No. 21-869

In The
Supreme Court of the United States

THE ANDY WARHOL FOUNDATION
FOR THE VISUAL ARTS, INC.,

Petitioner,

v.

LYNN GOLDSMITH, et al.,

Respondents.

**On Writ Of Certiorari To The
United States Court Of Appeals
For The Second Circuit**

BRIEF OF THE DIGITAL MEDIA LICENSING ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENTS

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

TABLE OF AUTHORITIES—Continued

Page

OTHER AUTHORITIES

TABLE OF AUTHORITIES—Continued

INTEREST OF *AMICUS CURIAE*[1]

The Digital Media Licensing Association ("DMLA") (formerly known as the Picture Archive Council of America, Inc.) is a not-for-profit trade association that represents the interests of entities who license images to editorial and commercial users. Founded in 1951, its membership currently includes image libraries in North America and internationally that are engaged in licensing millions of images, illustrations, film clips, and other content on behalf of thousands of individual creators. Members include large general libraries, such as Getty Images (US), Inc., Shutterstock, Inc., Alamy, and Adobe Images and smaller specialty libraries that provide the media and commercial users with access to in-depth collections of content that represent all aspects of our society and culture, both historical and contemporary. DMLA has developed business standards, promoted ethical business practices, and actively advocated for copyright protection on behalf of its members.

[1] Pursuant to Supreme Court Rule 37.6, counsel for *amicus curiae* states that no counsel for a party authored this brief in whole or in part. No counsel or party made a monetary contribution intended to fund the preparation or submission of this brief, and no person other than *amicus* or its counsel made such a contribution. The parties have provided blanket consent to the filing of *amicus* briefs.

SUMMARY OF ARGUMENT

Vanity Fair commissioned Andy Warhol in 1984 to create a work of graphic art depicting the musician Prince. It licensed Respondent Lynn Goldsmith's photograph (the "Goldsmith Photograph") to serve as an "artist reference" for that work of art. It was only able to do so because a robust licensing market existed for such a use. Over the nearly 40 years since, that market has flourished, providing photographers and their licensing representatives with incentives for creation and substantial opportunities to license their works and realize the benefits of their copyrights.

Instead of creating a single work as the license authorized, Warhol created a series of graphic works depicting Prince (the "Prince Series"). Petitioner now seeks to exploit these works further, without permission from or additional compensation to Respondent. Petitioner's conduct undermines the continued viability of the longstanding and well-developed market for photographers to license their images for the creation of derivative works.

In the decades since this Court adopted the concept of "transformative" use as a measure of whether a secondary use of a copyrighted work "merely supersedes the objects of the original creation," it has grown to such significance in the lower courts as to eviscerate the other three fair use factors. This evolution sharply diverges from the Court's precedential holding that the effect of a secondary use upon the potential market for

or value of the underlying copyrighted work is the most important element of fair use.

The cascading effect of transformativeness on the other three fair use factors presents particular risks to copyright owners in the context of assessing harm to the market for derivative works. Derivative works, in a literal and technical sense, transform the underlying works on which they are based. Yet they do not necessarily serve the "transformative" purpose underpinning the first fair use factor. Further expansion of the first fair use factor could render the other three factors irrelevant. And even a modestly transformative work may interfere with the market for a work or its derivatives. Imbuing transformativeness with special significance, and then reflexively applying it to find no market harm, risks depriving copyright owners of the derivative work right exclusively reserved to them by the Copyright Act.

A vibrant market exists for the licensing of photographs to create derivative works generally and to serve as artists' references specifically. The meteoric growth of the internet, mobile technologies, and social media platforms, all greedy for visual content, has resulted in a corresponding explosion of the market for visual content. A finding of fair use in Petitioner's favor would encroach upon this market.

ARGUMENT

I. THE EVER-EXPANDING REACH OF TRANSFORMATIVENESS THREATENS COPYRIGHT OWNERS' MARKET FOR DERIVATIVE WORKS.

A. Lower Courts Afford the First Fair Use Factor Undue Weight.

This Court adopted the concept of "transformative" use as a measure of whether a secondary use of a copyrighted work "merely supersedes the objects of the original creation" in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994) (cleaned up) (citing Pierre Leval, *Toward a Fair Use Standard*, 103 Harv. L. Rev. 1105, 1111 (1990)). Since that decision, lower courts have gradually expanded the reach of transformativeness under the first fair use factor to "engulf all of fair use." Jane Ginsburg, *Fair Use Factor Four Revisited: Valuing The "Value of the Copyrighted Work,"* 67 J. Copyright Soc'y U.S.A. 19, 19-20 (2020). Courts have imbued the concept with an almost talismanic power, applying it to dominate the other three fair use factors. It has become virtually outcome-determinative: an empirical study of dispositive decisions in fair use cases found that a determination of transformativeness led to a finding of fair use 94% of the time. Jiarui Liu, *An Empirical Study of Transformative Use In Copyright Law*, 22 Stan. Tech. L. Rev. 163, 167 (2019).

This evolution has diverged sharply from the Court's precedential holding that the "effect of the use upon the potential market for or value of the

copyrighted work" is "undoubtedly the single most important element of fair use." *Harper & Row Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 566 (1985). *Campbell* never envisioned such a departure:

> While *Campbell* unquestionably gives high importance to the enrichment of society provided by creatively transformative copying, that importance is not at the expense of the fourth factor. To the contrary, *Campbell* characterizes the first factor inquiry as subservient to the fourth.

Pierre Leval, *Campbell As Fair Use Blueprint?*, 90 Wash. L. Rev. 597, 605 (2015) (cleaned up). *Campbell* "demonstrat[ed] that transformative works tend to be fair uses because they are less likely to act as a substitute for the original work and thus to affect the market for the original in a way cognizable under the fourth factor." *Id.* n.38 (cleaned up) (citing *Campbell*, 510 U.S. at 591).

B. Transformativeness Is Not Binary.

Under *Campbell*, transformativeness is not binary. *See Campbell*, 510 U.S. at 591; *Authors Guild v. Google*, 804 F.3d 202, 214 (2d Cir. 2015). A work may be highly transformative, only modestly so, or not transformative at all. *See*, *e.g.*, *Authors Guild*, 804 F.3d at 216-17 (Google's making digital copies of books to enable search for books containing term of interest to searcher was highly transformative); *Mattel, Inc. v. Walking Mtn. Prods.*, 353 F.3d 792, 806 (9th Cir. 2003)

(adult-oriented artistic photographs of Barbie dolls used to comment on gender roles and the position of women in society were highly transformative parodies); *Fox News Network, LLC v. TVeyes, Inc.*, 883 F.3d 169, 176-78 (2d Cir. 2018) (copying of television programming to allow viewers to identify and watch short clips discussing topics of interest to them was modestly transformative); *Ringgold v. Black Entm't Television, Inc.*, 126 F.3d 70, 79 (2d Cir. 1997) (use of poster depicting artist's story quilt as a set decoration for a television show was not transformative because decorative use was "central purpose for which [story quilt] was created").

The more transformative a use is, the less likely a court will find it to compete with the market for the original work. *Authors Guild*, 804 F.3d at 214; *see also Campbell*, 510 U.S. at 591; Leval, *Blueprint*, at 605. But the presence of some degree of transformativeness does not automatically preclude a finding of market harm and copyright infringement. Even a modestly transformative work may compete with the market for the original work, which, giving the fourth factor due weight under *Harper & Row* and *Campbell*, renders the use not fair. *See*, *e.g.*, *Campbell*, 510 U.S. at 594 (remanding for district court to consider whether transformative rap parody harmed market for original song); *see also TVeyes*, 883 F.3d at 176-78. In *TVeyes*, the defendant continuously recorded television programming in its entirety and stored it in a searchable database where paying subscribers could watch an unlimited number of excerpts of up to 10 minutes'

duration each. *TVeyes*, 883 F.3d at 173, 176. The Second Circuit agreed with TVeyes that its copying enjoyed "modest transformative character." *Id.* at 178. Nonetheless, the court agreed with Fox that "TVeyes undercuts Fox's ability to profit from licensing searchable access to its copyright content to third parties." *Id.* at 180. "It is indisputable that, as a general matter, a copyright holder is entitled to demand a royalty for licensing others to use its copyrighted work, and that the impact on potential licensing revenues is a proper subject for consideration in assessing the fourth factor." *Id.* (cleaned up). A secondary use that interferes with "potential licensing revenues for traditional, reasonable, or likely to be developed markets" weighs against a finding of fair use. *Id.* at 180. TVeyes' business model demonstrated that consumers would pay for a service that allowed them to search for and view television clips. *Id.* Consequently, there was a "plausibly exploitable market" for such a product, and TVeyes had "usurped a function for which Fox [was] entitled to demand compensation under a licensing agreement." *Id.* at 181.

C. The Fourth Fair Use Factor Plays a Critical Role in Protecting the Derivative Work Right.

The inquiry into the fourth fair use factor takes "account not only of harm to the original [work] but also of harm to the market for derivative works." *Harper & Row*, 471 U.S. at 568. The cascading effect of transformativeness on the other three fair use factors

presents great risks to copyright owners in the context of assessing harm to the market for derivative works.

The Copyright Act defines a "derivative work" as "a work based upon one or more preexisting works, such as . . . an art reproduction, . . . or any other form in which a work may be recast, transformed, or adapted." 17 U.S.C. § 101 (2020). It does not follow, however, that a derivative work is necessarily transformative for purposes of fair use:

> While [the changes giving rise to a derivative work] can be described as transformations, they do not involve the kind of transformative purpose that favors a fair use finding. The statutory definition suggests that derivative works generally involve transformations in the nature of *changes of form*. By contrast, copying from an original for the purpose of criticism or commentary on the original or provision of information about it, tends most clearly to satisfy *Campbell's* notion of the "transformative" purpose involved in the analysis of Factor One.

Authors Guild, 804 F.3d at 215-16 (emphasis in original). "*Campbell* itself explicitly explored whether the secondary work infringed the plaintiff's right in derivative forms; indeed the Supreme Court remanded on that question." Leval, *Blueprint* at 605; *see Campbell*, 510 U.S. at 590-91.

Campbell involved a rap parody version of Roy Orbison's song *Oh, Pretty Woman*—a derivative work of the underlying song—and contemplated that it

could harm the market for the underlying work, remanding for further proceedings on that issue. However, a court that reflexively concludes that a transformative work does not interfere with the market for the underlying work—perhaps conflating the transformative purpose of fair use with the physical transformation contemplated by the definition of derivative works—could erroneously deprive the copyright owner of the derivative work right conferred by the Copyright Act.

Recognizing these risks, some lower courts have begun to express "greater skepticism concerning what uses actually 'transform' content copied into new works and repurposed into copyright-voracious systems." Ginsburg, *Factor Four Revisited*, at 20. These courts discern that an all-embracing interpretation of transformativeness risks in particular "extinguishing [an] author's rights" to prepare derivative works. *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014). "Asking exclusively whether something is transformative not only replaces the list [of factors] in § 107 but could also override 17 U.S.C. § 106(2), which protects" the copyright owner's derivative works rights. *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014); *see also TCA Tel. Corp. v. McCollum*, 839 F.3d 168, 181 (2d Cir. 2016) (citing *Kienitz* for its "criticism" of the "high-water mark" of Second Circuit's "recognition of transformative works").

II. PETITIONER'S USE IS NOT SUFFICIENTLY TRANSFORMATIVE FOR FAIR USE BECAUSE IT COMPETES WITH THE VIBRANT MARKET FOR DERIVATIVE WORKS BASED ON PHOTOGRAPHS.

This case demonstrates the peril to photographers and members of DMLA that aggregate and offer visual content for licensing of the ever-expanding reach of transformativeness on their derivative markets. The parties' dispute arises directly out of a robust derivative market that has existed for decades. Respondent's agent licensed her photograph of Prince to Vanity Fair in 1984 for use as an artist's reference. (JA-321 ¶ 40.) Andy Warhol used that photograph as the basis for a series of graphic artworks depicting the musician. (JA-327 ¶ 57.) Now, Petitioner seeks to continue to use the Prince Series images without permission from or further payment to Respondent.

A. The Prince Series Images Constitute Derivative Works.

The Prince Series images constitute derivative works of the Goldsmith Photograph because Warhol took Goldsmith's original portrait and created a series of portraits in a different medium by cropping the original image, enlarging the subject's head, and adding a variety of colors and multimedia techniques. (*Compare* JA-320 ¶ 38 *with* JA-324-25 ¶ 49, JA-327-33 ¶ 57, JA-335-41 ¶¶ 66-70). These changes "transformed" Respondent's image in the literal, technical sense. But Petitioner's continued exploitation of

Respondent's original expression as incorporated in the Prince Series serves the same purpose as it did when Vanity Fair licensed Respondent's image in 1984. Thus, it is not transformative for purposes of fair use. *See Campbell*, 510 U.S. at 578-79. A finding of transformativeness here, reflexively applied to find no market harm under the fourth factor, would threaten the ability of photographers and DMLA members as their licensing representatives to continue to exploit the existing market for derivatives of their photographs.

B. Petitioner's Continued Use of the Prince Series Images Supplants the Normal Market To License Photographs For Derivative Works.

"A use that supplants any part of the normal market for a copyrighted work would ordinarily be considered an infringement." *Harper & Row*, 471 U.S. at 568 (cleaned up). Here, the "normal market" includes the market for licensing photographs for derivative works, including as artists' references.

The district court acknowledged that the factor four inquiry required it to address "harm to the market for derivative works," and that Respondent has participated in the relevant derivative market by licensing her photograph to Vanity Fair for artist's reference. *The Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 382 F. Supp. 3d 312, 330 (S.D.N.Y. 2019). But its analysis focused entirely on whether "the Prince Series works"—stylized graphic representations of Prince—

"are market substitutes for [Respondent's] photograph." *Id.* at 330. This constituted error.

The Second Circuit, by contrast, correctly focused on the "potential harm to Goldsmith's derivative market, which is . . . substantial." *The Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 50 (2d Cir. 2021). It acknowledged the existence of that market, evidenced both by photographers' generally licensing "others to create stylized derivatives of their work in the vein of the Prince Series," and the licensing agreement in this case "to use the Goldsmith Photograph as an artist reference." *Id.* at 50 (cleaned up). It also properly considered "the impact on this market if the sort of copying in which Warhol engaged were to become a widespread practice," finding such harm "self-evident." *Id.* at 50. "Permitting this use would effectively destroy the broader market, as, if artists could use such images for free, there would be little or no reason to pay for them." *Id.* (cleaned up).

A robust licensing market exists for such uses and has for decades. (JA-292-93.) The Court need look no further than the facts underlying this dispute for evidence of that market; Respondent licensed her photograph to Vanity Fair in 1984 for use as an artist's reference to create a derivative work. (JA-321 ¶ 40).

More broadly, a sophisticated market has developed over decades for the licensing of existing photography, both directly from photographers and through "stock" agencies like Getty Images, iStock, Shutterstock, Alamy, and Adobe, among others. Agencies like

these, including DMLA members, invest substantially in online licensing marketplaces that offer users an efficient and easy way to search for visual content by subject matter that is readily licensable and for just such uses.[2] In a recent survey that DMLA conducted of its members, 85% of respondents stated that they license content for the purpose of artist's reference.

As of May 2021, over 38,000 people made their living as photographers in the United States.[3] The explosive growth of the internet over the last thirty years, and the more recent development of heavily visual technology and media like smartphones, tablets, and social media platforms, has driven tremendous demand for visual content. Analysts expect the global market for stock images to grow by $1.34 billion by 2026, with the United States and Canada accounting for 44% of this growth.[4]

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[2] *See*, *e.g.*, Getty Images Premium Access Standard Terms and Conditions §§ 1.9, 2.1, http://www.gettyimagessites.com/pdf/legal/gbr_PremiumAccessTemplateTerms (accessed Aug. 6, 2022) (permitting alteration of images and the creation of derivative works); iStock Content License Agreement § 2, https://www.istockphoto.com/legal/license-agreement (allowing modification of licensed content) (accessed Aug. 6, 2022); Shutterstock License Agreement(s) § 1.1, https://www.shutterstock.com/license (same) (accessed Aug. 6, 2022).

[3] U.S. Bureau of Labor Statistics, *Occupational Employment and Wages, May 2021*, https://www.bls.gov/Oes/current/oes274021.htm (accessed Aug. 6, 2022).

[4] Technavio, *Stock Images Market by Application and Geography—Forecast and Analysis 2022-2026*, https://www.technavio.com/report/stock-images-market-industry-analysis?utm_source=

"The ultimate goal of copyright is to expand public knowledge and understanding, which copyright seeks to achieve by giving potential creators exclusive control over copying of their works, thus giving them a financial incentive to create informative, intellectually enriching works for public consumption." *Authors Guild*, 804 F.3d at 212. And "licensing of derivatives is an important economic incentive to the creation of originals." *Campbell*, 510 U.S. at 593. Allowing Petitioner and similarly situated users of preexisting photographs to make derivative works based on those photographs without compensation to creators would eviscerate the vibrant and critical market for photographers to license their works for such uses and serve to depress incentives for creation.

Moreover, the potential harm under the fourth factor extends beyond mere financial harm. In addition to "the market," factor four also "requires courts to assess the effect of the use upon the *value of* the copyrighted work." Ginsburg, *Factor Four Revisited*, at 22 (emphasis in original) (cleaned up). "'Value of' ranges more broadly than 'market for' (indeed, reading the two synonymously would violate the principle that words in a statute are to be given independent meaning.)" *Id.* "A work's 'value' may also be reputational, but the author will not reap economic or moral benefits unless the public identifies the work with its author." *Id.* Because online uses may be more likely to "sever the work from

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its author's name," unattributed copying "will have a deleterious impact upon the value of the copyrighted work as a vehicle for author reputation," especially where "the currency in which the author trades is reputational. . . ." *Id.* at 23. Professor Ginsburg's warning hits its mark here, where Respondent's original license required Vanity Fair to provide attribution to Respondent. (JA-323 ¶ 45.) Petitioner's continued unrestricted exploitation of the Prince Series would deprive Respondent of the attribution she bargained for in her license to Vanity Fair. If such conduct became widespread, it would undoubtedly depress the "value of" her original work, and potentially dampen her incentive to continue creating.

CONCLUSION

Petitioner's use of Respondent's original expression, as incorporated into the Prince Series, serves the same purpose as it did when Vanity Fair licensed Respondent's image in 1984, and is not sufficiently transformative for purposes of fair use. Allowing Petitioner and similarly situated users of preexisting photographs to make such derivative works based on those photographs without compensation to creators would eviscerate the vibrant and critical market for

photographers to license their works for such uses and serve to depress incentives for creation.

Respectfully submitted,

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