19-2420-CV

IN THE UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

THE ANDY WARHOL FOUNDATION FOR THE VISUAL ARTS, INC.,
Plaintiff-Counter-Defendant-Appellee,

v.

LYNN GOLDSMITH, LYNN GOLDSMITH, LTD.,
Defendants-Counter-Claimants-Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

BRIEF OF *AMICI CURIAE* 60 INTELLECTUAL PROPERTY SCHOLARS IN SUPPORT OF PETITION FOR PANEL REHEARING AND REHEARING EN BANC

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Dated: April 30, 2020

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 26.1 of the Federal Rules of Appellate Procedure, *amici curiae* 60 Intellectual Property Scholars each state that they are individuals.

Dated April 30, 2021

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INTEREST OF *AMICI CURIAE*[1]

Amici curiae are intellectual property scholars (listed in Appendix A) concerned that a recent Second Circuit panel decision conflicts with the U.S. Supreme Court's ruling in *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183 (2021). *Amici*'s sole interest is to ensure the proper application of copyright fair use law.

SUMMARY OF ARGUMENT

Amici urge the Court to grant the Warhol Foundation's petition for a panel rehearing and rehearing en banc of *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 992 F.3d 99 (2d Cir. 2021), because it conflicts with the U.S. Supreme Court's *Google v. Oracle* ruling in four significant respects.

First and foremost, the panel opinion conflicts with *Google*'s broad conception of what counts as a transformative purpose. The panel concluded that the Warhol prints were non-transformative as a matter of law because they did not have a "fundamentally different and new" artistic purpose from Goldsmith's photo as a work of visual art. The *Google* Court rejected a similar claim that Google's use of the Java declarations served the same intrinsic purpose in the Android software as

[1] Pursuant to Fed. R. App. P. 29(c)(5) and Second Circuit Local Rule 29.1(b), counsel for *amici* represent that they authored this brief in its entirety and that none of the parties or their counsel, nor any other person or entity other than *amici* or their counsel, made a monetary contribution intended to fund the preparation or submission of this brief.

Sun/Oracle's uses. Under *Google*, Warhol's use of Goldsmith's photograph was transformative because it added something new and conveyed a different message.

Second, the *Warhol* panel failed to give due weight to this transformativeness in assessing other fair use factors, as *Google* directs.

Third, the *Warhol* panel posits that the derivative work right limits what can constitute fair use. But the Court in *Google*, following the plain language of the statute, recognized fair use as a limitation on all of copyright's exclusive rights.

Fourth, in assessing the harm factor, *Google* directed courts to balance possible losses from the challenged use with public benefits of copying in light of copyright's basic objective of promoting ongoing creativity. The *Warhol* panel considered only the potential harm to Goldsmith's licensing market and ignored the benefit the public receives from the new art created by Andy Warhol.

Although *Google* concerned computer software, the Court's opinion is instructive on the application of the fair use factors generally. The Court focused on the productive use of the copyrighted software considering not only Google's purpose in using the work, but also the character of that use with a view toward any resulting benefit to the public.

ARGUMENT

I. THE PANEL OPINION CONFLICTS WITH *GOOGLE*'S HOLDING ON TRANSFORMATIVE PURPOSES.

The *Warhol* panel took an extremely narrow and, in light of *Google*, erroneous view of what counts as a transformative purpose. *Google* reaffirmed the definition of transformative purpose from *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994): whether the second use supersedes demand for the original or "'adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message.'" *Google*, 141 S. Ct. at 1202-03 (quoting *Campbell*, 510 U.S. at 579). Warhol's Prince series plainly adds something new and conveys a different message than Goldsmith's photograph. Under *Campbell* and *Google*, the Warhol works are transformative as a matter of law.

The panel concluded that the Warhol works were non-transformative as a matter of law because they "share the same overarching purpose" as Goldsmith's photograph in being works of visual art without having a "'fundamentally different and new' artistic purpose and character." *Warhol*, 992 F.3d at 112, 114. The Court in *Google* rejected Oracle's similarly superficial argument that Google's use could not be transformative because it had the same purpose as Sun/Oracle's use. Instead, the Court found transformative purpose even though "Google copied portions of the Sun Java API … for the same reason that Sun created those portions, namely, to enable programmers to call up implementing programs that would accomplish particular

tasks."[2] *Google*, 141 S. Ct. at 1203. However, the Court stated that "to stop here would severely limit the scope of fair use." *Id.*

After stating that a court "must go further" in examining the defendant's purpose, the Court proceeded to consider the context of Google's use and concluded that Google's purpose in using the Sun Java API was transformative because it enabled the "creat[ion of] new products." *Id.* This deeper analysis of defendant's use enabled the Court to consider whether the "use was consistent with that creative 'progress' that is the basic constitutional objective of copyright itself." *Id.* (citing *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349 (1991) (quoting U.S. Const., Art. I, § 8, cl. 8)). The *Warhol* panel failed to do this.

The Court in *Google* demonstrated how to "go further" in cases that do not involve obvious criticism or comment: Courts should consider whether the context of a reuse is consistent with the Constitution's "Progress" clause, including an examination of the creative environment in which the reuse participated. 141 S. Ct. at 1203. In sharp contrast, the panel confined itself to an examination of the "work itself." It invented a new bright-line rule: "the secondary work itself must reasonably be perceived as embodying an entirely distinct artistic purpose, one that conveys a

[2] The Court illustrated its broad conception of transformativeness with the example of a painting that "precisely" replicated a copyrighted logo "to make a comment about consumerism." *Google*, 141 S. Ct. at 1203 (citing 4 Nimmer on Copyright § 13.05[A][1][b]).

'new meaning or message' entirely separate from its source material." *Warhol*, 992 F.3d at 113. This is inconsistent with *Google*.

The *Warhol* panel's new rule not only conflicts with *Google*; it also misconstrues *Campbell*. The panel recognized that *Campbell* directs courts to consider whether transformative purpose may "reasonably be perceived," *id*. at 110, but failed to consider whether a legitimate creative community exists that would perceive transformative meaning in the new work. *Campbell* did not address whether the Court itself perceived any transformativeness. Indeed, the Court was at best neutral as to whether the parody actually succeeded among the Justices. Instead, its use of the "may reasonably be perceived" standard acknowledged that there may be multiple interpretations of an accused work. *Campbell*, 510 U.S. at 582-83. To be consistent with *Google* and *Campbell*, judges should consider the views of reasonable interpretive communities.

To require an artwork to have a fixed meaning by asking what it means in the absence of contextual information (as if that task could actually be accomplished) would be to hold fair use hostage to a particular group's view of how meaning is made. *Cf. Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 801 (9th Cir. 2003):

> While individuals may disagree on the success or extent of a parody, parodic elements in a work will often justify fair use protection. … Allowing majorities to determine whether a work is a parody would be

> greatly at odds with the purpose of the fair use exception and the Copyright Act. (citations omitted)

The message of an artwork will rarely be unitary. Were copyright law to require a unitary message, it would fail its constitutional mandate to promote progress.

The *Warhol* panel abjured consideration of "the stated or perceived intent of the artist," as well as "the meaning or impression that a critic — or for that matter, a judge — draws from the work." *Warhol*, 992 F.3d at 113-14. It examined "how the works may reasonably be perceived" entirely in the abstract, sidelining any other audience for these works as unreasonable. This approach is wholly inconsistent with *Google*, where the Court relied on both the stated intent of Google and the understanding of third parties, including *amici* and witnesses, to evaluate the purpose of the use. *Google*, 141 S. Ct. at 1203-04.

The *Warhol* panel instead devised a new conception of what counts as transformative purpose. Under it, a "judge must examine whether the secondary work's use of its source material is in service of a 'fundamentally different and new' artistic purpose and character, such that the secondary work *stands apart* from the 'raw material' used to create it." *Warhol*, 992 F.3d at 114 (emphasis added). Applying this test, the panel concluded that "the Goldsmith Photograph remains the *recognizable* foundation upon which the Prince Series is built." *Id.* at 115 (emphasis added). This test requires the secondary work to visually stand apart from the original such that the original is no longer recognizable as its foundation. Stated

more simply, the secondary work must be substantially dissimilar from the original. If that were the case, however, the defendant would not need to avail itself of § 107, because the court would have already found that it did not violate any of the rights of § 106 for want of substantial similarity. The panel's "recognizability" test is manifestly contrary to *Google* and *Campbell*, both of which involved readily recognizable copying. Nor did the copying in either case "draw from numerous sources," which the panel suggested distinguished prior transformativeness cases. *Warhol*, 992 F.3d at 113.

In addition, the panel emphasized that Warhol made money on his art — that is, the commerciality of the use. But *Google* reminds us that "[t]here is no doubt that a finding that copying was not commercial in nature tips the scales in favor of fair use. But the inverse is not necessarily true, as many common fair uses are indisputably commercial." 141 S. Ct. at 1204.

II. *GOOGLE* REQUIRES GREATER CONSIDERATION OF THE RELATIONSHIPS AMONG THE FAIR USE FACTORS.

Google directs courts to give considerable weight to transformativeness when assessing other fair use factors, which the *Warhol* panel failed to do. In assessing the nature of the work factor, the panel characterized Goldsmith's photograph as creative and unpublished, concluding that this factor favored Goldsmith. 992 F.3d at 117. Had the panel assessed this factor in light of transformativeness, it would have regarded this factor as more neutral because Goldsmith's agency granted a license to

Vanity Fair to allow use of the photo as an artist reference — that is, for its utility in depicting Prince — directly implicating Warhol's transformative purpose.

The Court in *Google* observed that "[t]he 'substantiality' factor will generally weigh in favor of fair use where … the amount of copying was tethered to a valid, and transformative, purpose." 141 S. Ct. at 1205. Having erroneously denied that Warhol's purpose was transformative, the *Warhol* panel compounded this error by concluding that Warhol's copying was too substantial merely because it was "instantly recognizable" as similar to the Goldsmith photo. *Warhol*, 992 F.3d at 119.

III. *GOOGLE* CONFIRMS THAT FAIR USE LIMITS THE SCOPE OF THE DERIVATIVE WORK RIGHT.

The *Warhol* panel asserted that a work could not be transformative if it implicated the derivative work right. *Id.* at 111. *Google* and the statute set out § 107's lexical priority: "*Notwithstanding the provisions of sections 106* and 106A, the fair use of a copyrighted work … is not an infringement of copyright." 17 U.S.C. § 107 (emphasis added).

On this point, the *Warhol* panel made the same mistake as Oracle. Google's verbatim copying for the same purpose as Sun/Oracle must, Oracle said, be unfair because otherwise "fair use would swallow the derivative-work right." Brief for Respondent at 40, *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183 (2021) (No. 18-956). It further charged that "Google copied Oracle's code to create a nontransformative derivative: a sequel that adapted Oracle's software for an

improved generation of devices." *Id.* at 41. Tellingly, the Court recognized that fair use is a limitation on all the exclusive rights. *Google*, 141 S. Ct. at 1199; *see also Campbell*, 510 U.S. at 592-93 (analyzing derivative work right and transformative fair use as alternatives).

The derivative work right has an important role in the copyright system, but that role is not to shrink fair use. *See* Pamela Samuelson, *The Quest for a Sound Conception of Copyright's Derivative Work Right*, 101 Geo. L.J. 1505, 1538 (2013) (describing fair use as important limit on derivative work right).

IV. *GOOGLE* REQUIRES AN ULTIMATE FOCUS ON PUBLIC ACCESS TO NEW WORKS IN THE FOURTH FACTOR.

Google observed that fair use "can focus on the legitimate need to provide incentives to produce copyrighted material while examining the extent to which yet further protection creates unrelated or illegitimate harms in other markets or to the development of other products." 141 S. Ct. at 1198. The assessment needs to be holistic in character.

In discussing the harm factor in transformative purpose cases, *Google* directs courts to take into account possible public benefits from the challenged copying and also the risks that enforcing copyright may pose for interfering with copyright's objective of promoting ongoing creativity. *Id.* at 1206. The Court characterized transformative work as "something new and important." *Id.* at 1203. Warhol's

Prince series unquestionably has cultural importance. They are works of art whose creation benefits the public, which has enjoyed wide access to them.

If those works are deemed infringements, museums, galleries, libraries with books containing reproductions of the works, and all others would be automatically converted into infringers, with no ability to rely on § 109 first sale limitations insofar as they do not own authorized copies. *See Hotaling v. Church of Jesus Christ of Latter-Day Saints*, 118 F.3d 199 (4th Cir. 1997) (finding infringement where a copy was made available to the public). Even if Goldsmith chooses not to deprive the public of access to the works, these entities may be liable for past damages. This is inherently in tension with *Google*'s focus on promoting progress through increasing public availability of creative works.

The *Warhol* panel erred by not balancing public costs and private benefits, and relatedly by overstating those benefits. Goldsmith had not otherwise licensed the photograph at issue, 992 F.3d at 121, and the licensing was more than three decades ago, *id*. at 106, but the panel insisted that allowing reuse of Warhol's work would substantially harm Goldsmith's market. *Id*. at 121-22. This highly speculative approach to assessing potential market harms is contrary to *Google*, which was focused on existing or reasonably foreseeable markets for the uses in suit, not for uses Google didn't make. 141 S. Ct. at 1206-08. Just as programmers wanted Google's new operating environment because of what Google had added, the public

wanted Warhol's artwork, and they wanted it because of the commentary Warhol had added.

The Court recognized that "[c]onsideration of this factor … can require a court to consider the amount of money that the copyright owner might lose" and that "[t]hose losses normally conflict with copyright's basic objective: providing authors with exclusive rights that will spur creative expression." *Id*. at 1206. But the Court cautioned that "a potential loss of revenue is not the whole story." *Id*. It went on to weigh the evidence of potential loss against "the risk of creativity-related harms to the public." *Id*. at 1208.

The *Warhol* panel erred in failing to "take into account the public benefits the copying will likely produce," including "copyright's concern for the creative production of new expression," as directed by *Google*. *Id*. at 1206. These benefits should be evaluated as "comparatively important, or unimportant, when compared with dollar amounts likely lost (taking into account as well the nature of the source of the loss)." *Id*. (citing *MCA, INC. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981).

CONCLUSION

For the foregoing reasons, rehearing should be granted.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

Pursuant to the Fed. R. App. P. 32(g), I hereby certify that:

This brief complies with the type volume limitations of Second Circuit Local Rule 29.1(c) because it contains 2,589 words as calculated by the word count feature of Microsoft Word, exclusive of the sections exempted by Fed. R. App. P. 32(f).

This brief complies with the typeface requirement of Fed. R. App. P. 32(a)(5)(A) and (a)(6) because it uses 14-point proportionally spaced Times New Roman font.

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CERTIFICATE OF SERVICE

I hereby certify that I electronically filed the foregoing Brief of *Amici Curiae* 60 Intellectual Property Scholars in Support of Petition for Panel Rehearing and Rehearing En Banc with the Clerk of the Court for the United States Court of Appeals for the Second Circuit by using the appellate CM/ECF on April 30, 2021. I certify that all participants in this case are registered CM/ECF users and that service will be accomplished by the appellate CM/ECF system.

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