, news reporting, teaching ..., scholarship, or research" — and then setting out four factors to consider in deciding whether the use made of a work is a fair use:

(1) the purpose and character of the use, including[4] 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.

As with any multi-factor test, there is always going to be subjectivity in how a finder of fact assigns weight to different factors, depending on the circumstances that they deem to be relevant.[5] But, this subjectivity — which we are accustomed to in the law — is compounded by the high degree of subjectivity in a number of the § 107 factors themselves.

II. Factor one: the purpose and character of the use

In *Goldsmith*, the Supreme Court reiterated that factor one:

> considers the reasons for, and nature of, the copier's use of an original work. The "central" question it asks 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."

* * *

Not every instance will be clear cut, however. Whether a use shares the purpose or character of an original work, or instead has a further purpose or different character, is a matter of degree. Most copying has some further purpose, in the sense that copying is socially useful *ex post*. Many secondary works add something new. That alone does not render such uses fair.

Rather, the first factor (which is just one factor in a larger analysis) asks "whether *and to what extent*" the use at issue has a purpose or character different from the original.[6] The larger the difference, the more likely the first factor weighs in favor of fair use. The smaller the difference, the less likely.[7]

This discussion highlights the subjective nature of the factor one inquiry. To the extent that it offers any guideposts, they are far apart and are dimly lit.

Take *Kienitz v. Sconnie Nation, LLC*[8] as an example. In Madison, Wisconsin, there is an annual, alcohol-immersive event called the Mifflin Street Block Party. As a student in 1969, Paul Soglin attended the inaugural Mifflin Street event and described it as "taking a sharp stick and poking it in the eye of authority."[9]

In 2012, as long-time Mayor, Soglin attempted to shut the event down. The defendant Sconnie downloaded a photo of Soglin from the City's website, used that photo to create a t-shirt with an image of Soglin along with the words "Sorry for Partying" on it, and sold the t-shirt in conjunction with the event. The original photo and the accused t-shirt are depicted below:

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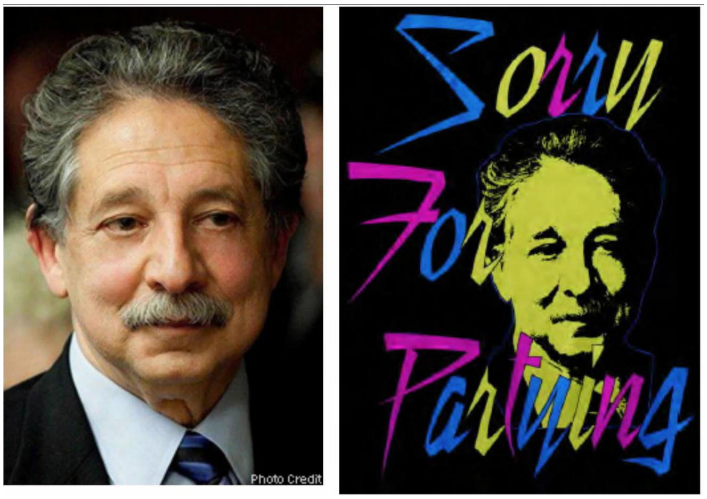


The photographer (Kienitz) sued Sconnie and its vendor for copyright infringement. The district court granted defendants' motion for summary judgment based on fair use, Kienitz appealed, and the Seventh Circuit affirmed.

The facts in *Kienitz* highlight the difficulty of applying factor one of the § 107 analysis. One could fairly say that the purpose and character of Sconnie's use supplants the purpose of the copyrighted work: the original photo depicted Mayor Soglin, and the accused use depicts Soglin by copying his photo on to a t-shirt, for commercial purposes.

However, one also could fairly say that the purpose and character of Sconnie's use added something new, with a further purpose or different character, namely, portraying the mayor in a negative light (consistent with the § 107 purposes of "criticism" and "comment"), given his effort to shut down the Mifflin Street event. Both of these descriptions of what Sconnie did are true. The problem is that neither the statute nor the caselaw helps a finder of fact decide how competing purposes are to be weighed, or how different the character of the use needs to be in order to be "transformative."

In *Kienitz*, the Seventh Circuit merely observed that factor one did not have "much bite" in the case because "[d]efendants sold their products in the hope of profit, and made a small one, but they chose the design as a form of political commentary."[10] In other words, the *Kienitz* court did not attempt to decide which of the competing facts related to "purpose and character" were more significant, and proceeded to decide the case based on other factors.

Goldsmith sheds little light on how cases (such as *Kienitz*) — which present competing factor one "purpose and character of the use" facts — should be resolved. As noted above, the *Goldsmith* court considered only the AWF use that was most similar to Goldsmith's use,[11] and held that factor one counseled against fair use because "Goldsmith's photograph and AWF's 2016 licensing of Orange Prince share substantially the same purpose, and ... AWF's use of Goldsmith's photo was of a commercial nature."[12]

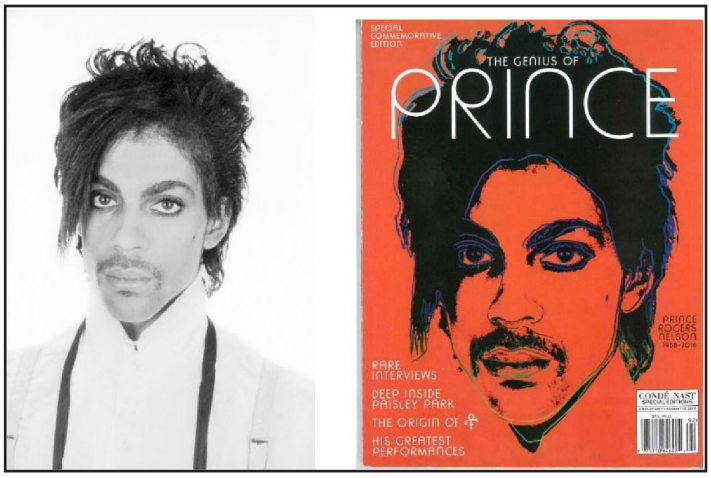
III. Factor three: the amount and substantiality of the use

The high degree of subjectivity also is seen in factor three of § 107, which considers what the accused infringer took from the copyrighted work.

In *Kienitz*, the Seventh Circuit ruled that factor three strongly favored Sconnie and its vendor because:

> Defendants removed so much of the original that, as with the Cheshire Cat, only the smile remains. Defendants started with a low-resolution version posted on the City's website, so much of the original's detail never had a chance to reach the copy; the original's background is gone; its colors and shading are gone; the expression in Soglin's eyes can no longer be read; after the posterization (and reproduction by silk-screening), the effect of the lighting in the original is almost extinguished. What is left, besides a hint of Soglin's smile, is the outline of his face, which can't be copyrighted. Defendants could have achieved the same effect by starting with a snapshot taken on the street.[13]

But, now compare *Goldsmith*. In that case, rather than licensing a photograph of Prince from the photographer (Goldsmith), Warhol used Goldsmith's photograph of Prince to make a series of silk-screened images of Prince, including one that was published in a magazine. The original photo and the accused image are depicted below:[14]



In finding that factor three favored the photographer (Goldsmith), the Second Circuit noted:

> the Prince Series borrows significantly from the Goldsmith Photograph, both quantitatively and qualitatively. While Warhol did indeed crop and flatten the Goldsmith Photograph, the end product is not merely a screenprint identifiably based on a photograph of Prince. Rather it is a screenprint readily identifiable as deriving from a *specific* photograph of Prince, the Goldsmith Photograph.... the Warhol images are instantly recognizable as depictions or images of the Goldsmith Photograph itself.[15]

And herein lies the problem. The facts in *Kienitz* and *Goldsmith* are very similar: in both cases, an accused infringer downloaded a photograph of a person's face, silk-screened and colorized it, resulting in a flattened image that enhanced shadows and dark areas on the face but remained recognizable as having been taken from the source photograph.

This is not to say that the Seventh Circuit or the Second Circuit applied factor three correctly (and the other court did not). The point is that, on these similar facts, the two appellate courts should have reached the same outcome with respect to factor three, but for the subjectivity inherent in that factor.

Many secondary works add something new. That alone does not render such uses fair.

In *Goldsmith*, the Second Circuit distinguished *Kienitz* as follows:

> But this case is not *Kienitz v. Sconnie Nation LLC*, in which a panel of the Seventh Circuit held that a t-shirt design that incorporated a photograph in a manner that stripped away nearly every expressive element such that, "as with the Cheshire Cat, only the [subject's] smile remain[ed]" was fair use.[16] As discussed, Warhol's rendition of the Goldsmith Photograph leaves quite a bit more detail, down to the glint in Prince's eyes where the umbrellas in Goldsmith's studio reflected off his pupils. Thus, though AWF urges this court to follow the Seventh Circuit's lead, its decision in *Kienitz* would not compel a different result here, even if it were binding on us — which, of course, it is not.[17]

People see what they want to see. For example, one could argue that parts of the Soglin t-shirt image (*e.g.*, the strands of his hair) have "quite a bit more detail" than Prince's hair in the Warhol version of the Goldsmith Photograph. The Second Circuit pointed out the similarity in the eyes in the Goldsmith Photograph and in Warhol's Orange Prince, but the outline of Prince's eyes in Orange Prince look like they were drawn with a thick Sharpie marker.

The problem is that neither the *Kienitz* court's "Cheshire Cat" reference nor the *Goldsmith* court's "glint in Prince's eyes" observation provides meaningful guidance to lower courts and litigants in terms of how much (or what aspects) of a photograph needs to be appropriated in order to tip the balance on factor three.

Because the first and third factors rely to such a large extent on the eye of the beholder, factor four ("the effect of the use upon the potential market for or value of the copyrighted work") — which the Supreme Court has noted is "undoubtedly the single most important element of fair use"[18] — will continue to be the North Star in cases involving § 107. Both *Kienitz* (which upheld a fair use defense) and *Goldsmith* (which rejected that defense) make sense when viewed through the factor four lens.

In *Kienitz*, there was no evidence that "defendants disrupted a plan [by Kienitz] to license [the original Soglin photo] for apparel" or that "defendants' products have reduced the demand for the original work or any use of it that [Kienitz] is contemplating."[19]

By contrast, in *Goldsmith*, "both Goldsmith and AWF have sought to license (and indeed have successfully licensed) their respective depictions of Prince to popular print magazines to accompany articles about him." In addition, "AWF's licensing of the Prince Series works to Condé Nast without crediting or paying Goldsmith deprived her of royalty payments to which she would have otherwise been entitled."[20]

In sum, *Kienitz* and *Goldsmith* show that the subjectivity inherent in factors one and three of § 107 makes them unreliable predictors of the strength or weakness of a fair use defense, and litigants should focus their efforts on arguments related to market impact under factor four.

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Notes

[1] 143 S. Ct. 1258 (2023).

[2] *Goldsmith*, 143 S. Ct. at 1272-73.

[3] *Id.* at 1278 (Because only "AWF's commercial licensing of Orange Prince to Conde Nast[] is alleged to be infringing ... [w]e limit our analysis accordingly ... [and] "the Court expresses no opinion as to the creation, display, or sale of any of the original Prince Series words.").

[4] https://bit.ly/46oZT6i

[5] *See Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1197 (2021) (The Act's fair use provision "set[s] forth general principles, the application of which requires judicial balancing, depending upon relevant circumstances[.]").

[6] *Campbell*, 510 U.S. at 579 (emphasis added).

[7] *Goldsmith*, 143 S. Ct. at 1274-75 (underlining added); see also Google, 141 S. Ct. at 1203 ("[W]e have used the word 'transformative' to describe a copying use that adds something new and important.").

[8] 766 F.3d 756 (7th Cir. 2014).

[9] *Kienitz*, 766 F.3d at 757.

[10] *Kienitz*, 766 F.3d at 759.

[11] *Goldsmith*, 143 S. Ct. at 1278.

[12] *Id.* at 1280.

[13] *Id.*

[14] *See Goldsmith*, 143 S. Ct. at 1270-71.

[15] *Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 47 (2d Cir. 2021). Because the Supreme Court addressed only the first factor of the fair use analysis, I cite the Second Circuit's decision, which discussed all four of the § 107 factors.

[16] 766 F.3d 756, 759 (7th Cir. 2014).

[17] *Id.* at 48.

[18] *Harper & Row Publishers, Inc. v. Nation Enters*, 471 U.S. 539, 566 (1985) (citing 3 Nimmer § 13.05[A]).

[19] *Kienitz*, 766 F.3d at 759; *id.* at 760 (Kienitz also makes no argument along the lines that "[h]e promises his subjects that the photos will be licensed only for dignified uses" and "[f]ewer people will hire or cooperate with Kienitz if they think that the high quality of his work will make the photos more effective when used against them!").

[20] *Goldsmith*, 11 F.4th at 49-50 (footnote omitted).

About the author

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