

INTELLECTUAL PROPERTY: LAW & THE INFORMATION SOCIETY

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The Fifth Edition of our casebook (2021) is the most recent edition. This supplement updates this edition with a few significant legal developments. It is current as of June 30, 2023, and makes the following changes.

- **Introduction.** The supplement adds a brief discussion of generative AI and intellectual property law to the book's Introduction.
- **Trademark law: Chapters 8 and 9.** In 2023, the Supreme Court decided *Jack Daniel's Properties, Inc. v. VIP Products LLC*. The supplement adds summaries of the Supreme Court's opinion regarding the applicability of the *Rogers v. Grimaldi* First Amendment balancing test and the §1125(c)(3) dilution exclusions to Chapters 8 and 9, respectively.
- **Copyright law: Chapter 13.** This chapter is updated with the Supreme Court's latest fair use decision, *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith* (2023).

You can find free downloads of the casebook at <https://law.duke.edu/cspd/openip/>.

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INTRODUCTION, Page xi

This brief update about generative AI supplements the Introduction.

One of the themes of the casebook is the dynamic interplay between intellectual property law and technological development. The book's Introduction explains its goal of offering the analytical tools that will be "useful no matter what technological change or cultural shift tomorrow brings." We are writing this supplement in the midst of one of the most profound technological transformations of our time: rapid advances in generative AI, including large language models and the introduction of ChatGPT. These developments will have consequences well beyond intellectual property doctrine—for one thing, they will change the practice of law. Within the intellectual property field, as elsewhere, it is too early to make predictions. However, we wanted to highlight a few issues that have made their way to the courts and the government agencies responsible for copyrights and patents. Future editions of the book may cover these matters in more depth as decisions are issued. In the meantime, there will doubtless be opportunities to discuss new developments in class as they occur.

- **Can AI-generated inventions be patented?** In the United States, the answer is "no." Patents are reserved for human inventors. In 2019, Stephen Thaler tested this requirement by filing patent applications for two inventions made by his AI system. The United States Patent and Trademark Office rejected the applications. The Federal Circuit affirmed in 2022, making clear that "there is no ambiguity: the Patent Act requires that inventors must be natural persons; that is, human beings." *Thaler v. Vidal* (Fed. Cir. 2022). The Supreme Court denied certiorari in 2023.
- **Is AI-created art eligible for copyright?** So far, in the United States, the answer here is also "no." Human authorship is a prerequisite for copyright. This rule is currently being challenged in the district court for the District of Columbia by Stephen Thaler (again), who is contesting the Copyright Office's refusal to register copyright for artwork generated by his AI system, but the weight of precedent is against Thaler's arguments. *Thaler v. Perlmutter* (D.D.C.)
- **What is the scope of copyright in works made with AI tools?** Of course, humans have long used technology to create – from the invention of the camera to Photoshop – and many works will be the product of both human and machine creativity. The Copyright Office has issued preliminary guidelines on the copyrightability of such works (available online at https://www.copyright.gov/ai/ai_policy_guidance.pdf). The answer, naturally, "will depend on the circumstances, particularly how the AI tool operates and how it was used to create the final work." But the guidelines explain that if someone merely provides an instructional prompt such as "write a poem about copyright law in the style of William Shakespeare" and the AI produces "complex written, visual, or musical works in response," the resulting work is not copyrightable. On the other hand, if "the traditional elements of authorship" emanate from the person and the AI is merely "an assisting instrument," the result is copyrightable. And if a person takes AI-generated art and arranges or modifies it in a creative way, copyright would only cover the human contributions, not the machine-generated aspects of the work. In a recent example involving a comic book made of AI-produced images, the Copyright Office said that while the images themselves could not be copyrighted, the text written by the human author and the way she selected and arranged the text and images could be. Copyright Office, *Cancellation Decision re: Zarya of the Dawn* (VAu001480196) (Feb. 21, 2023).

- **If an AI system is trained using copyrighted material, is this infringement?** Moving from AI-generated *outputs* to the *inputs* used in building AI tools, courts will soon address the question of whether using copyrighted material to train AI is infringing. In 2023, Getty Images sued Stability AI for copying at least 12 million copyrighted images to train its Stable Diffusion AI image generator, and another group of plaintiffs filed a class-action lawsuit against Stability AI, DeviantArt, and Midjourney for using their copyrighted images without permission. The outcome in these cases will likely turn on whether this kind of copying is legal under the “fair use” doctrine covered in Chapter Thirteen of the book. When you read the cases in section 4 of that chapter – “Fair Use Meets Technology” – think about how their analysis should apply. Is using copyrighted material to train AI the sort of “transformative” and socially valuable use that has qualified as fair use in earlier cases? Does it unduly interfere with legitimate markets of the copyright holders? (Note that the image generator cases are just two of the pending lawsuits against AI producers. Another case from the software field involves the use of copyrighted computer code to train the Copilot and Codex AI coding tools, but the legal claims are different because the code was made available under open-source licenses—among other things, the plaintiffs claim that there was a breach of the terms of the open-source licenses.)

Whatever happens with AI and intellectual property law, there are lessons to be learned from the past. Many of the readings in the book deal with an earlier technological transformation: the development of digital technologies and the World Wide Web. Themes from those readings will recur with generative AI: reallocations of costs and benefits, incumbents v. newcomers, doomsayers v. optimists, and the power of baselines, metaphors, and framing. There will be familiar questions surrounding judicial methodology, institutional competence, path dependency, and public v. private solutions when technology outpaces law. And there will be things that neither we nor ChatGPT can dream up.

Note: *Jack Daniel's Properties, Inc. v. VIP Products LLC* (2023)

Mattel applied the First Amendment balancing test from *Rogers v. Grimaldi* (2d Cir. 1989) to resolve the trademark claim against Forsythe for using “Barbie” in the titles of his photographs. The *Rogers* test requires dismissal unless either (1) the unauthorized use “has no artistic relevance to the underlying work” or (2) it “explicitly misleads as to the source or the content of the work.” It replaces the traditional likelihood of confusion analysis when a trademark owner challenges the use of its mark in an expressive context. The Second Circuit developed the test in 1989, after Ginger Rogers objected to the use of her name in the title of the Fellini film “Ginger and Fred.” The film was about two fictional Italian cabaret dancers named Pippo and Amelia who imitated the dancing duo Ginger Rogers and Fred Astaire and became known in Italy as “Ginger and Fred.” Because the film’s use was artistically relevant, there was no Lanham Act violation. *Rogers* has typically been applied in cases involving titles of artistic works—“Ginger and Fred,” “Barbie Girl,” “Malteser Barbie” and “Fondue a la Barbie”—but it has also been extended to other expressive uses. Not all Circuits have adopted the test.

In 2023, a challenge to the *Rogers* test reached the Supreme Court, albeit in a rather different context. VIP Products makes “Silly Squeakers” dog toys that poke fun at beverage brands with puns such as Jose Perro (Jose Cuervo), HeinieSniff’n (Heineken), Dos Perros (Dos Equis), Smella Arpaw (Stella Artois), and Doggie Walker (Johnnie Walker). Jack Daniel’s objected to the scatologically-themed toy to the right, which changes “Jack Daniel’s” to “Bad Spaniels,” “Old No. 7 Brand Tennessee Sour Mash Whiskey” to “The Old No. 2 On Your Tennessee Carpet,” and “40% alc. by vol. (80 proof)” to “43% poo by vol.” and “100% smelly.” The Ninth Circuit found that the toy was an “expressive work” that “communicates a humorous message” and held that the *Rogers* test should apply to Jack Daniel’s infringement claim.



In a “narrow” ruling, the Supreme Court disagreed: “Without deciding whether *Rogers* has merit in other contexts, we hold that it does not when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the infringer’s own goods.” Concerned that “few cases would even get to the likelihood-of-confusion inquiry if all expressive content triggered the *Rogers* filter,” it excluded source-identifying uses from *Rogers*’ speech-protective test. Here the Court found ample evidence that VIP Products was using the Bad Spaniels puns as a source indicator. Its legal filings said it was “the owner of all rights in its ‘Bad Spaniels’



trademark and trade dress for its durable rubber squeaky novelty dog toy.” The product’s hangtag (depicted to the left) gave equal billing to its trademarked “Silly Squeakers” logo and the “Bad Spaniels” logo. And it had obtained federal trademark registrations for analogous puns on its other toys, including “Dos Perros,” “Smella Arpaw,” and “Doggie Walker.”

There were concerns that the Supreme Court would jettison *Rogers*, but the Court appears to have left the *Rogers* test available for cases such as *Mattel* and other instances where the unauthorized use of another’s mark serves a non-trademark, expressive function. What remains to be seen is the scope of expressive uses that will be deemed source-identifying when the evidence is less clear than it was in *Jack Daniel’s*. Some titles of expressive works denote source – for

example “for Dummies” is a federally registered mark for guides that come from the same source as the other “for Dummies” books. If such a title uses or mimics a trademarked term, is it now ineligible for *Rogers*? (Note that with a title like “Excel® for Dummies,” the use of “Excel” would be nominative fair use.) What about a political message on a T-shirt that appears to serve both as a trademark and as commentary? Consider Justice Sotomayor’s hypothetical at oral argument: what if “an activist takes a political party’s trademark animal logo...and makes a T-shirt where the animal looks drunk, accompanied by its slogan ‘Time to Sober Up America,’” and starts selling this as a popular clothing line? If the political party sues for infringement, is *Rogers* inapplicable?

In this case, having removed “the *Rogers* filter,” the Court remanded for a standard likelihood of confusion analysis, leaving the door open for VIP Products to prevail if it had created an effective parody. The Court explained: “to succeed, the parody must also create contrasts, so that its message of ridicule or pointed humor comes clear. And once that is done (*if* that is done), a parody is not often likely to create confusion. Self-deprecation is one thing; self-mockery far less ordinary. So although VIP’s effort to ridicule Jack Daniel’s does not justify use of the *Rogers* test, it may make a difference in the standard trademark analysis.” The Court cited to two lower court cases involving parody dog toys that found no likelihood of confusion: *Louis Vuitton Malletier S. A. v. Haute Diggity Dog, LLC* (4th Cir. 2007) held that a line of “Chewy Vuiton” toys did not infringe Louis Vuitton’s marks, and *Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC* (S.D.N.Y. 2002) concluded that “Timmy Holedigger” pet perfume did not infringe the “Tommy Hilfiger” mark.

That said, in a bench trial earlier in the *Jack Daniel’s* litigation, the district court did find a likelihood of confusion about the source of the Bad Spaniels toy. (Strangely, it concluded both that consumers might think Jack Daniel’s was behind the toy *and* that “the toy, by creating ‘negative associations’ with ‘canine excrement,’ would cause Jack Daniel’s ‘reputational harm.’” The latter is relevant to Jack Daniel’s dilution by tarnishment claim that will be covered in Chapter Nine.) The district court’s conclusion was “based largely on survey evidence,” and a concurrence to the Supreme Court opinion from Justices Sotomayor and Alito cautioned against reliance on such surveys: “When an alleged trademark infringement involves a parody, however, there is particular risk in giving uncritical or undue weight to surveys. Survey answers may reflect a mistaken belief among some survey respondents that all parodies require permission from the owner of the parodied mark...Well-heeled brands with the resources to commission surveys would be handed an effective veto over mockery.”

Note: *Jack Daniel’s Properties, Inc. v. VIP Products LLC* (2023)

You read about this case in Chapter Eight when we discussed the Supreme Court’s limitation of the *Rogers* test, which only applies to trademark infringement claims. Jack Daniel’s also brought a dilution claim against VIP Products, arguing that the Bad Spaniels toy had tarnished its famous brand by associating its whiskey with dog excrement. The Ninth Circuit applied the §1125(c)(3)(C) exclusion discussed in *Smith* and held that, because of its parodic commentary, VIP Product’s use qualified as noncommercial “even if used to sell a product.”

The Supreme Court held that “the noncommercial exclusion does not shield parody or other commentary when [the] use of a mark is . . . source-identifying.” The Bad Spaniels toy was ineligible for this exclusion for the same reason it did not merit the *Rogers* test: because its imitation of Jack Daniel’s marks was used to designate source. The Court’s analysis centered on the language of the §1125(c)(3) dilution exceptions. §1125(c)(3)(A) safeguards “any fair use” of a famous mark “in connection with . . . parodying, criticizing, or commenting upon” the mark, but only if the use is “other than as a designation of source.” Therefore, according to the Court, “parody (and criticism and commentary, humorous or otherwise) is exempt from liability only if *not* used to designate source.” The Ninth Circuit’s protection of a parody that *was* used to designate source under the §1125(c)(3)(C) noncommercial use provision “reverses that statutorily directed result” and “effectively nullifies Congress’s express limit.”

The Court’s decision would not appear to change the result in *Smith*, because “Smith does not claim any exclusive right to his Wal-Mart-related creations; in fact, he says that he would like to see the general public use the terms freely. He hoped that the word “Walocaust” would become such a commonly used term to describe Wal-Mart that it might eventually appear in the dictionary.” (*Smith* applied §1125(c)(3)(C), not §1125(c)(3)(A).) But what if Smith were using “Walocaust” as a source indicator on his products? *Jack Daniel’s* says that the dilution exclusions are unavailable. A court could still find that the parody did not tarnish Wal-Mart’s marks because it did not “harm[] the reputation of the famous mark,” but *Jack Daniel’s* significantly limits the First Amendment defenses available to parodies that also signal a product’s source.

Chapter Thirteen, LIMITATIONS ON EXCLUSIVE RIGHTS: FAIR USE, Pages 488-491
Replace “Note: Transformative Use, Appropriation Art and Mashups” with this decision

Two years after *Google v. Oracle*, the Supreme Court addressed fair use again, this time in the context of appropriation art. The original work was a 1981 photograph of the musician Prince taken by Lynn Goldsmith, who is known for her photos of musicians. In 1984, Vanity Fair paid Goldsmith \$400 to use the photograph as an “artist reference for an illustration” for a story about Prince. Andy Warhol was hired to create this illustration, and Warhol created 16 works known as the “Prince Series” based on the photo. Vanity Fair chose a purple silkscreen from the series for its article. In 2016, after Prince died, Condé Nast (Vanity Fair’s parent company) contacted the Andy Warhol Foundation (“AWF”) – owner of the late Warhol’s copyrights – about reusing the 1984 image for the cover of a special edition commemorating Prince. After learning about the other Prince Series works, Condé Nast decided to use a different image called “Orange Prince,” and paid AWF \$10,000 for the use. Goldsmith did not receive a fee.



Left to right: Goldsmith’s 1981 photograph; Vanity Fair’s 1984 article featuring Warhol’s “Purple Prince” silkscreen; Condé Nast’s 2016 cover with Warhol’s “Orange Prince” silkscreen

Goldsmith notified AWF that she believed it had infringed her copyright, and AWF brought a declaratory judgment action claiming noninfringement or, in the alternative, fair use. Goldsmith counterclaimed for infringement. The district court granted summary judgment to AWF, holding that all four factors favored fair use. Among other things, it found that Warhol’s works were transformative: “The Prince Series works can reasonably be perceived to have transformed Prince from a vulnerable, uncomfortable person to an iconic, larger-than-life figure.” The Second Circuit reversed, concluding that all of the fair use factors favored Goldsmith. Under factor one, it articulated a higher transformative use threshold for works of visual art that “share the same overarching purpose” and found Warhol’s work insufficiently transformative. The Supreme Court granted certiorari on the question of whether the first factor favored fair use.

Both lower courts had addressed the legality of the entire Prince Series, analyzing the nature of Warhol’s artistic contributions and grappling with the boundaries of transformative use for appropriation art. However, at the Supreme Court, Goldsmith’s lawyers “abandoned all claims to relief other than her claim as to the 2016 Condé Nast license,” thereby limiting her infringement claim to a single commercial transaction. This turned out to be central to the Supreme Court’s resolution of the case. Here is that opinion.



Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith

598 U. S. ____ (2023)

SOTOMAYOR, J., delivered the opinion of the Court, in which THOMAS, ALITO, GORSUCH, KAVANAUGH, BARRETT, and JACKSON, JJ., joined. GORSUCH, J., filed a concurring opinion, in which JACKSON, J., joined. KAGAN, J., filed a dissenting opinion, in which ROBERTS, C. J., joined.

Justice SOTOMAYOR, delivered the opinion of the Court.

...In this Court, the sole question presented is whether the first fair use factor...weighs in favor of AWF’s recent commercial licensing to Condé Nast. On that narrow issue, and limited to the challenged use, the Court agrees with the Second Circuit: The first factor favors Goldsmith, not AWF...

II

...Here, the specific use of Goldsmith’s photograph alleged to infringe her copyright is AWF’s licensing of Orange Prince to Condé Nast. As portraits of Prince used to depict Prince in magazine stories about Prince, the original photograph and AWF’s copying use of it share substantially the same purpose. Moreover, the copying use is of a commercial nature. Even though Orange Prince adds new expression to Goldsmith’s photograph, as the District Court found, this Court agrees with the Court of Appeals that, in the context of the challenged use, the first fair use factor still favors Goldsmith.

A

1

...[T]he first factor relates to the problem of substitution— copyright’s *bête noire*. The 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, or “supplan[t],” the work.

Consider the “purposes” listed in the preamble paragraph of §107: “criticism, comment, news reporting, teaching . . ., scholarship, or research.” Although the examples given are “‘illustrative and not limitative,’” they reflect “the sorts of copying that courts and Congress most commonly ha[ve] found to be fair uses,” and so may guide the first factor inquiry. *Campbell*. As the Court of Appeals observed, the “examples are easily understood,” as they contemplate the use of an original work to “serv[e] a manifestly different purpose from the [work] itself.” Criticism of a work, for instance, ordinarily does not supersede the objects of, or supplant, the work. Rather, it uses the work to serve a distinct end.

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. *Campbell* (emphasis added). The larger the difference, the more likely the first factor weighs in favor of fair use. The smaller the difference, the less likely.

A use that has a further purpose or different character is said to be “transformative.” As before, “transformativeness” is a matter of degree. That is important because the word “transform,” though not included in §107, appears elsewhere in the Copyright Act. The statute defines derivative works, which the copyright owner has “the exclusive right” to prepare, §106(2), to include “any other form in which a work may be recast, transformed, or adapted,” §101. In other words, the owner has a right to derivative transformations of her work. Such transformations may be substantial, like the adaptation of a book into a movie. To be sure, this right is “[s]ubject to” fair use. §106; see also §107. The two are not mutually exclusive. But an overbroad concept of transformative use, one that includes any further purpose, or any different character, would narrow the copyright owner’s exclusive right to create derivative works. To preserve that right, the degree of transformation required to make “transformative” use of an original must go beyond that required to qualify as a derivative.

For example, this Court in *Campbell* considered whether parody may be fair use...[The “new message and different aesthetic” of 2 Live Crew’s song] was not enough for the first factor to weigh in favor of fair use, however. The Court found it necessary to determine whether 2 Live Crew’s transformation of Orbison’s song rose to the level of parody, a distinct purpose of commenting on the original or criticizing it.

Distinguishing between parody (which targets an author or work for humor or ridicule) and satire (which ridicules society but does not necessarily target an author or work), the Court further explained that “[p]arody needs to mimic an original to make its point, and so has some claim to use the creation of its victim’s (or collective victims’) imagination, whereas satire can stand on its own two feet and so requires justification for the very act of borrowing.” More generally, when “commentary has no critical bearing on the substance or style of the original composition, . . . the claim to fairness in borrowing from another’s work diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger.”

This discussion illustrates two important points: First, the fact that a use is commercial as opposed to nonprofit is an additional “element of the first factor.” The commercial nature of the use is not dispositive. But it is relevant. As the Court explained in *Campbell*, it is to be weighed against the degree to which the use has a further purpose or different character.

Second, the first factor also relates to the justification for the use. In a broad sense, a use that has a distinct purpose is justified because it furthers the goal of copyright, namely, to promote the progress of science and the arts, without diminishing the incentive to create. A use that shares the purpose of a copyrighted work, by contrast, is more likely to provide “the public with a substantial substitute for matter protected by the [copyright owner’s] interests in the original wor[k] or derivatives of [it],” which undermines the goal of copyright.

In a narrower sense, a use may be justified because copying is reasonably necessary to achieve the user’s new purpose. Parody, for example, “needs to mimic an original to make its point.” *Campbell*. Similarly, other commentary or criticism that targets an original work may have compelling reason to “conjure up” the original by borrowing from it. An independent justification like this is particularly relevant to assessing fair use where an original work and copying use share the same or highly similar purposes, or where wide dissemination of a secondary work would otherwise run the risk of substitution for the original or licensed derivatives of it. Once again, the question of justification is one of degree.

In sum, 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. If 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.

2

The 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.” §107. The same copying may be fair when used for one purpose but not another...[Only] AWF’s commercial licensing of Orange Prince to Condé Nast, is alleged to be infringing. We limit our analysis accordingly. In particular, the Court expresses no opinion as to the creation, display, or sale of any of the original Prince Series works.

A typical use of a celebrity photograph is to accompany stories about the celebrity, often in magazines. For example, Goldsmith licensed her photographs of Prince to illustrate stories about Prince in magazines such as Newsweek, Vanity Fair, and People...Such licenses, for photographs or derivatives of them, are how photographers like Goldsmith make a living. They provide an economic incentive to create original works, which is the goal of copyright.

In 2016, AWF licensed an image of Orange Prince to Condé Nast to appear on the cover of a commemorative edition magazine about Prince...In that context, the purpose of the image is substantially the same as that of Goldsmith’s photograph. Both are portraits of Prince used in magazines to illustrate stories about Prince. Such “environment[s]” are not “distinct and different.” *Google*. AWF’s licensing of the Orange Prince image thus “supersede[d] the objects,” *i.e.*, shared the objectives, of Goldsmith’s photograph, even if the two were not perfect substitutes.¹²

The use also “is of a commercial nature.” §107(1)...Taken together, these two elements—that Goldsmith’s photograph and AWF’s 2016 licensing of Orange Prince share substantially the same purpose, and that AWF’s use of Goldsmith’s photo was of a commercial nature—counsel against fair use, absent some other justification for copying. That is, although a use’s transformativeness may outweigh its commercial character, here, both elements point in the same direction.

The foregoing does not mean, however, that derivative works borrowing heavily from an original cannot be fair uses. In *Google*, the Court suggested that “[a]n ‘artistic painting’ might, for example, fall within the scope of fair use even though it precisely replicates a copyrighted ‘advertising logo to make a comment about consumerism.’” That suggestion refers to Warhol’s works that incorporate advertising logos, such as the Campbell’s Soup Cans series.

Yet not all of Warhol’s works, nor all uses of them, give rise to the same fair use analysis. In fact, Soup Cans well illustrates the distinction drawn here. The purpose of Campbell’s logo is to advertise soup. Warhol’s canvases do not share that purpose. Rather, the Soup Cans series uses Campbell’s copyrighted work for an artistic commentary on consumerism, a purpose that is orthogonal to advertising soup. The use therefore does not supersede the objects of the advertising logo.

Moreover, a further justification for Warhol’s use of Campbell’s logo is apparent. His Soup Cans series targets the logo. That is, the original copyrighted work is, at least in part, the object of Warhol’s commentary. It 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. Hence, the use of the copyrighted work not only serves a completely

¹² In this way, the first factor relates to the fourth, market effect. While the first factor considers whether and to what extent an original work and secondary use have substitutable purposes, the fourth factor focuses on actual or potential market substitution. Under both factors, the analysis here might be different if Orange Prince appeared in an art magazine alongside an article about Warhol...

different purpose, to comment on consumerism rather than to advertise soup, it also “conjures up” the original work to “she[d] light” on the work itself, not just the subject of the work. Here, by contrast, AWF’s use of Goldsmith’s photograph does not target the photograph, nor has AWF offered another compelling justification for the use.

B

AWF contends, however, that the purpose and character of its use of Goldsmith’s photograph weighs in favor of fair use because Warhol’s silkscreen image of the photograph, like the Campbell’s Soup Cans series, has a new meaning or message. The District Court, for example, understood the Prince Series works to portray Prince as “an iconic, larger-than-life figure.” AWF also asserts that the works are a comment on celebrity. In particular, “Warhol’s Prince Series conveys the dehumanizing nature of celebrity.” According to AWF, that new meaning or message, which the Court of Appeals ignored, makes the use “transformative” in the fair use sense. We disagree.

1

...*Campbell* cannot be read to mean that §107(1) weighs in favor of any use that adds some new expression, meaning, or message.

Otherwise, “transformative use” would swallow the copyright owner’s exclusive right to prepare derivative works. Many derivative works, including musical arrangements, film and stage adaptations, sequels, spinoffs, and others that “recast, transfor[m] or adap[t]” the original, §101, add new expression, meaning or message, or provide new information, new aesthetics, new insights and understandings. That is an intractable problem for AWF’s interpretation of transformative use. The first fair use factor would not weigh in favor of a commercial remix of Prince’s “Purple Rain” just because the remix added new expression or had a different aesthetic. A film or musical adaptation, like that of Alice Walker’s *The Color Purple*, might win awards for its “significant creative contribution”; alter the meaning of a classic novel; and add “important new expression,” such as images, performances, original music, and lyrics. But that does not in itself dispense with the need for licensing.

Campbell is again instructive. 2 Live Crew’s version of Orbison’s song easily conveyed a new meaning or message. It also had a different aesthetic. Yet the Court went further, examining whether and to what extent 2 Live Crew’s song had the parodic purpose of “commenting on the original or criticizing it.” Parody is, of course, a kind of message. Moreover, the Court considered what the words of the songs might have meant to determine whether parody “reasonably could be perceived.” But new meaning or message was not sufficient. If it had been, the Court could have made quick work of the first fair use factor. Instead, meaning or message was simply relevant to whether the new use served a purpose distinct from the original, or instead superseded its objects. That was, and is, the “central” question under the first factor.

The dissent commits the same interpretive error as AWF: It focuses on *Campbell*’s paraphrase, yet ignores the rest of that decision’s careful reasoning...*Campbell* was the culmination of a long line of cases and scholarship about parody’s claim to fairness in borrowing...*Campbell* thus drew a nuanced distinction between parody and satire: While parody cannot function unless it conjures up the original, “satire can stand on its own two feet and so requires justification for . . . borrowing.” The objective meaning or message of 2 Live Crew’s song was relevant to this inquiry into the reasons for copying, but any “new expression, meaning, or message” was not the test...

[T]he Court of Appeals stated that “the district judge should not assume the role of art critic and seek to ascertain the intent behind or meaning of the works at issue.” That statement is correct

in part. A court should not attempt to evaluate the artistic significance of a particular work. See *Bleistein v. Donaldson Lithographing Co.* (1903). Nor does the subjective intent of the user (or the subjective interpretation of a court) determine the purpose of the use. But the meaning of a secondary work, as reasonably can be perceived, should be considered to the extent necessary to determine whether the purpose of the use is distinct from the original, for instance, because the use comments on, criticizes, or provides otherwise unavailable information about the original, see, e.g., *Authors Guild*.

2

...Whether the purpose and character of a use weighs in favor of fair use is, instead, an objective inquiry into what use was made, *i.e.*, what the user does with the original work.

Granting the District Court's conclusion that Orange Prince reasonably can be perceived to portray Prince as iconic, whereas Goldsmith's portrayal is photorealistic, that difference must be evaluated in the context of the specific use at issue. The use is AWF's commercial licensing of Orange Prince to appear on the cover of Condé Nast's special commemorative edition. The purpose of that use is, still, to illustrate a magazine about Prince with a portrait of Prince. Although the purpose could be more specifically described as illustrating a magazine about Prince with a portrait of Prince, one that portrays Prince somewhat differently from Goldsmith's photograph (yet has no critical bearing on her photograph), that degree of difference is not enough for the first factor to favor AWF, given the specific context of the use.

To hold otherwise would potentially authorize a range of commercial copying of photographs, to be used for purposes that are substantially the same as those of the originals. As long as the user somehow portrays the subject of the photograph differently, he could make modest alterations to the original, sell it to an outlet to accompany a story about the subject, and claim transformative use. Many photographs will be open to various interpretations. A subject as open to interpretation as the human face, for example, reasonably can be perceived as conveying several possible meanings. The application of an artist's characteristic style to bring out a particular meaning that was available in the photograph is less likely to constitute a "further purpose" as *Campbell* used the term.

AWF asserts another, albeit related, purpose, which is to comment on the "dehumanizing nature" and "effects" of celebrity. No doubt, many of Warhol's works, and particularly his uses of repeated images, can be perceived as depicting celebrities as commodities. But again, even if such commentary is perceptible on the cover of Condé Nast's tribute to "Prince Rogers Nelson, 1958-2016," on the occasion of the man's death, AWF has a problem: The asserted commentary is at *Campbell*'s lowest ebb. Because it "has no critical bearing on" Goldsmith's photograph, the commentary's "claim to fairness in borrowing from" her work "diminishes accordingly (if it does not vanish)." The commercial nature of the use, on the other hand, "loom[s] larger."

Here, the circumstances of AWF's 2016 licensing outweigh its diminished claim to fairness in copying under the first factor. Like satire that does not target an original work, AWF's asserted commentary "can stand on its own two feet and so requires justification for the very act of borrowing." Moreover, because AWF's commercial use of Goldsmith's photograph to illustrate a magazine about Prince is so similar to the photograph's typical use, a particularly compelling justification is needed. Yet AWF offers no independent justification, let alone a compelling one, for copying the photograph, other than to convey a new meaning or message. As explained, that alone is not enough for the first factor to favor fair use.

Copying might have been helpful to convey a new meaning or message. It often is. But that does not suffice under the first factor. Nor does it distinguish AWF from a long list of would-be

fair users: a musician who finds it helpful to sample another artist's song to make his own, a playwright who finds it helpful to adapt a novel, or a filmmaker who would prefer to create a sequel or spinoff, to name just a few...

Justice GORSUCH, with whom JUSTICE JACKSON joins, concurring.

...[T]he first statutory fair-use factor instructs courts to focus on “the purpose and character of the use, including whether *such use is of a commercial nature or is for nonprofit educational purposes.*” §107(1) (emphases added). By its terms, the law trains our attention on the particular use under challenge...[W]hile our interpretation of the first fair-use factor does not favor the Foundation in this case, it may in others. If, for example, the Foundation had sought to display Mr. Warhol's image of Prince in a nonprofit museum or a for-profit book commenting on 20th-century art, the purpose and character of that use might well point to fair use...[O]ur only point today is that, while the Foundation may often have a fair-use defense for Mr. Warhol's work, that does not mean it always will. Under the law Congress has given us, each challenged use must be assessed on its own terms.

Justice KAGAN, with whom THE CHIEF JUSTICE joins, dissenting.

Today, the Court declares that Andy Warhol's eye-popping silkscreen of Prince—a work based on but dramatically altering an existing photograph—is (in copyright lingo) not “transformative.” Still more, the Court decides that even if Warhol's portrait were transformative—even if its expression and meaning were worlds away from the photo—that fact would not matter. For in the majority's view, copyright law's first fair-use factor—addressing “the purpose and character” of “the use made of a work”—is uninterested in the distinctiveness and newness of Warhol's portrait. What matters under that factor, the majority says, is instead a marketing decision: In the majority's view, Warhol's [the dissent uses “Warhol” to refer to both the artist and AWF] licensing of the silkscreen to a magazine precludes fair use...

In a recent decision, this Court used Warhol paintings as the perfect exemplar of a “copying use that adds something new and important”—of a use that is “transformative,” and thus points toward a finding of fair use. *Google LLC v. Oracle America, Inc.*...

[T]oday's decision—all the majority's protestations notwithstanding—leaves our first-factor inquiry in shambles. The majority holds that because Warhol licensed his work to a magazine—as Goldsmith sometimes also did—the first factor goes against him. It does not matter how different the Warhol is from the original photo—how much “new expression, meaning, or message” he added. It does not matter that the silkscreen and the photo do not have the same aesthetic characteristics and do not convey the same meaning. It does not matter that because of those dissimilarities, the magazine publisher did not view the one as a substitute for the other. All that matters is that Warhol and the publisher entered into a licensing transaction, similar to one Goldsmith might have done. Because the artist had such a commercial purpose, all the creativity in the world could not save him.

That doctrinal shift ill serves copyright's core purpose. The law does not grant artists (and authors and composers and so on) exclusive rights—that is, monopolies—for their own sake. It does so to foster creativity—“[t]o promote the [p]rogress” of both arts and science. And for that same reason, the law also protects the fair use of copyrighted material. Both Congress and the courts have long recognized that an overly stringent copyright regime actually “stifle[s]” creativity by preventing artists from building on the work of others. For, let's be honest, artists don't create all on their own; they cannot do what they do without borrowing from or otherwise making use of

the work of others. That is the way artistry of all kinds—visual, musical, literary—happens (as it is the way knowledge and Invention generally develop). The fair-use test’s first factor responds to that truth: As understood in our precedent, it provides “breathing space” for artists to use existing materials to make fundamentally new works, for the public’s enjoyment and benefit. In now remaking that factor, and thus constricting fair use’s boundaries, the majority hampers creative progress and undermines creative freedom. I respectfully dissent.

A

...Suppose you were the editor of *Vanity Fair* or *Condé Nast*, publishing an article about Prince. You need, of course, some kind of picture. An employee comes to you with two options: the Goldsmith photo, the Warhol portrait. Would you say that you don’t really care? That the employee is free to flip a coin?...Of course you would care! You would be drawn aesthetically to one, or instead to the other. You would want to convey the message of one, or instead of the other. The point here is not that one is better and the other worse. The point is that they are fundamentally different. You would see them not as “substitute[s],” but as divergent ways to (in the majority’s mantra) “illustrate a magazine about Prince with a portrait of Prince.”...

B

The question in this case is whether that transformation should matter in assessing whether Warhol made “fair use” of Goldsmith’s copyrighted photo. The answer is yes—it should push toward (although not dictate) a finding of fair use. That answer comports with the copyright statute, its underlying policy, and our precedent concerning the two. Under established copyright law (until today), Warhol’s addition of important “new expression, meaning, [and] message” counts in his favor in the fair-use inquiry. *Campbell*...

Campbell and *Google* also illustrate the difference it can make in the world to protect transformative works through fair use. Easy enough to say (as the majority does) that a follow-on creator should just pay a licensing fee for its use of an original work. But sometimes copyright holders charge an out-of-range price for licenses. And other times they just say no. In *Campbell*, for example, Orbison’s successor-in-interest turned down 2 Live Crew’s request for a license, hoping to block the rap take-off of the original song. And in *Google*, the parties could not agree on licensing terms, as Sun insisted on conditions that Google thought would have subverted its business model. So without fair use, 2 Live Crew’s and Google’s works—however new and important—might never have been made or, if made, never have reached the public. The prospect of that loss to “creative progress” is what lay behind the Court’s inquiry into transformativeness—into the expressive novelty of the follow-on work (regardless whether the original creator granted permission).

Now recall all the ways Warhol, in making a Prince portrait from the Goldsmith photo, “add[ed] something new, with a further purpose or different character”—all the ways he “alter[ed] the [original work’s] expression, meaning, [and] message.” The differences in form and appearance, relating to “composition, presentation, color palette, and media.” The differences in meaning that arose from replacing a realistic—and indeed humanistic—depiction of the performer with an unnatural, disembodied, masklike one. The conveyance of new messages about celebrity culture and its personal and societal impacts. The presence of, in a word, “transformation”—the kind of creative building that copyright exists to encourage. Warhol’s use, to be sure, had a commercial aspect. Like most artists, Warhol did not want to hide his works in a garret; he wanted to sell them. But as *Campbell* and *Google* both demonstrate (and as further discussed below), that fact is nothing near the showstopper the majority claims. Remember, the more transformative the work, the less commercialism matters. See *Campbell*. The dazzling creativity evident in the Prince

portrait might not get Warhol all the way home in the fair-use inquiry; there remain other factors to be considered and possibly weighed against the first one. But the “purpose and character of [Warhol’s] use” of the copyrighted work—what he did to the Goldsmith photo, in service of what objects—counts powerfully in his favor. He started with an old photo, but he created a new new thing.

II

...All of Warhol’s artistry and social commentary is negated by one thing: Warhol licensed his portrait to a magazine, and Goldsmith sometimes licensed her photos to magazines too. That is the sum and substance of the majority opinion. Over and over, the majority incants that “[b]oth [works] are portraits of Prince used in magazines to illustrate stories about Prince”; they therefore both “share substantially the same purpose”—meaning, a commercial one. Or said otherwise, because Warhol entered into a licensing transaction with Condé Nast, he could not get any help from factor 1—regardless how transformative his image was. The majority’s commercialism-trumps-creativity analysis has only one way out. If Warhol had used Goldsmith’s photo to comment on or critique *Goldsmith’s photo*, he might have availed himself of that factor’s benefit (though why anyone would be interested in that work is mysterious). But because he instead commented on *society*—the dehumanizing culture of celebrity—he is (go figure) out of luck.

...First, the key term “character” plays little role in the majority’s analysis...Second, the majority significantly narrows §107(1)’s reference to “purpose” (thereby paralleling its constriction of “character”). It might be obvious to you that artists have artistic purposes. And surely it was obvious to the drafters of a law aiming to promote artistic (and other kinds of) creativity. But not to the majority, which again cares only about Warhol’s decision to license his art. Warhol’s purpose, the majority says, was just to “depict Prince in [a] magazine stor[y] about Prince” in exchange for money. The majority spurns all that mattered to the artist—evident on the face of his work—about “expression, meaning, [and] message.” *Campbell*, *Google*. That indifference to purposes beyond the commercial—for what an artist, most fundamentally, wants to communicate—finds no support in §107(1).⁷

Still more, the majority’s commercialism-über-alles view of the factor 1 inquiry fits badly with two other parts of the fair-use provision. To begin, take the preamble, which gives examples of uses often thought fair: “criticism, comment, news reporting, teaching[,] . . . scholarship, or research.” §107. As we have explained, an emphasis on commercialism would “swallow” those uses—that is, would mostly *deprive* them of fair-use protection. *Campbell*. For the listed “activities are generally conducted for profit in this country.” “No man but a blockhead,” Samuel Johnson once noted, “ever wrote[] except for money.” And Congress of course knew that when it drafted the preamble...

[T]his Court has decided two important cases about factor 1. In each, the copier had built on the original to make a product for sale—so the use was patently commercial. And in each, that fact made no difference, because the use was also transformative. The copier, we held, had made a significant creative contribution—had added real value. So in *Campbell*, we did not ask whether 2 Live Crew and Roy Orbison both meant to make money by “including a catchy song about women on a record album.” But cf. *ante* (asking whether Warhol and Goldsmith both meant to

⁷ ...The key part of the statute simply asks whether the “use *made of a [copyrighted] work*” is fair...when the statute more particularly asks (in factor 1) about the “purpose and character of the use”—meaning again, the “use made of [the copyrighted] work”—it is asking to what end, and with what result, the copier made use of the original. And that necessarily involves the issue of transformation—more specifically here, how Warhol’s silkscreen transformed Goldsmith’s photo.

charge for “depict[ing] Prince in magazine stories about Prince”). We instead asked whether 2 Live Crew had added significant “new expression, meaning, [and] message”; and because we answered yes, we held that the group’s rap song did not “merely supersede the objects of the original creation.” Similarly, in *Google*, we took for granted that Google (the copier) and Sun (the original author) both meant to market software platforms facilitating the same tasks—just as (in the majority’s refrain) Warhol and Goldsmith both wanted to market images depicting the same subject. “So what?” was our basic response. Google’s copying had enabled the company to make a “highly creative and innovative tool,” advancing “creative progress” and thus serving “the basic constitutional objective of copyright.” Search today’s opinion high and low, you will see no such awareness of how copying can help produce valuable new works.

Nor does our precedent support the majority’s strong distinction between follow-on works that “target” the original and those that do not. (Even the majority does not claim that anything in the text does so.) True enough that the rap song in *Campbell* fell into the former category: 2 Live Crew urged that its work was a parody of Orbison’s song. But even in discussing the value of parody, *Campbell* made clear the limits of targeting’s importance. The Court observed that as the “extent of transformation” increases, the relevance of targeting decreases. *Google* proves the point. The new work there did not parody, comment on, or otherwise direct itself to the old: The former just made use of the latter for its own devices. Yet that fact never made an appearance in the Court’s opinion; what mattered instead was the “highly creative” use Google had made of the copied code. That decision is on point here. Would Warhol’s work really have been more worthy of protection if it had (somehow) “she[d] light” on Goldsmith’s photograph, rather than on Prince, his celebrity status, and celebrity culture? Would that Goldsmith-focused work (whatever it might be) have more meaningfully advanced creative progress, which is copyright’s *raison d’être*, than the work he actually made? I can’t see how; more like the opposite. The majority’s preference for the directed work, apparently on grounds of necessity, again reflects its undervaluing of transformative copying as a core part of artistry...

Questions:

- 1.) What is the relevant “use” under factor 1: when analyzing the “purpose and character” of the use, should the focus be on AWF’s commercial transaction with Condé Nast, or on Warhol’s artistic modifications to Goldsmith’s photograph? Which option better serves copyright’s goals?
- 2.) The majority and dissent disagree in their reading of *Campbell* and *Google*, two cases you have just read. Whose reading is more consistent with how *Campbell* and *Google* analyzed a) transformative use and b) commerciality under factor 1? What does *Warhol* now add to this Supreme Court precedent?
- 3.) In Problem 13-1, you applied your legislative parsing skills to §107. The majority and dissent in *Warhol* offer divergent interpretations of its statutory language. What are those interpretations, and whose is more convincing?
- 4.) What are the implications of this ruling for appropriation art?