In the Supreme Court of the United States

THE ANDY WARHOL FOUNDATION
FOR THE VISUAL ARTS, INC,

Petitioner,

v.

LYNN GOLDSMITH AND LYNN GOLDSMITH, LTD.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Second Circuit

BRIEF OF AMICI CURIAE CALIFORNIA SOCIETY OF ENTERTAINMENT LAWYERS, NATIONAL SOCIETY OF ENTERTAINMENT & ARTS LAWYERS, BOB GOMEL, DANA RUTH LIXENBERG, AND BOB GRUEN IN SUPPORT OF RESPONDENTS

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TABLE OF CONTENTS

TABLE OF AUTHORITIES

Page

CASES

TABLE OF AUTHORITIES – Continued

Page

TABLE OF AUTHORITIES – Continued

Page

STATUTES

JUDICIAL RULES

OTHER AUTHORITIES

TABLE OF AUTHORITIES – Continued

Page

INTEREST OF AMICI CURIAE

This Brief is filed in accordance with Supreme Court Rule 37.3(a). Both parties have filed blanket consent letters stating that they consent to the filing of *amicus curiae* briefs in support of either party.[1]

CALIFORNIA SOCIETY OF ENTERTAINMENT LAWYERS ("CSEL") is a non-profit 501(c)(3) organization founded in 2013. The organization advocates for artists' and entertainers' rights and is comprised of attorneys across the United States who represent authors, screenwriters, songwriters, musicians, and other creative professionals in the entertainment and arts industries. Its members have litigated tens of thousands of entertainment and art cases in trial and appellate courts throughout the country, including many of the most important recent copyright, art, and entertainment cases, and have advised scores of creative professionals on litigation, licensing, and intellectual property strategy. The organization has submitted *amicus* briefs in support of the prevailing party in two previous cases in this court, *viz.*, *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663 (2014) and *Unicolors, Inc. v. H&M Hennes & Mauritz, L. P.*, 142 S. Ct. 941 (2022), both of which involved important issues of copyright and entertainment law.

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[1] In accordance with this Court's Rule 37.6, counsel for *amici curiae* certify that this brief was not authored in whole or in part by counsel for any party and that no person or entity other than *amici curiae*, their members, or their counsel have made a monetary contribution intended to fund the preparation or submission of this brief. All parties have consented to the filing of this brief.

THE NATIONAL SOCIETY OF ENTERTAINMENT & ARTS LAWYERS ("NSEAL") was instituted in 2022 to expand the mission and reach of CSEL and currently has distinguished members in California, New York, Texas, Florida, and across in the United States.

BOB GOMEL is a highly decorated photographer who has created iconic work since the 1960s. He authored photographs depicting world leaders such as John F. Kennedy, athletes such as Muhammad Ali, entertainers such as The Beatles, and some of history's most important events, such as the Cuban Missile Crisis. His work has appeared in *The New York Times*, *Life*, and *Newsweek* and can be found in the U.S. Library of Congress and the Houston Museum of Fine Arts. His photograph of President Kennedy's casket beneath the U.S. Capitol Rotunda was selected as one of the "30 Powerful Pictures That Defined American History" in a collection of *Life* magazine works curated by Getty Images.

DANA RUTH LIXENBERG is an award-winning photographer whose work has appeared in *The New York Times*, *The New Yorker*, and *Newsweek*. In 2021 she was awarded an Honorary Fellowship with the Royal Photographic Society. She has published multiple books reflecting her long-term projects that focus on marginalized communities in the United States and around the world.

BOB GRUEN is a world-renowned photographer whose work was selected for inclusion in the National Portrait Gallery in London and the Museum of Pop Culture in Seattle, Washington. He has published multiple books collecting and discussing his iconic photographs of personalities such as John Lennon, David Bowie, and Bob Dylan. He has exhibited at the

Museum of Modern Art in New York and Sotheby's S/2 Gallery London.

SUMMARY OF ARGUMENT

The fair use doctrine, as currently applied, causes more unnecessary problems for artists and creative professionals than virtually any other doctrine in copyright law. The judicially-created "transformative" factor, which directly conflicts with the plain text of the Copyright Act, has wrought the most confusion, and the application of that factor as urged by Petitioner is not only legally incorrect, but dangerous.

Other than the recent *Google v. Oracle* case, which addressed the narrow issue of the "fair use" of certain computer code, this Court last addressed the "fair use" defense in 1994.[2] That case held that the "parodic purpose" of a comedic song made it "fair," and consequently non-infringing, for the creator of the parody to use elements from the underlying song. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 594 (1994). This sensible approach to the creation of a parodic song has, in the ensuing decades, been widely distorted and grossly expanded. As currently applied, the "fair use" defense regularly and improperly excuses acts of copyright infringement and runs afoul of the statutorily guaranteed rights set forth in the Copyright Act.

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[2] *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1208 (2021) ("The fact that computer programs are primarily functional makes it difficult to apply traditional copyright concepts in that technological world[.]") (citation omitted).

The fault lies primarily with the nebulous "transformative" factor, a judicially created consideration that is found nowhere in the text of 17 U.S.C. § 107, which states the "fair use" factors. The "transformative" factor, as currently applied, conflicts with the exclusive "derivative work" right guaranteed by the text of 17 U.S.C. §§ 101 and 106(2). These sections of the Copyright Act enumerate the various exclusive rights an artist holds in his or her work and defines a "derivative work" as one that "transforms" the original work.

The Andy Warhol Foundation for the Visual Arts, Inc. seizes on this confusion, urging this Court to adopt a misguided application of the "transformative" factor that would excuse its clear violation of Lynn Goldsmith's[3] exclusive right to create and authorize derivatives of her work.[4]

This gambit should be rejected. Many creative professionals in the art and entertainment industries rely heavily on creating or authorizing "derivative" or "transformative" works for their livelihood. For example, screenwriters' entire business models are predicated upon licensing their written screenplays to studios to create films or television shows. These films and television shows are clearly "transformative" as they are secondary audio-visual works created

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[3] Goldsmith and her company are referred to collectively as "Goldsmith" herein.

[4] *Amici* also submits that the Warhol work is not sufficiently transformative, even if this judicially created factor continues to be applied. It is apparent from the comparison of the works that Warhol did not add anything to the Goldsmith photograph that is creative enough to warrant copyright protection. If anything, he subtracted material from her work.

based on underlying literary works, and they always include significant "transformative" expression and meaning. *Alfred v. Walt Disney Co.*, 821 F. App'x 727, 729 (9th Cir. 2020) ("the screenplay shares sufficient similarities with the film to survive a motion to dismiss."). Yet, they are also "derivative" as they are based in substantial part on the underlying work. And thus they must be licensed in order not to accord with 17 U.S.C. § 106(2). Musicians, similarly, rely on income generated by the licensing of their work in the form of "samples" or interpolations. Giving creators of "transformative" works the virtually unfettered right to exploit underlying creative works without consent, as urged by Petitioner, would destroy these practices and every other practice where derivative works are licensed by authors. This would effectively vitiate one of the fundamental rights of creators under the Copyright Act.

To be sure, depriving these artists and authors of their "derivative work" right by allowing third parties to create "transformative" works without their consent would have wide-ranging and devastating real-world effects. Photographers, writers, visual artists, musicians, and all manner of creators and copyright holders will have their work devalued overnight. And an already challenging landscape for creative professionals would become even less tenable. This runs afoul of the very intent of the Copyright Act, which "is intended to encourage the creativity of 'Authors and Inventors.'" *Eldred v. Ashcroft*, 537 U.S. 186, 223 (2003).

The specter of the "fair use" defense also weighs heavily on negotiations in the art and entertainment industries. *Amici* represent and work with numerous

visual artists, writers, photographers, and creators in states and cities across the country and participate in such negotiations. When negotiating for a license to use a work in a film, for example, the production company seeking to use the work may respond to a licensing proposal by declining a license fee and asserting that they would rather use the content without consent and take their chances with a "fair use" defense.

Because the language of the Copyright Act expressly protects an artist's exclusive right to create, and authorize the creation of, derivative works, we join the Respondents in urging this Court to affirm the Second Circuit's decision.

ARGUMENT

I. THE COPYRIGHT ACT SPECIFICALLY GUARANTEES AN AUTHOR'S EXCLUSIVE RIGHT TO CREATE AND AUTHORIZE "TRANSFORMED" WORKS

The Second Circuit's decision should be affirmed based on the plain language of the Copyright Act. This Court recently confirmed that in interpreting the Copyright Act, "we follow the text of the statute." *Unicolors, Inc. v. H&M Hennes & Mauritz, L. P.*, 142 S. Ct. 941, 946 (2022), citing *Hardt v. Reliance Standard Life Ins. Co.*, 560 U.S. 242, 251 (2010). So, here, "we begin by analyzing the statutory language." *Rotkiske v. Klemm*, 140 S. Ct. 355, 360 (2019) (citation omitted). If the statute is unambiguous, this first step of the interpretive inquiry is our last. *Id.* (citation omitted).

The statute is unambiguous in setting forth both an artist's exclusive rights under 17 U.S.C. § 106 and the fair use factors in 17 U.S.C. § 107. Its language unequivocally reserves to the author the exclusive right to create and authorize "transformed" works.

Section 106 of the Copyright Act itemizes an artist's exclusive rights in his or her work and states that "the owner of copyright under this title" has the "exclusive rights to *do* and to *authorize* any of the following: (1) to reproduce the copyrighted work in copies or phonorecords; (2) to *prepare derivative works* based upon the copyrighted work; [and] (3) to distribute copies or phonorecords of the copyrighted work to the public[.]" 17 U.S.C. § 106(1)-(3) (emphasis added). It is settled that among this "bundle of exclusive rights in the copyrighted work" is "the right to incorporate the work into derivative works[.]" *Stewart v. Abend*, 495 U.S. 207, 220 (1990); *see also* 17 U.S.C. § 106(2).

And 17 U.S.C. § 101 defines a "derivative work" as a "work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, *transformed*, or adapted. A work consisting of editorial revisions, annotations, *elaborations*, or other *modifications* which, *as a whole*, represent an original work of authorship, is a 'derivative work.'" 17 U.S.C. § 101; *see also Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 39 (2d Cir. 2021), *cert. granted*, 142 S. Ct. 1412 (2022) ("derivative works" are defined as works that "recast[], *transform*[], or adapt[]" an original work[.]") (emphasis added by Court), quoting 17 U.S.C. § 101.

The Copyright Act states that a "transformed" work or a work consisting of "elaborations" or "modifications" are "derivative works," even when, "as a whole," they "represent an original work of authorship." 17 U.S.C. § 101. And Section 106(2) requires that derivative works be authorized by the author of the underlying work, so one simply cannot read Section 107, which makes no reference to "transformation," to say that a secondary work may be legally created *without* authorization if it is "transformed."

When "nearby statutory provisions" clearly define a term, that term cannot be interpreted inconsistently elsewhere in the statute. *Unicolors, Inc.,* 142 S. Ct. at 947. As Section 101 defines the term "transformed," it cannot be implied in Section 107 in a manner inconsistent with this definition.

Warhol's position thus creates a conflict with the statutory text because derivative works are always "transformative" as they by definition include material "added by the derivative author" that are distinct from the "element drawn from the pre-existing work[.]" *Stewart*, 495 U.S. at 223, citing *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979) (reaffirming "well-established doctrine that a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work"), cert. denied, *Debrin v. Russel*, 446 U.S. 952 (1980); *see also Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 547 (1985) ("The copyright is limited to those aspects of the work—termed 'expression'—that display the stamp of the author's originality"). All transformed works are by definition derivative works.

Petitioner, though, urges this Court to ignore Goldsmith's "derivative work" right and find fair use because Warhol "transformed" Goldsmith's photograph. This argument expressly conflicts with the clear language of 17 U.S.C. §§ 101 and 106(2). Petitioner's position would also render "superfluous" the portions of the Copyright Act that guarantee an artist's exclusive right to create and authorize "transformed" works. *See Fourth Estate Public Benefit Corp. v. Wall-Street.com, LLC*, 139 S. Ct. 881, 889-90 (2019) (statute cannot be interpreted in a manner that "would in practical effect render [a provision] superfluous in all but the most unusual circumstances") (citations omitted). As Warhol did not obtain Goldsmith's consent to exploit her work in the derivative work at issue, that work infringes her rights, even if it is found "transformative," as her "derivative work" right is guaranteed per the express language of 17 U.S.C. §§ 106(2) and 101. Petitioner's position directly conflicts with these Sections.

II. THE "TRANSFORMATIVE" TEST URGED BY WARHOL ALSO CONFLICTS WITH THE TEXT OF SECTION 107 OF THE COPYRIGHT ACT

Petitioner further resists a straightforward interpretation of the Copyright Act by relying on a "transformative"[5] test that is not found in Section 107 of

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[5] Judge Pierre N. Leval coined the term "transformative" in a Harvard Law Review article in 1990 and that term was thereafter employed by this Court when considering whether a parodic song was a "fair use," with the Court holding that a "transformative work" is a work that adds "further purpose or different character, altering the first with new expression, meaning or message[.]" *Campbell*, 510 U.S. at 579, citing Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990). As Judge Leval explained it, a work is "transformative" if it is "productive"

the Copyright Act. *Dr. Seuss Enterprises, L.P.,* 983 F.3d at 452 (the "term 'transformative' does not appear in § 107[.]"), citing *Campbell*, 510 U.S. at 579.

Despite the lack of any reference to a "transformative" factor anywhere in the text—and its clear conflict with the text of 17 U.S.C. §§ 106(2) and 101—the factor "permeates copyright analysis because in *Campbell*, the Court interpreted the 'central purpose' of the first-factor inquiry as determining 'whether and to what extent the new work is 'transformative.'" *Id.*[6] In *Campbell* it was uncontested that the secondary song "would be an infringement [] but for a finding of fair use through parody[.]" *Campbell*, 510 U.S. at 574 (citation omitted). But the analysis laid out in *Campbell*, so well-applied to the parody at issue in

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or adds "new insights and understandings" for the "enrichment of society" or the work is used for "criticizing the quoted work, exposing the character of the original author, proving a fact, or summarizing an idea argued in the original in order to defend or rebut it." *Penguin Random House LLC v. Colting*, 270 F. Supp. 3d 736, 750 (S.D.N.Y. 2017), citing Leval at 1111. While this guidance may be helpful, it lacks specificity and conflicts directly with the language of the Copyright Act.

[6] *Campbell*, though, addressed a parodic song, where use of the underlying work was *necessary* to comment on, criticize, and create a parody of that song. *Campbell*, 510 U.S. at 579. While use of an underlying work to create a "parody has an obvious claim to transformative value" because "it can provide social benefit, by shedding light on an earlier work, and, in the process, creating a new one," it is impossible to apply that same factor to works other than parodies, criticism, or commentary (*i.e.*, the types of works set forth in the preamble to the Section 107 factors). *Id.* It certainly does not apply to the facts here, where Warhol copied, traced, and smudged Goldsmith's photograph to create his derivative work.

that case, has been clumsily and erroneously applied in cases addressing other contexts and types of media.

Following *Campbell*, the "transformative" test has been commonly applied as part of the first statutory-factor, which looks at the "purpose and character" of the secondary use. 17 U.S.C. § 107(1). And if a use is found to be "transformative" under this factor, it is extremely likely to be found "fair."[7] At the same time, the text of Section 107 is minimized or ignored.[8] But, neither the "purpose" nor "character" of a secondary use requires the imposition of a "transformative" analysis.

A. A Work's "Purpose" Remains Important to a Fair Use Analysis and Does Not Assist Petitioner

The preamble to the fair use factors makes clear that a "fair use" may be made "for purposes such as criticism, comment, news reporting, teaching (including

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[7] *See*, *e.g.*, Barton Beebe, *An Empirical Study of U.S. Copyright Fair. Use Opinions, 1978-2005*, 156 U. PA. L. REV. 549 (2008) (confirming the "transformative" factor's outsize impact on the "fair use" analysis, and reporting that each of the 13 circuit court opinions and 27 of the 29 district court opinions that found the defendant's use to be transformative also found it to be a fair use-and one of the two district court outliers was reversed on appeal); John Tehranian, *Whither Copyright? Transformative Use, Free Speech, and an Intermediate Liability*, 2005 B.Y.U. L. REV. 1201 (2005) (confirming same impact, and reporting that a defendant has a 94.9% chance of establishing a "fair" use where it proves that the work was "transformative," even if the secondary use is commercial and the original work is creative.).

[8] Despite the fact that "the addition of new expression to an existing work is not a get-out-of-jail-free card that renders the use of the original transformative." *Dr. Seuss Enterprises, L.P.*, 983 F.3d at 453–54.

multiple copies for classroom use), scholarship, or research[.]" 17 U.S.C. § 107. The "purpose" of a use of a work is defined by *how* the work is distributed or deployed, not whether it has been transformed. And while the Section 107 examples "are not exclusive, they are illustrative," and Warhol's copying of Goldsmith's work of visual art to make a different work of visual art "resembles none of them." *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1219 (2021), (Thomas, J., dissenting).

The through-line for each of the fair use examples identified in the statute is that the secondary work *must* incorporate part of the underlying work in order to accomplish the acceptable purpose (*e.g.*, a parody). *See Andy Warhol Found. for Visual Arts, Inc.*, 11 F.4th at 41. ("A common thread running through these cases is that, where a secondary work does not obviously comment on or relate back to the original or use the original for a purpose other than that for which it was created, the bare assertion of a 'higher or different artistic use,' is insufficient to render a work transformative."), citing *Rogers v. Koons*, 960 F.2d 30, 310 (2d Cir. 1992).

One cannot fully criticize a text without briefly quoting from it; one cannot parody a song without incorporating a recognizable portion thereof. But, here, Warhol could have created a graphic artwork depicting Prince without copying *any* photograph; or, he could have relied on a licensed photograph of Prince. But he made the artistic decision to copy Goldsmith's visual art depicting Prince to make his own work of visual art depicting Prince. In addition to the significant problems highlighted in this brief regarding the "transformative" test, this was not transformative, as

a work is simply not transformative when "the purposes of the works overlap." *De Fontbrune v. Wofsy*, No. 19-16913, 2022 WL 2711466, at *9 (9th Cir. July 13, 2022) (reversing a finding of "fair use" when works at issue both presented "the works of Picasso").

Here, Warhol exploited Goldsmith's photography "for exactly the purpose for which they were taken: to depict [Prince]." *McGucken v. Pub Ocean Ltd.*, No. 21-55854, 2022 WL 3051019, at *5 (9th Cir. Aug. 3, 2022). This is not fair use and the reference in the first factor's text to "purpose" does not support the application of a "transformative" factor or reversal of the Second Circuit's decision.

B. A Work's "Character" Remains an Important Consideration and Does Not Aid the Petitioner

The second textual reference in the first factor—character—similarly does not require or contemplate a "transformative" analysis. The "character" of a work looks at where a work exists in a spectrum ranging from fact-based to creative. This court has emphasized the need to "recogni[ze] that some works are closer to the core of [copyright] than others[.]" *Google LLC,* 141 S. Ct. at 1202, citing *Campbell*, 510 U.S., at 586. Thus, if this factor "favors anything, [it] must favor a creative and fictional work[.]" *Twin Peaks Prods., Inc. v. Publications Int'l, Ltd.*, 996 F.2d 1366, 1376 (2d Cir. 1993), citing *Stewart*, 495 U.S. at 237–38; *Harper & Row, Publishers, Inc.*, 471 U.S. at 563; 3 NIMMER ON COPYRIGHT § 13.05[A][2] (2022), at 13–102.22 & n. 28.7. As such, under this factor we consider the extent of a work's creativity, which affects the "thickness" or "thinness" of the copyright holder's "exclusive rights."

Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg L.P., 756 F.3d 73, 87 (2d Cir. 2014).

Goldsmith's photograph is not a news report or computer code or database of facts. It is a highly creative work that required significant levels of skill to create, incorporating as it does numerous creative decisions in the development, staging, and creation of the work. *See Andy Warhol Found. for Visual Arts, Inc.,* 11 F.4th at 36 ("the Goldsmith Photograph is both creative and unpublished"); *see also McGucken*, No. 21-55854, 2022 WL 3051019, at *8 ("photos are creative because they were the product of many technical and artistic decisions."). Given its creativity—the actual "character" of her photography—the work enjoys "thick" protection, making "fair use" less likely.

This factor thus favors Goldsmith. The text does not support either the application of the "transformative" test or a finding that the "character" of her work was "transformed" in any way other than that precluded by the text of Section 106(2) and the definitions set forth in Section 101.

C. The Legislative History Does Not Reflect an Intent to Embrace the "Transformative" Test

When 17 U.S.C. § 107 was enacted, the common law recognized the "derivative work" right and did not excuse "transformative" secondary works. This Court should thus interpret the Copyright Act to protect the "derivative" right and reject Petitioner's "transformative" test. *See Unicolors, Inc.,* 142 S. Ct. at 947–48, citing *Davis v. Michigan Dept. of Treasury*, 489 U.S. 803, 813 (1989) ("When Congress codifies a judicially defined concept, it is presumed, absent an

express statement to the contrary, that Congress intended to adopt the interpretation placed on that concept by the courts"); *see also Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519, 538 (2013) (similar). And, though the Copyright Act has been amended since the "transformative" test was first announced in 1994, none of those amendments revised or limited the "derivative work" right and none of those amendments codified the "transformative" test.

D. The "Transformative" Test Has Led to Confusion and a Return to the Text Is Needed

The Second Circuit has acknowledged the "inherent tension" that exists between an artist's statutorily-guaranteed right concerning derivative works and the judicially developed "transformative" factor. *Warhol v. Goldsmith*, 11 F.4th 26, 39 (2d Cir. 2021). The inherent tension has sown widespread confusion amongst litigants and the courts.[9]

The Copyright Act's use of the words "purpose" and "character" in Section 107 is simply insufficient to provide a textual basis for the now wide-ranging "transformative" test, let alone the expansion urged by Petitioner. We need to return to the Copyright Act's text, which here requires affirmance.

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[9] *See Brammer v. Violent Hues Productions LLC*, 922 F.3d 255 (4th Cir. 2019) (finding that none of the elements of fair use analysis favored a fair use finding, overturning the District Court's decision, which held that all of the elements favored fair use); *see also McGucken*, No. 21-55854, 2022 WL 3051019, at *10 (reversing fair use finding because "all four statutory factors point unambiguously in the same direction—that Pub Ocean is not entitled to a fair use defense.")

III. FAIR USE MUST BE MADE IN GOOD FAITH

"Fair use presupposes good faith." *Harper & Row Publishers, Inc.*, 471 U.S. at 540. Unfortunately, this requirement has largely fallen by the wayside, while the "transformative" factor has wrongfully grown in importance.

Given that "fair use" is an affirmative defense, the creator of the derivative—Petitioner—was required to proffer evidence establishing its good faith. *See Dr. Seuss Enterprises, L.P.*, 983 F.3d at 459 ("Not much about the fair use doctrine lends itself to absolute statements, but the Supreme Court and our circuit have unequivocally placed the burden of proof on the proponent of the affirmative defense of fair use"). But there is no such evidence. For the original release of the Warhol derivative, *Vanity Fair* paid a license fee to Goldsmith in order to use her photograph as source art. This time it bypassed her entirely, denying her a reasonable license fee, and increasing profits for the other interested parties. The lack of good faith in denying Goldsmith a market-appropriate license fee should further cut against a fair-use finding.

IV. THE "MARKET EFFECT" FACTOR HAS BEEN IMPROPERLY DEEMPHASIZED BY THE "TRANSFORMATIVE" TEST

The "market effect" factor is "undoubtedly the single most important element of fair use." *Harper & Row*, 471 U.S. at 566. Yet it has been usurped by the "transformative" test because courts typically discount or ignore the "market effect" when a work is found to be "transformative." *See, e.g.*, *Cariou v. Prince*, 714 F.3d 694, 709 (2d Cir. 2013), *modified by Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 992 F.3d

99 (2d Cir. 2021), and *Andy Warhol Found. for Visual Arts, Inc.*, 11 F.4th 26 (2d Cir. 2021) ("[t]he more transformative the secondary use, the less likelihood that the secondary use substitutes for the original," even though "the fair use, being transformative, might well harm, or even destroy, the market for the original.") (citation omitted). But elevating "transformed" works to a level where unauthorized derivatives are excused even when those derivatives "destroy" the market for the original turns the Section 107 test on its head.

The issues of "transformation" and "market effect are "linked" because "[w]here the allegedly infringing use does not substitute for the original and serves a different market function, such factor weighs in favor of fair use." *McGucken*, No. 21-55854, 2022 WL 3051019, at *10 (citations and internal quotations omitted). Section 107's language pertaining to the application of the "market effect" factor makes no reference, though, to "transformation"[10] and instead states unambiguously that the court should examine only "the effect of the use upon the potential market for or value of the copyrighted work." 17 U.S.C. § 107(4).

There is thus no place for inserting even a tincture of "transformative" analysis into the "market effect" factor. Especially given that a court must consider not only the primary market for the copyrighted work, but the current and potential market for *derivative* works, when deciding this factor. *See Harper & Row*

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[10] Here, Warhol did not proffer any evidence that his derivative was not an "effective market substitute" for either Goldmith's photography or "derivative content" based thereupon, which itself "underscores the non-transformative nature of [Warhol's] use." *McGucken*, No. 21-55854, 2022 WL 3051019, at *10.

Publishers, 471 U.S. at 568. And if the secondary user's "work adversely affects the value of any of the rights in the copyrighted work [. . .] the use is not fair." *Id*., quoting 3 NIMMER ON COPYRIGHT § 13.05[B], at 13–77–13–78 (footnote omitted, brackets in original).

Unfortunately, courts have failed to consistently emphasize the "market effect" factor, as required, in making "fair use" decisions. Even this all-important factor's analysis has been permeated by the "transformative" test, with courts holding, incorrectly, that we need not fully embrace the "market effect" factor for highly transformative works. *See*, *e.g.*, *Cariou*, 714 F.3d at 708 ("the application of this factor does not focus principally on the question of damage to Cariou's derivative market[,]" and may excuse a secondary use even if "the secondary use suppresses or even destroys the market for the original work or its potential derivatives[.]") This approach is misguided, though, because the "market effect" is expressly enshrined in Section 107 and the "transformative" test is conspicuously absent.

The "transformative" test was judicially created following a 1990 law review article and has since devoured just about everything in its path. Consideration of the "market effect" factor makes clear that the "transformative" factor must, at best, take second fiddle. Indeed, "because the licensing of derivatives is an important economic incentive to the creation of originals," we must look at the impact of even a "transformative work" on potential derivative works. *Campbell*, 510 U.S. at 593. The derivative works for which *Campbell* tells us the market must be protected are actually left most vulnerable to the effects of the "transformative" test.

If left unchecked, this test threatens numerous artists and the industries in which they make their living. Copyright licensing provides sustainability for the entertainment industry. *See* Licensing International, *Global Licensing Survey* (2020), https://licensinginternational.org/get-survey/. These reports reflect that global revenue generated by licensed merchandise and services were $292.8 billion in 2019. *Id.* The entertainment-and-character licensing sector remains the largest at $128.4 billion.

These revenues are heavily relied on by authors, copyright holders, and entertainment companies. Indeed, the licensing industries and the artists that make up the content creators and authors that rely on licensing would be severely and negatively impacted by this Court's adoption of Petitioner's position. Requiring the "market effect" factor to be applied as set forth in Copyright Act will ensure that artists are adequately compensated for their work.

V. CONCLUSION

For the reasons set forth above, *amici* join Respondents in respectfully requesting that the Court affirm the Second Circuit's holding. Given the Copyright Act's clear text, the "transformative" test should be abrogated or severely limited and certainly not widely expanded as urged by Warhol.[11]

Petitioner's position directly conflicts with the Copyright Act's text, is inconsistent with much of the caselaw, and will have a devastating effect on the

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[11] Other countries do not have a "fair use" defense at all. *See*, *e.g.*, *De Fontbrune,* No. 19-16913, 2022 WL 2711466, at *7 (noting France's lack of fair use defense).

market for licensed and other derivative works. This Court should clarify that (a) the Copyright Act's text, including the Section 107 factors, should guide and delimit the "fair use" analysis, (b) the "market effect" should be of paramount importance in that analysis, and (c) the judicially created "transformative" factor should be discarded or severely limited to instances in which the original work is unrecognizable in the derivative, or necessary for the secondary work to be viable, such as in a parody. Hewing closely to the statutorily defined "fair use" factors will ensure that the proper balance is struck between the rights of creators of original works and those that want to profit from derivatives.

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