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# Going "Beyond" Mere Transformation: *Warhol* and Reconciliation of the Derivative Work Right and Fair Use

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*The Supreme Court's recent decision in* Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith *is a watershed moment in the story of copyright jurisprudence. At its broadest, the decision articulates a unified vision—one that had been dormant in the lower court fair use jurisprudence—about the role of copyright and the manner in which to make sense of its effort to balance exclusivity with its myriad limitations. This Essay focuses on how the Court reconciled the working of the statute's derivative work right with the breadth and reach of the "transformative use" version of the fair use doctrine. The core of the Court's reconciliation centers around three ideas. The first is the need for an independent justification for a use to even qualify for fair use. Transformation on its own does not provide such a justification, which must be instead identified independently. Related is the second idea, that the secondary use must reveal a distinct purpose. Unlike the justification element, this step is comparative and heavily contextual. And the third element is the balance between transformativeness and commerciality, which the legislative text makes clear and Campbell had gone to extreme lengths to reinforce.*

To preserve [the derivative works] right, the degree of transformation required to make "transformative" use of an original must *go beyond* that required to qualify as a derivative.

—*Andy Warhol Foundation for Visual Arts, Inc. v. Goldsmith*, 143 S. Ct. 1258, 1275 (2023).

[F]or uses which result in the creation of a derivative work, the fair use inquiry must examine the level of transformativeness that *goes beyond* the transformation simply seen in a derivative.

—Brief of Menell, Balganesh & Ginsburg, *AWF v. Goldsmith*, 2022 WL 3371308, at 27-28.

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## INTRODUCTION

The Supreme Court's recent decision in *AWF v. Goldsmith*[1] is a watershed moment in the story of copyright jurisprudence, and for a variety of reasons. At its broadest, the decision articulates a unified vision—one that had been dormant in the lower court fair use jurisprudence—about the role of copyright and the manner in which to make sense of its effort to balance exclusivity with its myriad limitations. Somewhat more narrowly, the decision sets forth a methodology of common law statutory interpretation that guides courts in reconciling the statute's textual directives while applying key judge-made foundational doctrines and principles. And most narrowly at the doctrinal level, *Warhol* answers the decades long question of how to reconcile the working of the statute's derivative work right with the breadth and reach of the "transformative use" version of the fair use doctrine. Each of these contributions is important in its own right. In this Essay, we focus on the third of these contributions, and in so doing set the stage for an examination of the other two as well, which we do elsewhere.

What precipitated the Court's need to reconcile the derivative work right and fair use was a two-fold reality. The first was the longstanding reality that in defining a derivative work in the Act of 1976, Congress had very expressly understood such works to include those where a preexisting work has been "recast, *transformed*, or adapted."[2] The second was that in expanding the fair use doctrine through common law development, the Court in its 1994 decision of *Campbell v. Acuff-Rose Music, Inc.* had adopted the idea of a "*transformative* use" to describe certain kinds of uses that could potentially qualify as fair use, a phrase that is took from Judge Pierre Leval's article published just a few years prior.[3] While the Court in *Campbell* sidestepped the question of reconciling its approach to fair use with the derivative work right, that question soon became front and center in a host of lower court fair use disputes. And while some courts dealt with the issue somewhat cursorily, others acknowledged the obvious conflict rather directly and thus set up something of a minor legitimacy crisis for the Court in as much as it brought the conflict into sharp focus.[4]

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[1] Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 598 U.S. 508 (2023) (hereinafter *Warhol*).

[2] 17 U.S.C. § 101.

[3] Pierre N. Leval, *Toward A Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990).

[4] *See, e.g.*, Dr. Seuss Enterprises, L.P. v. ComicMix LLC, 983 F.3d 443, 460 (9th Cir. 2020); Kienitz v. Sconnie Nation LLC, 766 F.3d 756, 758 (7th Cir. 2014).

Ever since its origins, the fair use doctrine has posed a line-drawing challenge. In 1841, Justice Joseph Story observed that "the question of piracy" often depends upon a balance of factors, giving rise to the fair use doctrine.[5] Courts evolved the fair use doctrine through hundreds of published opinions in the ensuing decades. The 1909 Act intentionally left the contours of infringement and fair use to the courts.[6] As the report prepared as background for what would become the modern statute summarized, the general scope of fair use was reflected in a range of examples, including quotation of excerpts in a review or criticism for purposes of illustration or comment, research, parody, news reporting as well reproduction by a library to replace part of a damaged copy, reproduction by a teacher or student of a small part of a work for illustrative purposes, use in legislative or judicial proceedings, and incidental and fortuitous reproduction in a newsreel or broadcast of a work located at the scene of an event being reported.[7] These examples reflected four principal factors.

The drafters of the Copyright Act of 1976 debated whether the statute should codify the fair use doctrine or leave it for courts to evolve. Their resolution of this question vacillated.[8] By 1967, the drafters chose the codification path,[9] but with caveats reflected in the legislative history to perpetuate the doctrine's case-by-case and common law character and not to "freeze" its development.[10] The main thrust of the provision was to restate the fair use doctrine without any intention in the text or the legislative history to alter the doctrine beyond ensuring that it could address unforeseen technological developments and address "particular situations on a case-by-case basis."[11] Section 107 brought greater clarity to the fair use inquiry by setting forth illustrative examples in the preamble and codifying the doctrine's principal factors. This may well have achieved the clarificatory goal but for an

[5] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 575-6 (1994); Leval, *supra* note 3, at 1107.

[6] *See* Alan Latman, Fair Use of Copyrighted Works 18 (1958), reprinted in Senate Committee on the Judiciary, Copyright Law Revision, Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights, 86th Cong., 2d Sess., 1 (1960) (hereinafter cited as "Fair Use Report").

[7] *See* Copyright Law Revision, Report of Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong., 1st Sess. at 24-25 (July 1961) (hereinafter cited as "Register's Report") (citing *Fair Use Report*, *supra* note 6).

[8] *See, infra*, Section I(A)(2).

[9] *See, infra*, Section I(B)(2).

[10] *See* Copyright Law Revision, H.R. REP. NO. 94-1476, at 66 (1976).

[11] *See id.*

unanticipated semantic collision that threatened to undermine the drafters' explication and expansion of the exclusive right to prepare derivative works.

In an effort to focus the fair use doctrine on whether a new use of copyrighted expression is "productive,"[12] which favors a finding of fair use, Judge Pierre Leval proposed in a 1990 law review article that courts assess the "transformativeness" of the secondary use.[13] His choice of terminology, however, unwittingly placed the fair use doctrine on a collision course with the exclusive right to prepare derivative works, which keys off the term "transforms." When the Supreme Court drew upon on Judge Leval's "transformativeness" terminology in the 1994 *Campbell* decision, the potential for confusion arose.

As we have explained elsewhere,[14] the *Campbell* decision itself was faithful to the legislative scheme and purpose. Read in context, *Campbell*'s use of "transformativeness" did not swallow or eviscerate the right to prepare derivative works. Justice Souter's opinion for the Court there placed important guardrails on "transformativeness" and through a host of illustrations effectively cabined its potential conflict with the derivative work right. Indeed, almost forgotten in the story of *Campbell* is the reality that the Court did not find the secondary use to be a fair use but instead remanded to, among other reasons, obtain evidence on the effect on the use on the market for derivative works. Despite this reality, a series of lower court fair use decisions accelerating in 2006 threatened to render the derivative work right meaningless.[15] These decisions

[12] The term "productive use" was initially understood as little more than the opposite of what the copyright practitioner Leon Seltzer described as an "ordinary" use of the work in his 1978 treatise on fair use. L. Seltzer, Exemptions and Fair Use in Copyright 24 (1978). Seltzer did not use the term "productive use" in his treatise. It instead appears to have originated in a student note a couple of years later, which sought to analyze the district court decision in *Universal City Studios, Inc. v. Sony* using Seltzer's framework. See C.H.R., III, Note, University City Studios, Inc. v. Sony Corp.: "Fair Use" Looks Different on Videotape Author(s), 66 VA. L. REV. 1005, 1013 (1980).

[13] Leval, *supra* note 3, 1111 (building on the idea put forward by Seltzer and *Sony*, noting that "the question of justification [for a secondary use] turns primarily on whether, and to what extent, the challenged use is *transformative*," meaning that "[t]he use must be productive and must employ the quoted matter in a different manner or for a different purpose from the original").

[14] *See* Shyamkrishna Balganesh & Peter S. Menell, *Misreading Campbell: Lessons for Warhol*, 72 DUKE L.J. ONLINE 113 (2023).

[15] *See* Blanch v. Koons, 467 F.3d 244, 251-58, (2d Cir. 2006); Bill Graham Archives v. Dorling Kindersley Ltd., 448 F.3d 605, 615 (2d Cir. 2006); Cariou v. Prince, 714 F.3d 694, 705 (2d Cir. 2013).

effectively collapsed the fair use factors into a simplistic inquiry focused on whether a secondary work "transformed" the original.

Reflecting on his use of the term "transformative," in 2015 Judge Leval conceded that the term created "ambiguity" owing to the conflict with the derivative work right. As he acknowledged, implicitly disagreeing with some of the jurisprudence that had emerged, "saying that a secondary work transforms the original does nothing to distinguish a fair use from a derivative[work],"[16] and that "[t]ransformative . . . was never intended as a full definition or explanation of fair use."[17] Despite these observations, Judge Leval continued to believe that the term—if appropriately understood and applied—was an appropriate "symbol" to signify what the first fair use factor needed; in contrast to some scholars who advocated jettisoning the term altogether.[18]

It was against this backdrop that the Court in *Warhol* confronted and averted the collision course. While not eliminating the overlapping usage of "transformed/transformative" in the definition of derivative works and application of the fair use doctrine, the majority opinion explains how the meaning of "transform" varies between these two provisions, and offers a workable blueprint for reconciling them situationally. Fair use focuses on the use of a work, requires more than mere transformation, and considers commerciality along with a host of other factors. In so doing, *Warhol* restored and better operationalized Congress's text and intent.

As we explain below, the core of the Court's reconciliation centers around three ideas. The first is the need for an *independent justification* for a use to even qualify for fair use. Transformation on its own does not provide such a justification, which must be instead identified independently. Related is the second idea, that the secondary use must reveal a *distinct purpose*. Unlike the justification element, this step is comparative and heavily contextual. And the third element is the balance between transformativeness and *commerciality*, which the legislative text makes clear and *Campbell* had gone to extreme lengths to reinforce.

At the outset, we must acknowledge an element of immodesty here. As the quotations at the beginning of this Article highlight, the Court's test for reconciling the derivative work right and transformative use bears a close resemblance to the text and analysis that we advanced on that issue to the Court

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[16] *See* Pierre N. Leval, *Campbell as Fair Use Blueprint*, 90 WASH. L. REV. 597, 608 (2015).

[17] *Id.*

[18] *See, e.g.*, 4 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 10:21 (2022) (suggesting that "we may be better off dropping the label").

in our co-authored amicus brief.[19] At oral argument, the Court was directed to our brief to answer questions about the reconciliation.[20] The reconstruction that therefore follows below reflects in part a recognition that the Court adopted our proposed test, which we trace to both the legislative text and *Campbell*'s teachings.

This Essay proceeds in four parts. Part I traces the textual conflict and its legislative history. It shows that while the need for reconciling the derivative work right and fair use may not have been central to the drafting of the relevant provisions (since the conflict emerged from the judicial gloss put on fair use by *Campbell*), the drafters of the 1976 Act were nevertheless explicit about the underlying principles which were to guide any understanding of those provisions. As such, the history therefore reveals that they intended all of the Act's enumerated exclusive rights to be understood in "broad" terms, without having fair use undermine that understanding. Part II then examines how *Campbell*'s introduction of the "transformative" use idea muddied the line between the two doctrines, and focuses on lower courts' misinterpretation of their independence. It sets the stage for *Warhol* by showing how a few courts had begun to push back against this misinterpretation, even though they had failed to offer a way out of it. Part III then unpacks *Warhol*'s framework for reconciling the two, relying on the three-step understanding detailed immediately above. Part IV then tests the workability of the *Warhol* reconciliation on two well-known cases where transformativeness was raised as an issue in the fair use analysis, to show how its test is workable and straightforward. A short conclusion follows.

## I. Interpretive Principles in the Legislative History

The Copyright Act of 1976 grants copyright owners "the exclusive right to . . . prepare derivative works based up[on the copyright work."[21] To explicate the meaning of that right, it further contains a rather elaborate definition of a derivative work, which it defines 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,

[19] Brief of Menell, Balganesh & Ginsburg, *Warhol* (No. 21-869), 2022 WL 3371308, at 27-28; *Warhol*, 143 S. Ct. at 1257.

[20] Oral argument transcript at 84, *Warhol* (No. 21-869), https://www.supremecourt.gov/oral_arguments/audio/2022/21-869.

[21] 17 U.S.C. § 106(2).

> condensation, or any other form in which a work may be recast, *transformed*, or adapted.[22]

At enactment, the definition's use of the term "transform" presented no obvious problem or conflict with fair use, since the fair use doctrine—which Congress chose to codify for the first time ever in the Act of 1976—said nothing of transformations. It merely sought to "restate" prior judge-made law, which it crystallized into four factors.[23] The provision nevertheless embodied both a preamble and a set of illustrative purposes, and noted in relevant part that:[24]

> Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—
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> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fair use provision was structured as an exception to *all* of copyright's exclusive rights, which included the exclusive right "to prepare derivative works" contained in §106(2). Additionally, it was phrased in extremely general terms, and with the underlying idea that courts continue to apply (and develop) the doctrine situationally.

Now while Congress did not at the time perceive any obvious conflict between fair use and the derivative work rights, the legislative history nevertheless addressed the manner in which courts were to approach their interpretation and understanding of the statute's exclusive rights vis-à-vis fair use. And while this history was not specific to the derivative work right, it

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[22] 17 U.S.C. § 101 (definition of "derivative works").

[23] H.R. REP. NO. 94-1476 at 65-66 (1976).

[24] 17 U.S.C. § 107.

nevertheless remains highly relevant to the manner in which that right interacts with fair use.

To be sure, the Court in *Warhol* did not explicitly cite to the legislative history, nor did it suggest that it was basing its decision on a reading of the same. All the same, at oral argument counsel for the respondent was asked whether the legislative history shed light on the conflict, and in response directed the Court's attention our brief where we summarized the pertinent backdrop.[25]

A full understanding of the text and meaning of the Copyright Act of 1976 can be difficult to glean due to the Act's two-decade gestation.[26] Furthermore, much of the key text (and related legislative history) as ultimately enacted was drafted by the mid-1960s, but the legislation was stalled by controversy over cable television, which burst onto the scene around that time.[27] The Copyright Office oversaw the process and led the drafting effort. Much of that process is captured in contemporaneous reports and hearing transcripts.[28] A reading of the early legislative history that led to the Act reveals two interconnected points. First, the idea of an independent derivative work right was uncontroversial from the very outset and posed no problems. The Act of 1909 contained a similar right, albeit differently worded. The initial belief was therefore that the retention, broadening, and reinforcementof the right in the new Act would further the copyright modernization purposes. Second, whether and how to bring the fair use doctrine into the statute was mired in controversy and disagreement from the outset of the legislative reform process.

*A. The Derivative Work Right Was to Be Understood in "Broad Terms"*

A 1964 Bill embodied the definition of a "derivative work" that was nearly identical to the version contained in the 1976 Act today. The text of the

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[25] Oral argument transcript at 84, *Warhol* (No. 21-869), https://www.supremecourt.gov/oral_arguments/audio/2022/21-869.

[26] Congress set out to update the 1909 Copyright Act at various points during the first half of the twentieth century without success. *See* U.S. Copyright Office, Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, at x (July 1961) [hereinafter 1961 Register's Report].

[27] *See* Copyright Law Revision, Hearings before Subcommittee No. 3 of the Committee on the Judiciary, House of Representatives, 89th Cong., 1st Sess. on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835, 33-36 (1966) (Remarks of George D. Cary, Deputy Register of Copyrights) (describing the "controversy" surrounding community antenna television, which came to be known as cable television); H.R. REP. NO. 94-1476, at 48 (1976) [hereinafter 1976 House Report] (recounting the long gestation of the Copyright Act of 1976).

[28] *See* George S. Grossman (ed.), Omnibus Copyright Revision Legislative History (2001) (17 vols.).

fair use provision, by contrast, shifted from language in the 1964 version that approximates the 1976 Act version, to a brief statement merely recognizing the fair use doctrine in the 1965 Bill.

In 1965, the Copyright Office issued a comprehensive "*Supplementary Report*" setting forth the Register's "reasons for changing a number of the recommendations in the 1961 Report and to clarify the meaning of the provisions of the copyright law revision bill of 1965."[29] The *Supplementary Report* contains a trove of insight into the drafters' intent in legislating the exclusive rights. We quote this language at length because it illuminates the meaning of the statutory text and is often overlooked as a result of the long delay between the drafting of the exclusive rights (and associated definitions) and the ultimate passage of the statute (with the earlier text undisturbed) due to the decade-long battle over the cable television provisions.

Chapter 2 of the *Supplementary Report*, relating to the exclusive rights, begins by describing the "Basic Approach of the Bill," which highlights the challenge of drafting legislation that will need to apply to emerging technologies:

> It is hard to predict which provisions of the bill will ultimately be most significant in the development of the copyright law, but on the basis of our discussions there is no question as to which group of sections is most important to the interests immediately affected. The nine sections setting forth the scope and limitations on the exclusive rights of copyright owners represent a whole series of direct points of conflict between authors . . . on the one side, and users, both commercial and noncommercial, on the other. Moreover, of the many problems dealt with in the bill, those covered by the exclusive rights sections are most affected by *advancing technology* in all fields of communications, including a number of future developments that can only be speculated about. It is not surprising, therefore, that these sections proved extremely controversial and difficult to draft.
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> In a narrow view, all of the author's exclusive rights translate into money: whether [the author] should be paid for a particular use or whether it should be free. But it would be a serious mistake to think of these issues solely in terms of who has to pay and how much. *The basic legislative problem is to insure that the copyright law provides the necessary monetary incentives to write, produce, publish, and disseminate creative works, while at the same time guarding against the danger that these works will not be disseminated and used as fully as they should because of copyright restrictions. The problem of*

[29] *See* Copyright Law Revision Part 6, Supplementary Report, *supra* note 27.

*balancing existing interests is delicate enough, but the bill must do something even more difficult. It must try to foresee and take account of changes in the forms of use and the relative importance of the competing interests in the years to come, and it must attempt to balance them fairly in a way that carries out the basic constitutional purpose of the copyright law.*

Obviously no one can foresee accurately and in detail the evolving patterns in the ways author's works will reach the public 10, 20, or 50 years from now. Lacking that kind of foresight, the bill should, we believe, adopt a general approach aimed providing compensation to the author for future as well as present uses of [the] work that materially affect the value of [the] copyright. . . . *A real danger to be guarded against is that of confining the scope of an author's rights on the basis of the present technology so that, as the years go by, [the] copyrights loses much of its value because of unforeseen technical advances.*

For these reasons, we believe that the author's rights should be stated in *broad terms* and that *the specific limitations on them should not go any further than is shown to be necessary in the public interest. In our opinion it is generally true, as the authors and other copyright owners argue, that if an exclusive right exists under the statute a reasonable bargain for its use will be reached*; copyright owners do not seek to price themselves out of a market. *But if the right is denied by the statute, the result in many cases would simply be a free ride at the author's expense.*

We are entirely sympathetic with the aims of nonprofit users, such as teachers, librarians, and educational broadcasters, who seek to advance learning and culture by bringing the works of authors to students, scholars, and the general public. Their use of new devices for this purpose should be encouraged. It has already become clear, however, that the unrestrained use of photocopying, recording, and other devices for the reproduction of authors' works, going far beyond the recognized limits of "fair use," may severely curtail the copyright owner's market for copies of his work. Likewise, it is becoming increasingly apparent that the transmission of works by nonprofit broadcasting, linked computers, and other new media of communication, may soon be among the most important means of disseminating them, and will be capable of reaching vast audiences. Even when these new media are not operated for profit, they may be expected to displace the demand for authors' works by other users from whom copyright owners derive compensation. Reasonable adjustments between the legitimate interests of copyright owners and those of certain nonprofit users are no doubt necessary, but we believe the day is past when any particular use of works should be exempted for the sole reason that it is 'not for profit.'

> As possible methods of solving the practical difficulties of clearance with respect to both commercial and noncommercial uses, various suggestions have been advanced for voluntary clearinghouses or for systems of compulsory licensing under the statute. All of these suggestions deserve consideration, but we are inclined to doubt the present need to impose a statutory licensing system upon the exercise of any of these rights. We believe that the work already in progress toward developing a clearinghouse to license photocopying offers the basis for a workable solution of that problem, and, if found necessary, could be expanded to cover other uses.[30]

The drafters are notably direct and transparent regarding their approach in drafting the exclusive rights. As the italicized text makes clear, the drafters weighed competing arguments about how copyright law can best promote progress in the face of evolving technology and concluded that authors' rights should be interpreted in such a way as to ensure that unforeseen technological changes would not undermine the value of copyrighted works. Furthermore, the drafters directly confronted the need for limitations and the role of licensing in promoting progress. The drafters state that exclusive rights are intended to be read "in broad terms" and their belief that copyright owners and users would reach a reasonable bargain where there are gains from trade in most circumstances, and failure to protect rights adequately would result in free riding at the author's expense.

The next section of the *Supplementary Report* further describes the exclusive rights. After quoting Section 106, the drafters explain the general scope of copyright protection and the interplay of the exclusive rights:

> Copyright has often been called a bundle of rights, and the five clauses of section 106(a) represent a general statement of what that bundle would consist of under the bill. These rights are cumulative and to some extent overlapping: for example, the preparation of a derivative work would usually also involve its reproduction, and hence the reproduction of the basic work, in copies or phonorecords. The rights as stated may also be subdivided without limitation, and each of the subdivided rights may be owned and enforced separately, as explained further in chapter 3.
>
> It is vital to an understanding of the bill to note that all of the exclusive rights specified in section 106 are '[11ubject to sections 107 through 114,' and to realize that all of these sections provide limitations, qualifications, or outright exceptions with respect to the copyright owner's exclusive rights. Section 106 is intended to mark out the

[30] *Id.* at 13-14 (emphasis added).

> perimeter of copyright in *broad terms*, and the remaining sections in the chapter are intended to define its scope in particular situations and for particular kinds of works. . . .[31]

We see yet again the drafters' characterization of the exclusive rights as "broad," subject to sections 107 through 114.

The *Supplementary Report* then fleshes out each of the exclusive rights. It had this to say about the right to prepare derivative works:

> It could be argued that, since the concept of 'reproduction' is broad enough to include adaptations and recast versions of all kinds, there is no need to specify a separate right 'to prepare derivative works based upon the copyrighted work.' As indicated in the 1961 Report, however, this has long been looked upon as a separate exclusive right, and to omit any specific mention of it would be likely to cause uncertainty and misunderstanding. We have therefore included it as clause (2) of section 106(a).
>
> Moreover, there is one area in which the right 'to prepare derivative works' may be broader than the rights specified in clause (1). Those rights are limited to reproduction in copies and phonorecords and it is possible for a 'derivative work,' based on a copyrighted work, to be prepared without being fixed in a copy or record: examples are ballets, pantomimes, and impromptu performances. It is true that. a derivative work would not itself be protected by statutory copyright if it were not fixed in a 'tangible medium of expression' as required by section 102 of the bill. Nevertheless, since there is no requirement under the definition in section 101 that a 'derivative work' be fixed in tangible form, clause (2) of section 106(a) would make the preparation of 'derivative works' an infringement whether or not any copies or phonorecords had been produced.
>
> To come within section 106(a)(2) the 'derivative work' must be 'based upon the copyrighted work,' and the definition in section 101 gives as examples of 'derivative works': ' . . . 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.' Hence, in order to violate clause (2), some copyrighted portion of the work must actually have been appropriated as a basis for the infringing work. It would normally not be infringement, for example, for a critic to write a detailed commentary on the work or for an artist to draw illustrations inspired by a textual description.

[31] *Id.* at 15-16 (emphasis added).

> Close questions can arise as to whether the preparation of material such as *indexes*, tests, answers to tests, study guides, work sheets, etc., constitutes an infringement of the work to which they are related. In some cases the dependence on the copyrighted source may be so great as to constitute infringement, and in others the only things taken may be uncopyrightable elements such as ideas or isolated facts. We believe that the definition of 'derivative work' is *broad* enough to cover those works that appropriately come within the concept, and that the application of the definition in borderline situations of this sort must be left to the courts.[32]

The *Supplementary Report* thus reinforces the breadth of the right to prepare derivative right. Although the drafters removed "index" from the list of illustrative categories, the legislative history explains that there is no categorical rule: courts have discretion to deal with borderline cases. There is clearly no intention to limit the scope of the right to the illustrative examples; quite the contrary. The final clause of the definition of "derivative works"—"or any other form in which a work may be recast, transformed, or adapted"[33]—conveys the expansive scope of the derivative work right.

### *B. Fair Use Was Not Intended to Be a Sprawling, Open-Ended, or Eye of the Beholder Exemption*

From its very beginning in the reform process, fair use proved to be a controversial subject. The 1964 Bill introduced a provision attempting to codify it for the first time, which contained the four factors today seen in the statute. The provision nevertheless sought to qualify the doctrine by limiting its application to "the extent reasonably necessary or incidental to a legitimate purpose", which it then illustrated with some examples. Its drafters believed that this version "embodied . . . the doctrine of fair use in about the same manner as it has been developed in the court decisions.[34]

Participants in the reform process again voiced a wide range of views, with some recommending against defining the doctrine in the statute,[35] some

[32] *Id.* at 17-18 (emphasis added).

[33] 17 U.S.C. § 101 (definition of "derivative works").

[34] *See id.* at 94-95.

[35] *See id.* at 96 (Phillip Wattenberg, Music Publishers Association), 100 (Harry R. Olsson, Jr., American Broadcasting Company, contending that the fourth factor is not properly considered in fair use analysis), *id*. at 103 (Irwin Karp, Authors Guild).

questioning the scope of the illustrative list,[36] others critiquing the factors,[37] and others praising the Register's draft provision.[38] Comments submitted to the drafters reinforced the sharp division over to what extent to bring fair use into the reform legislation.[39] Although there were comments supporting and opposing the fair use provision, the majority of comments—many from textbook authors—opposed the fair use provision.

Reflecting that division, the 1965 Bill reverted back to recognizing the fair use doctrine but without indicating its application or defining its scope, and simply provided that "[n]otwithstanding the provisions of section 106, the fair use of a copyrighted work is not an infringement of copyright."[40] The *Supplementary Report* explained that the 1965 Bill's fair use language:

> elicited a large body of comments, most of them critical. Without reviewing the arguments in detail, it can be said in general that the author-publisher groups expressed fears that specific mention of uses such as 'teaching, scholarship, or research' could be taken to imply that any use even remotely connected with these activities would be a 'fair use.' On the other side, serious objections were raised to the use of qualifying language such as 'to the extent reasonably necessary or incidental to a legitimate purpose' and 'the amount and substantiality of the portion used * * *.'
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> . . .
>
> For reasons we have already discussed at some length, we do not favor sweeping, across-the-board exemptions from the author's exclusive rights unless an overriding public need can be conclusively demonstrated. There is hardly any public need today that is more urgent

[36] *See id.* at 101 (Max Lerner, practitioner, calling for inclusion of parody among the illustrative examples), *id.* at 102-03 (Dr. Charles F. Gosnell American Library Association, suggesting that availability of works and nonprofit status be considered).

[37] *See id.* at 100 (Harry R. Olsson, Jr., American Broadcasting Company, contending that the fourth factor is not properly considered in fair use analysis), *id.* at 102-03 (Dr. Charles F. Gosnell American Library Association, suggesting that availability of works and nonprofit status be considered), *id.* at 104 (Harriett, Pilpel, practitioner, suggesting adding "in relation to the work in which it is used" to factor (3)).

[38] *See id.* at 96-100 (Harry N. Rosenfield, Ad Hoc Committee on Copyright Revision), *id.* at 102 (John Schulman, practitioner), *id.* at 102-03 (Dr. Charles F. Gosnell American Library Association).

[39] *See* Copyright Law Revision Part 5, supra note 27, at 224, 237-38, 257-58, 262-62, 271-73, 281, 289, 290, 291, 291-92, 296, 296-97, 297, 298, 313, 315-16, 320, 321, 324, 325-26, 329, 332-22, 333, 334, 335, 335-36, 342-43, 343 (1964 Revision Bill Comments).

[40] Copyright Law Revision Part 6, *supra* note 27, at 192 (1965 Revision Bill).

> than education, but we are convinced that this need would be ill-served if educators, by making copies of the materials they need cut off a large part of the revenue to authors and publishers that induces the creation and publication of those materials. We believe that a statutory recognition of fair use would be sufficient to serve the reasonable needs of education with respect to the copying of short extracts from copyrighted works, and that the problem of obtaining clearances for copying larger portion or entire works could best be solved through a clearinghouse arrangement worked out between the educational groups and the author-publisher interests.
>
> Since it appeared impossible to reach agreement on a general statement expressing the scope of the fair use doctrine, and since in any event the doctrine emerges from a body of judicial precedent and not from the statute, we decided with some regret to reduce the fair use section to its barest essentials. . . .[41]

At the House Judiciary Committee hearings on the 1965 Bill,[42] witnesses again diverged as to whether statute should define fair use. Kenneth B. Keating, on behalf of book publishers, testified that "[w]e feel that on the question of the fair use problem it is sufficiently adequately dealt with because of the inability to reach an agreement on what possible definition could be made."[43] Rex Stout, of The Authors League, Alfred Wasserstrom, representing magazine publishers, and the Motion Picture Association of America similarly opposed efforts to define fair use by statute.[44]

Education and library witnesses offered the opposite prescription. Harold E. Wigren, Chairman of the Ad Hoc Committee on Copyright Law Revision representing some 34 educational organizations and institutions, emphasized the need to consider whether the entity making a use is "for profit" and express consideration of "teaching, scholarship, or research."[45] His colleague and the

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[41] *Id.* at 27-28.

[42] Copyright Law Revision, Hearings Before Subcommittee No. 3 of the Committee on the Judiciary, House of Representatives, Parts 1, 2, and 3 (1966) (May 26, 27, 28, June 2, 3, 4, 9, 10, 16, 17, 23, 24, 30, August 4, 5, 11, 12, 18, 19, 26, September 1 and 2, 1965).

[43] *Id.* at 64; see also id. at 70 (Statement of Lee Deighton, Chairman of the Board, MacMillan Co., on Behalf of The American Textbook Publishers Institute) ("heartily" endorsing the 1965 Bill's treatment of fair use); *id.* at 1433-34, 1475 (Mrs. Bella L. Linden, Representing the American Textbook Publishers Institute, advocating copyright clearinghouses to address the problem).

[44] *Id.* at 91, 167, 1011.

[45] *Id.* at 323, 329, 331.

Committee's counsel, Harry N. Rosenfield, specifically proposed that the fair use provision state the following:

> Notwithstanding the provisions of section 106, the fair use of a copyrighted work to the extent reasonably necessary or incidental to a legitimate purpose such as criticism, comment, news reporting, teaching, scholarship, or research is not an infringement of copyright. Noncommercial educational use by a nonprofit educational institution or organization hall be presumed to be such 'fair use' unless specifically rebutted.[46]

Mr. Rosenfield noted that Copyright Office's special study on fair use states that "fair use is not a predictable area of law,"[47] and that the Office's Circular 20 ("Fair Use") advises:

> The line between 'fair use' and infringement is unclear and not easily defined. There is no specific number of words, lines, or notes that can safely be taken without permission. * * * The safest course to follow * * * is to get permission first. * * * When it is impracticable to obtain permission, use of copyrighted material should be avoided unless it seems clear that the doctrine of 'fair use' would apply to the situation. If there is any doubt or question, it is advisable to consult an attorney.[48]

For that reason, Mr. Rosenfield commented that "[t]he best advice to the teacher then seems to be to get a 'hot line' to a lawyer every time he wants to use some teaching material."[49] Other education witnesses pressed the point.[50] Other educational and scholarly organization representatives raised similar concerns and pressed for articulation of the fair use doctrine in the statute.[51]

Over the course of the next year, the opposing interests reached a compromise on a statutory definition of fair use.[52] The 1966 House Bill and the 1967 Senate Bill adopted and tweaked the 1964 Bill's articulation of fair use. In the following three years, Congress made several adjustments to the fair use provision. It qualified the "teaching" in the fair use preamble by adding "(including multiple copies for classroom use)" and inserting into the first fair

[46] *Id.* at 346.

[47] *Id.* at 352.

[48] *Id.*

[49] *Id.*

[50] *Id.*

[51] *See id.* at 380-98, 422-26, 488-89, 1566-67; *see also id.* at 1114 (archivists).

[52] *See* Copyright Law Reform, House of Representatives, 89th Sess., 2d Sess., Report No. 2237 (Oct. 12, 1966) (accompanying H.R. 4347), at 59.

use factor: "including whether such use is of a commercial nature or is for nonprofit educational purposes."[53] The House Report on the enacted legislation reinforces the statutory text in various ways. It notes that "[t]he examples enumerated at page 24 of the Register's 1961 Report, while by no means exhaustive, give some idea of the sort of activities the courts might regard as fair use under the circumstances."[54] It then explains the commerciality language added to the first fair use factor:

> The Committee has amended the first of the criteria to be considered 'the purpose and character of the use'—to state explicitly that this factor includes a consideration of 'whether such use is of a commercial nature or is for non-profit educational purposes.' This amendment is not intended to be interpreted as any sort of not-for-profit limitation on educational uses of copyrighted works. It is an express recognition that, as under the present law, the commercial or non-profit character of an activity, while not conclusive with respect to fair use, can and should be weighed along with other factors in fair use decisions.[55]

The House Report then explains the "general intention" behind § 107:

> [T]he endless variety of situations and combinations of circumstances that can [a]rise in particular cases precludes the formulation of exact rules in the statute. The bill endorses the purpose and general scope of the judicial doctrine of fair use, but *there is no disposition to freeze the doctrine in the statute, especially during a period of rapid technological change*. Beyond a very broad statutory explanation of what fair use is and some of the criteria applicable to it, the courts must be free to adapt the doctrine to particular situations on a case-by-case basis. *Section 107 is intended to restate the present judicial doctrine of fair use, not to change, narrow, or enlarge it in any way*.[56]

Thus, the drafting of the fair use provision, which unfolded over nearly two decades, culminated close to where it began. The 1976 legislators channeled the relatively narrow examples that Register Abraham Kaminstein referenced in 1961, which were summarized in the preamble. Although Congress expressed the intention to perpetuate the doctrine's case-by-case and common law character and not to "freeze" its development, the main thrust of the provision was to restate the fair use doctrine without any intention in the text or the

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[53] *See* Copyright Law Revision, H.R. REP. NO. 94-1476, at 5 (1976).

[54] *Id.* at 65 (quoting the full list from the Register's 1961 Report).

[55] *Id.* at 66.

[56] *Id.* (emphasis added).

legislative history to alter the doctrine beyond ensuring that it could address unforeseen technological developments and address "particular situations on a case-by-case basis." Congress took great pains in the compromise to ensure that the doctrine would not be understood as a license to wipe away any of the exclusive rights that it was granting authors in "broad" terms.

## II. MISAPPLYING *CAMPBELL* AND THE ROAD TO COURSE CORRECTION

In a 1990 article that has acquired significant notoriety, Judge Pierre Leval—then a Southern District of New York district judge—proposed a novel approach to thinking about fair use.[57] Relying on Justice Story's observations in *Folsom v. Marsh* and giving it a utilitarian twist, he argued that the fair use doctrine existed to encourage follow-on creativity, what had been previously described as "productive uses."[58] Examining the first fair use factor—the purpose and character of the secondary use—he observed:

> I believe the answer . . . turns primarily on whether, and to what extent, the challenged use is *transformative*. The use must be productive and must employ the quoted material in a different manner or for a different purpose from the original. . . . If . . . the secondary use adds value to the original – if the quoted matter is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings – this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society.[59]

In developing this account however, Judge Level sounded an important cautionary note, one that ironically was about the interplay with derivative works, even though he overlooked the fact that the statutory definition of a derivative work incorporated the term "transformed." All the same, he noted:

> The existence of any identifiable transformative objective does not, however, guarantee success in claiming fair use. … The creator of a derivative work based on the original creation of another may claim absolute entitlement because of the transformation. Nonetheless, extensive takings may impinge on creative incentives. And the secondary user's claim under the first factor is weakened to the extent that her takings exceed the asserted justification. The justification will

[57] Leval, *supra* note 3.

[58] *Id.* at 1127.

[59] *Id.* at 1111.

> likely be outweighed if the takings are excessive and other factors favor the copyright owner.[60]

This observation is illuminating and foreshadows the problems that have bedeviled fair use analysis for over two decades. For in it we see Judge Leval indirectly acknowledging at the very outset that a claim to transformativeness was never to be seen as an annulment of the derivative work right, since Congress conferred that right to authors as part of the copyright statute's system to enhance creator incentives. Transformativeness was thus meant to be a shorthand term for assessing the productive nature of the use, when considered in light of all the fair use factors.

Barely a few years later, the Supreme Court examined the fair use doctrine in its seminal case of *Campbell v. Acuff-Rose Music, Inc.*[61] Dealing with an alleged parody of a popular love ballad, the Court examined the extent to which the parodic quality of the secondary use was of importance to the first fair use factor. And here, it drew from Justice Story and Judge Leval to incorporate the concept of transformativeness into the doctrine:

> The central purpose of this investigation is to see, in Justice Story's words, whether the new work merely "supersede[s] the objects" of the original creation . . . or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is 'transformative.' Leval 1l11. Although such transformative use is not absolutely necessary for a finding of fair use . . . the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works. Such works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright . . . and the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.[62]

As we have pointed out at length elsewhere, Justice Souter's opinion in *Campbell* did not just stop at the above-quoted observation.[63] Instead, it deftly wove Judge Leval's idea into the statutory factors, while acknowledging that the inquiry remained a heavily contextual one. Indeed, as evidence of this nuance, *Campbell* did not find the defendant's use to be a fair use even though it

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[60] *Id.* at 1111-12.

[61] *Campbell*, 510 U.S. at 572.

[62] *Id.* at 576, 579.

[63] *See* Balganesh & Menell, *supra* note 14 at 125.

concluded that the parody at issue had an "obvious claim to transformative value."[64]

*Campbell* thus went to great lengths to ensure that its adoption of the new "transformativeness" inquiry did not swallow up the scope of the derivative work right. Indeed, unlike Judge Leval's original article, Justice Souter's opinion for a unanimous Court acknowledged the independence of the derivative work right as a separate market for the author and insisted on the fair use analysis paying close attention to the effect of the secondary use on that market.[65]

Despite all of Justice Souter's carefully explained nuanced framing in *Campbell*, some lower courts latched on to a few isolated observations from the Court's opinion, which they then took to represent its core holding on fair use. The principal such observation was the Court's observation that a transformative use added "something new, with a further purpose or different character, altering the first with new expression, meaning, or message."[66] Treating this as a talismanic test, several courts came to operationalize *Campbell*'s test as a mere inquiry into whether the defendant's use added something new, including a new meaning or message to the original.[67] A defendant could thus argue that its copying of the original work was transformative since it was done with the goal of adding some new subjective meaning to the original. And if the court saw that as objectively verifiable, it found that the first fair use factor favored the defendant regardless of the purpose of the use or its commerciality.[68]

This reflected yet another flaw in the emerging lower court jurisprudence. Although *Campbell* overruled the *Sony* Court's holding that commercial uses were presumptively not fair uses, *Campbell* in no way removed weighing commerciality from the statutory balance. The statutory text and its relevance to analysis of the first fair use factor remained in force. Nonetheless, many lower courts treated *Campbell* to mean that a finding of "new expression, meaning or message" alone resolved the first factor in favor of the secondary use.

Within a decade of the *Campbell* ruling, this oversimplified mode of analysis—based on a fundamental misreading of *Campbell*—had become commonplace. A prime example was the Second Circuit's decision in *Blanch v.*

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[64] *Campbell*, 510 U.S. at 580, 594.

[65] *Id.* at 592-94.

[66] *Id.* at 579.

[67] *See, e.g., Blanch*, 467 F.3d at 251-52; *Bill Graham Archives*, 448 F.3d at 608; *Cariou*, 714 F.3d at 705, 708; Seltzer v. Green Day, Inc., 725 F.3d 1170, 1176 (9th Cir. 2013).

[68] *See, e.g.,Cariou*, 714 F.3d at 708.

*Koons*, which involved an appropriation artist's cropping and alteration of a photograph in a new mosaic artwork.[69] Relying on *Campbell*, the defendant argued that his use was transformative and hence qualified as a fair use. The court bought the argument. And in a statement that typifies the over-simplification detailed above, observed:

> The test for whether [the defendant's use] is "transformative," then, is whether it "merely supersedes the objects of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message." . . . [which] almost perfectly describes [defendant's work]: the use of a fashion photograph created for publication in a glossy American "lifestyles" magazine — with changes of its colors, the background against which it is portrayed, the medium, the size of the objects pictured, the objects' details and, crucially, their entirely different purpose and meaning — as part of a massive painting commissioned for exhibition in a German art-gallery space. We therefore conclude that the use in question was transformative.[70]

*Blanch* was unfortunately not a one-off. This oversimplification continued over the course of the next decade and reached an embarrassingly high-point in the case of *Cariou v. Prince*.[71] The case involved another appropriation artist who had copied photographs authored by the plaintiff. The defendant had made somewhat minor whimsical changes to the photographs while combining them with other images with no obvious purpose in general or intention to target or comment on the appropriated photographs.[72] The court found an overwhelming majority of these uses to be transformative. Its analysis is telling of its approach:

> [T]o qualify as a fair use, a new work generally must alter the original with "new expression, meaning, or message" . . . Here, our observation of [defendant's] artworks themselves convinces us of the transformative nature of all but five, which we discuss separately below. These twenty-five of [defendant's] artworks manifest an entirely different aesthetic from [plaintiff's copyrighted] photographs.[73]

Noticeable here is not just the court's further simplification and condensation of the *Campbell* test, but also its impressionistic assessment of the secondary use

[69] 467 F.3d at 248.

[70] *Id.* at 253.

[71] 714 F.3d at 694.

[72] *Id.* at 700-701.

[73] *Id.* at 706.

to conclude that it is transformative. Indeed, a good amount of academic scholarship analyzing invocations of the transformative use idea in fair use cases empirically found that in an overwhelming number of cases where courts found a use to be transformative, a finding of fair use invariably followed.[74] The rest of the fair use factors—which Justice Souter had taken pains to emphasize as crucial—were merely stampeded through in the analysis.[75]

If *Cariou* had one salutary effect though, it was in highlighting the inadequacy of the oversimplification that courts had come to rely on in the name of transformative use. Indeed, this was particularly stark in relation to the derivative work right, which the court had caricatured as part of its transformative use analysis and effectively rendered meaningless. Responding to the argument that an expansive transformative use finding rendered all unauthorized derivative works immune from infringement, the court in *Cariou* observed:

> Our conclusion should not be taken to suggest, however, that any cosmetic changes to the photographs would necessarily constitute fair use. A secondary work may modify the original without being transformative. For instance, a derivative work that merely presents the same material but in a new form, such as a book of synopses of televisions shows, is not transformative. . . . In twenty-five of his artworks, [the defendant] has not presented the same material as [the plaintiff] in a different manner, but instead has 'add[ed] something new' and presented images with a fundamentally different aesthetic.[76]

The line between a transformative use and a derivative work was effectively obliterated. The pushback was immediate.

The very next year, after a district judge in the Western District of Wisconsin relied upon *Cariou*, the Seventh Circuit took issue with *Cariou*'s collapsing of fair use into a transformativeness test. In rejecting this mode of analysis, Judge Easterbrook abandoned any semblance of inter-circuit comity:

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[74] Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 LEWIS & CLARK L. REV. 715, 740-42 (2011); Barton Beebe, *An Empirical Study of U.S. Copyright Fair Use Opinions, 1978-2005*, 156 U. PA. L. REV. 549, 605-606 (2008); Jiarui Liu, *An Empirical Study of Transformative Use in Copyright Law*, 22 STAN. TECH. L. REV. 163, 180 (2019).

[75] Liu, *supra* note 74 at 204; *but see* Beebe, *supra* note 74 at 606 (noting that a finding of transformativeness was often paired with factors two and three disfavoring fair use, as "defendants are far more likely to make a transformative use of a creative rather than a factual work, and their transformative use is likely to involve a substantial taking of plaintiffs' expression").

[76] 714 F.3d at 708.

> We're skeptical of *Cariou*'s approach, because asking exclusively whether something is 'transformative' not only replaces the list in § 107 but also could override 17 U.S.C. § 106(2), which protects derivative works. To say that a new use transforms the work is precisely to say that it is derivative and thus, one might suppose, protected under § 106(2). *Cariou* and its predecessors in the Second Circuit do not explain how every "transformative use" can be "fair use" without extinguishing the author's rights under § 106(2).[77]

In an important sense, Judge Easterbrook's opinion in *Kienitz* hit the nail on its head, observing how the transformative use idea, when expansively understood as a sprawling basis for fair use, risked eviscerating the independent existence of the derivative work right. Notwithstanding the court's rejection of the *Cariou* framework, the court still found the defendant's use to be fair based on a thorough analysis of the fair use statutory factors. In light of this textual focus, *Kienitz* offered no guidance on the role of "transformativeness" in fair use analysis.

A few years later, the Ninth Circuit had occasion to revisit the transformative use idea as part of its own fair use jurisprudence. *Dr. Seuss Enterps., L.P. v. ComicMix LLC* involved a defendant's reliance on the plaintiff's well-known children's book *Oh, The Places You'll Go!* to produce its own version with a Star Trek theme, *Oh, The Place You'll Boldly Go!* [78] In so doing, the defendant had copied—with modification—significant parts of the plaintiff's artwork and story.[79] When sued for infringement, the defendants claimed fair use, relying on *Cariou*'s gloss on *Campbell* as reflected in a 2013 Ninth Circuit decision, *Seltzer v. Green Day, Inc*.[80] They asserted that they added "new meaning" by bringing Star Trek to the plaintiff's work and thus brought "extensive new content."[81] The district had bought the contention, but the appellate court recognized that the fair use doctrine had gone off the rails, concluding that "the addition of new expression to an existing work is not a get-out-of-jail-free card that renders the

[77] *Kienitz*, 766 F.3d at 785.

[78] 983 F.3d at 449.

[79] *Id.* at 456.

[80] 725 F.3d 1170, 1176–78 (9th Cir. 2013).

[81] Defendants-Appellees Answering Brief [Redacted] at 34-35, Dr. Seuss Enterprises, L.P. v. ComicMix LLC, 983 F.3d 443 (9th Cir. 2020) (No. 19-55348), 2019 WL 5149913 (C.A.9); Brief Amici Curiae of Professors Peter S. Menell, Shyamkrishna Balganesh, and David Nimmer In Support of Petitioners, Dr. Seuss Enterprises, L.P. v. ComicMix LLC, 983 F.3d 443 (9th Cir. 2020) (No. 19-55348), 2019 WL 3947891.

use of the original transformative."[82] The defendant's purpose was found to be identical to the plaintiff's amounting to a mere repackaging.

We co-authored an amicus brief in the case siding with the plaintiff.[83] Central to our brief was the argument that an expansive—and unbridled—understanding of transformative use rendered the derivative work right meaningless.[84] Neither the defendant, nor its amici acknowledged this potential conflict. Acknowledging the argument made in our brief, the court in *ComicMix* rejected an expansive understanding of transformative use, noting that the defendant failed to "address a crucial right for a copyright holder—the derivative works market, an area in which [plaintiff] engaged extensively for decades."[85]It went on to observe:

> As noted by one of the amici curiae, the unrestricted and widespread conduct of the sort [ComicMix] is engaged in could result in anyone being able to produce, without [plaintiff's] permission, Oh the Places Yoda'll Go! , Oh the Places You'll Pokemon Go! , Oh the Places You'll Yada Yada Yada! , and countless other mash-ups [i.e., all derivative works]. Thus, the unrestricted and widespread conduct of the sort engaged in by [defendant] could "create incentives to pirate intellectual property" and disincentivize the creation of illustrated books. . . .[which] is contrary to the goal of copyright "[t]o promote the Progress of Science."[86]

*ComicMix* thus continued the course correction that the Seventh Circuit had begun in *Kienitz*. All the same, it sidestepped the broader challenge: rendering the transformative use idea workable in relation to the derivative work right. *Kienitz* had seen that as a fraught exercise and altogether abandoned the transformative use idea. *ComicMix* on the other hand acknowledged the need to keep the two separate, yet said surprisingly little about a test/approach to realize that goal. Thus, while the collision course had been averted, it was at best unpredictable in the absence of workable guardrails to keep the two ideas in balance. *Warhol* answered that call.

## III. THE *WARHOL* BLUEPRINT TO RECONCILIATION

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[82] 983 F.3d at 458.

[83] Brief Amici Curiae of Professors Peter S. Menell, Shyamkrishna Balganesh, and David Nimmer In Support of Petitioners, Dr. Seuss Enterprises, L.P. v. ComicMix LLC, 983 F.3d 443 (9th Cir. 2020) (No. 19-55348), 2019 WL 3947891.

[84] *Id.* at 2.

[85] 983 F.3d at. at 460.

[86] *Id.* at 461.

With this build up to the conflict between the derivative work right and the transformative use variant of fair use, we are ready to explicate how the Supreme Court in *Warhol* reconciled the tension. To reiterate again, our assessment is not that the Court's opinion addressed all of the subtlety, nuance, and variety of possibilities with a fully fleshed out test. It is instead that the Court offered a workable blueprint for lower courts to balance the two, paying attention to their respective purposes within the copyright system.

The facts of *Warhol* are well-known, but a short version is worth recapitulating here. The dispute centered around renowned rock 'n roll photographer Lynn Goldsmith's 1981 studio portrait of the legendary musician Prince.[87] In 1984, Vanity Fair licensed that photograph for an artist reference, under which an artist was to be allowed to use it as a reference to make one artwork for use and publication in the magazine along with attribution to Goldsmith.[88] Unbeknownst to Goldsmith, that artist was Andy Warhol, who produced a total of 16 variations based on the photograph. Vanity Fair published Warhol's "Purple Prince" image, duly crediting Goldsmith for the "source photograph."[89]

After Prince's tragic passing in 2016, Condé Nast contacted AWF about the possibility of reusing the 1984 Vanity Fair image for a special edition magazine that would commemorate Prince. AWF informed Condé Nast about the full range of Prince images, and Condé Nast licensed the "Orange Prince" silk screen for its commemorative issue.[90] Condé Nast paid AWF $10,000 to feature "Orange Prince," but did not license any rights from Goldsmith nor credit her in its publication.[91] After Goldsmith notified AWF that she believed that "Orange Prince" infringed her copyright, AWF filed a declaratory relief action asserting that its use was transformative and hence a fair use.[92]

Relying on *Cariou*, the district court agreed with AWF, finding Warhol's series of Prince works to be transformative. Judge Koeltl explained that

> [t]he central purpose of this investigation is to determine "whether the new work merely supersede[s] the objects of the original creation or

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[87] *Warhol*, 143 S. Ct. at 515.

[88] *Id.*

[89] *Id.*

[90] *Id.*

[91] *Id.*

[92] *Id.* at 508.

> instead adds somethingnew, with a further purpose or different character, altering the first with new expression, meaning, or message." *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994). "The law imposes no requirement that a work comment on the original or its author in order to be considered transformative . . . ." *Cariou*, 714 F.3d at 706. . . .[93]

He concluded that "the first, third, and fourth fair use factors favor AWF, and the second factor is neutral. A holistic weighing of these factors points decidedly in favor of AWF."[94]

On appeal in an opinion by Judge Lynch, the Second Circuit used this opportunity to confront the clear tension between the derivative work right and the fair use doctrine's transformativeness inquiry. This led the panel to reverse the lower court's determination. Central to its conclusion was that the lower court (and implicitly *Cariou*, of course) had sought to convert fair use into a "simple bright-line rule."[95] While it did not expressly overrule *Cariou*, it noted the controversy that its approach had generated, describing it as the "high-water mark of our court's recognition of transformative works."[96] It further observed:

> [A]s we have previously observed, [*Cariou*] has not been immune from criticism. . . . While we remain bound by *Cariou*, and have no occasion or desire to question its correctness on its own facts, our review of the decision below persuades us that some clarification is in order.[97]

Unlike the Seventh Circuit in *Kienitz*, Judge Lynch was reluctant to jettison the idea of a use being "transformative," since it would have meant overruling a long line of circuit precedent. Judge Lynch therefore chose to address the balancing contextually by eliminating the simplistic reliance on "new meaning or message," which prior courts had adopted.[98] All the same, the court's opinion indirectly highlighted which way it perceived the balance to lie, through an error that it quickly corrected. In its initial opinion in the case, the Second Circuit mistakenly observed that "there exists an entire class of secondary works that add 'new expression, meaning, or message' to their source

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[93] Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith, 382 F. Supp. 3d 312, 325 (S.D.N.Y. 2019).

[94] *Id.* at 331.

[95] Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith, 11 F.4th 26, 38 (2d Cir. 2021).

[96] *Id.* at 38.

[97] *Id.*

[98] *Id.* at 41.

material but are nonetheless specifically *excluded* from the scope of fair use: derivative works."[99] This statement is obviously incorrect, since the fair use doctrine is made expressly applicable to *all* of the statute's exclusive rights, including the derivative work right. A few months later, the court amended its opinion to note that "there exists an entire class of secondary works that add 'new expression, meaning, or message' to their source material, . . . but may nonetheless fail to qualify as fair use: derivative works" thus replacing "excluded from" with "may nonetheless fail to qualify."[100] Despite this change, the court's message was clear: *transformative use could not swallow the derivative work right.*

When the Supreme Court granted certiorari to the decide the case, this aspect of the controversy was front and center, indeed unmistakably so given how much of a role it had played in the Second Circuit's (initial and amended) opinions. It is therefore perplexing that some have contended that the Court did not address this question or purport to offer guidance on it.[101] Detailing the background to the relevant doctrines (fair use and derivative works), Justice Sotomayor's opinion for the 7-2 majority set out the core issue that it was resolving:

> 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 righ[t]" 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 . . . 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.[102]

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[99] Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith, 992 F. 3d 99, 111 (2d Cir. 2021).

[100] 11 F.4th at 39 (2d Cir. 2021).

[101] See <TBA>

[102] *Warhol*, 143 S. Ct. at 529.

Much of the majority opinion rectified the misunderstanding and oversimplification of *Campbell* that many lower courts—and the plaintiff in *Warhol*—sought to rely on. Justice Sotomayor could not have been clearer on this: her opinion reiterated the need to recognize *Campbell*'s "nuance" and complexity, and unambiguously jettisoned prior readings:

> *Campbell* cannot be read to mean that [the first fair use factor] 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 adaptions, 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.[103]

Indeed, the fact that this clarification and reconciliation was central to the majority is further borne out by the majority's direct (and unusually trenchant) criticism of the dissenting opinion for its failure to address this very point, noting that "[t]he dissent . . . offers no theory of the relationship between transformative uses of original works and derivative works that transform originals" but simply adopts the position that "any use that is creative prevails under the first fair use factor."[104]

The majority provided a "theory" for reconciling the relationship between the derivative work right and transformative uses that qualify as fair use. That theory had three elements: independent justification, distinct purpose, and the balance of commerciality.

### *A. Independent Justification*

The key to operationalizing the first fair use factor—"the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes"—lies in examining the *justification* offered by the copier for the use. By justification here, what is meant is the reason offered by the copier for its use that "targets" the protected work. It asks, in other words: what was the reason for the copying of the protected work? This search for an independent justification embodies three interrelated inquiries: (1)

[103] *Id.* at 541.

[104] *Id.* at 548.

whether there is an independent rationale beyond convenience or free riding; (2) the necessity of targeting the work; and (3) whether the use was compelling.

First, mere modifications or alterations made to the work are irrelevant as a justification, absent an independent reason for them. As made clear by the Court, a mere emphasis on changes and modifications to the protected work do not make a use transformative.[105] Such changes would instead fall squarely within the coverage of the derivative work right. As the majority put it:

> 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 [i.e., since it is a derivative work].[106]

Second, the justification must account for why the *targeting* of the protected work was necessary. Thus, a justificatory purpose in itself would not suffice in the abstract, absent a reason connecting it to the protected work. For instance, a newspaper's copying of a protected photograph for a journalistic purpose would not amount to a justification absent a reason connecting that specific photograph to the story being told. This would differentiate, for instance, between a magazine's copying of a copyrighted photograph of a sportsperson in a general story about the sport on the one hand, and another where that same photograph was copied in a story about a game in which that sportsperson had recently played. The former would not justify the targeting, while the latter would.[107]

Third, the mere identification of a justification is insufficient. It needs to be "compelling" and is thus a matter of degree and assessment. This requirement traces itself back to Judge Leval's original article formulating the "transformative" use idea. In that piece, he associated the entirety of the first fair use factor with "the question of justification" while insisting that:

> [I]t is not sufficient simply to conclude whether or not justification exists. The question remains how powerful, or persuasive, is the

[105] *Id.* at 541.

[106] *Id.*

[107] As an example of this difference, *compare* Monge v. Maya *with* Núñez v. CIN, specifically *Monge*'s observation that the photographs in its case "were not even necessary". Monge v. Maya Magazines, Inc., 688 F.3d 1164, 1175 (9th Cir. 2012); Núñez v. Caribbean Intern. News Corp., 235 F.3d 18, 24 (1st Cir. 2000).

> justification, because the court must weigh the strength of the secondary user's justification against factors favoring the copyright owner.[108]

Judge Leval's article provided guidance on each of these elements of justification. Describing a few of his early fair use decisions wherein biographers had taken "dazzling passages of the original writing because they made good reading, not because such quotation was vital to demonstrate an objective of the biographers," he noted that such "takings of protected expression [were] without sufficient transformative justification."[109] The Court in *Campbell* adopted this limitation into its reasoning as much as it did the transformativeness inquiry. It emphasized the centrality of justification through its discussion of the parody/satire distinction.

As *Campbell* explained a parody seeks to comment on the works that it is parodying; a satire on the other hand seeks to offer comic relief on a broader or different topic such as "prevalent follies or vices" rather than specific works.[110] Accordingly, a "[p]arody needs to mimic an original to make its point" while "satire can stand on its own two feet."[111] To Justice Souter in *Campbell*, this meant that a legitimate parodic purpose qualified as a justification on its own, whereas a satire "require[d] justification for the very act of borrowing."[112] Echoing the need for the justification to be compelling in light of the targeting, Justice Souter nevertheless emphasized that even parodies would on occasion require more justification than just their parodic purpose, such as "[i]f a parody whose wide dissemination in the market runs the risk of serving as a substitute for the original or licensed derivatives."[113] In those instances, the need for a justification would be stronger, which might be obtained by a deeper examination of the reasons for the targeting, i.e., the parody's "critical relationship to the original."[114]

*Warhol* reiterated each of these elements underlying the idea of a justification, and quoted extensively from *Campbell* to make its point. To the majority, the absence of a justification in the factual record was crucial. It noted

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[108] Leval, *supra* note 3 at 1111.

[109] *Id.* at 1112.

[110] 510 U.S. at n.15.

[111] *Id.* at 580-81.

[112] *Id.* at 581.

[113] *Id.* at n.14.

[114] *Id.*

that the plaintiff "offers no independent justification, let alone a compelling one, for copying the photograph, other than to convey a new meaning or message" and faulted the dissent for "disregard[ing]" the requirement altogether.[115] As a rough guide to such justifications, *Warhol* also re-emphasized the observation in *Campbell* that courts could look to the preambular categories in the fair use provision but reiterated that while they could provide guidance, no "presumption" was to attach to those categories and the existence of a justification was nevertheless to be independently examined.[116]

### *B. Distinct Purpose*

Related to, but nevertheless different from the independent justification requirement, is the need for the defendant's allegedly fair use to have a purpose that is distinct from the purposes of the copyright owner in relation to the work. This requirement is more nuanced than that of independent justification and thus open to potential misunderstanding and manipulation, which necessitates further elaboration. Unlike with independent justification, the *Warhol* opinion added greater clarity to the distinct purpose requirement through its actual application rather than through general statements or rules.

As a preliminary matter, the independent justification requirement focuses on the targeting of the protected work and thus examines the reasons for the defendant's *copying* of it (in part or whole). In its emphasis on copying, it primarily focuses on the creation the derivative work through that process. The distinct purpose requirement on the other hand is broader and examines the purpose to which the defendant puts the work to use, recognizing that the appropriate unit of analysis for fair use is the defendant's "use" rather than just copying.[117] Now while such use will indeed entail copying in most instances, it need not be since the owner's exclusive rights extend beyond just the right of reproduction, and the fair use doctrine correspondingly protects against potential infringements of those non-reproduction rights as well.

The distinct purpose requirement therefore looks to the particular *use* being made by the copier of the protected work and compares it to the use that the copyright owner alleges to have been violated. The Court in *Warhol* devoted substantial attention to this requirement, which it found lacking in the plaintiff's (i.e., AWF's) use of the photograph. The rationale underlying the distinct purpose requirement—which the *Warhol* Court drew from *Campbell*—was the

[115] *Id.* at 547-49.

[116] Brief of Menell, Balganesh & Ginsburg, *Warhol* (No. 21-869), 2022 WL 3371308, at 16-17.

[117] 17 U.S.C. § 107(1).

obvious substitutionary effect of a use that exhibited a purpose similar to that of the copyright owner's.[118] This, to the Court, "undermines the goal of copyright" and would therefore weigh against fair use. The comparison of the purposes was however not to be a binary one—i.e., similar or not—but was instead to take place along a continuum, or as a "matter of degree".[119] And that degree was then to be balanced against the third variable in the analysis—commerciality—discussed further below.

Applying the distinct purpose requirement to the facts of the case, the *Warhol* Court made a few noteworthy and instructive observations. First, it emphasized that its scrutiny of purpose was predicated on the contours of the infringement claim being asserted. Since Goldsmith was merely asserting that AWF's act of commercially licensing the unauthorized derivative was the infringement—and not the very works that Warhol produced—the Court limited its framing of purpose to that assertion.[120] The purpose of the allegedly fair use was therefore "commercial licensing."[121]

Second, the Court then examined whether that purpose was distinct from the ordinary purposes to which a similar work is put by a copyright owner, which it answered in the negative, finding that a commercial licensing of a photograph to produce a derivative was fairly "typical":[122]

> Goldsmith introduced 'uncontroverted' evidence 'that photographers generally license others to create stylized derivatives of their work in the vein of the Prince Series.' . . . In fact, Warhol himself paid to license photographs for some of his artistic renditions. 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.[123]

The alleged use by AWF did not therefore evince a purpose that was distinct; instead it was "substantially the same."[124]

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[118] *Warhol*, 143 S. Ct. at 528 (discussing "the problem of substitution—copyright's bête noire").

[119] *Id.* at 532.

[120] *Id.* at 511.

[121] *Id*,

[122] *Id.* at 511-12.

[123] *Id.* at 535.

[124] *Id.*

Third, the Court disallowed assertions of subjective purpose based on the copier's intention at the time of the borrowing.[125] Instead, it affirmed the Second Circuit's position that purpose was to be a purely objective assessment, and made looking into "what the user does with the original work."[126] The Court viewed the use as providing a portrait for a magazine commemorating Prince's life at the time of his passing. With this in mind, it disregarded AWF's assertions that the real purpose behind the use of the photograph was to offer critical commentary on Prince's celebrity status.[127] The majority's framing of the purpose in this manner has been criticized by some who argue that it generates significant line-drawing problems by allowing judges to frame the purpose at their chosen level of generality, which may prove to be inconsistent. Indeed, Justice Kagan's dissent in the case focused in large part on this very issue, accusing the majority of narrowing the inquiry into purpose in the process and disregarding the nuances of the art world.[128] Yet, as Justice Gorsuch's concurring opinion also made clear, this approach to framing the copier's purpose in objective—and relatively general—terms is borne out in the terms of the statute and designed precisely to avoid judges becoming art critics who assess the credibility (and importance) of a secondary user's alleged subjective purpose behind the use.[129]

In short then, the distinct purpose requirement necessitates isolating the allegedly fair use in specific terms and assessing its similarity to uses that are typical of a given category of works. That assessment is made with an eye towards the potential substitutability of the two, i.e., whether one might supersede the other and thus undermine the copyright owner's market. This last point, however, deserves some qualification. Merely because the comparison of purposes is done with an eye towards potential substitutability, it would be a mistake to collapse the inquiry into a simple assessment of market competition between the works measured using variables such as cross-elasticity of demand and the like. While substitutability is the rationale for the comparison of the purposes, such substitutability as an indicator of competition is not what makes the purposes distinct, identical, or similar. It would therefore be erroneous to limit the focus of the inquiry on the existence/absence of market competition between the uses, as some have suggested. An example illustrates the perils of

[125] *Id.* at 545.

[126] *Id.*

[127] *Id.* at 512.

[128] *Warhol*, 143 S. Ct. at 558-60.

[129] *Id.* at 553-54.

this approach: a copyright owner might produce a protectable work but then choose to avoid publishing it, preferring to keep it private for any number of reasons. Now if a secondary user comes along, makes copies of it, and then markets it to the public, the two works can hardly be said to be in market competition with one another since the copyright owner never had (or intended) a market for the work to begin with. All the same, it is equally undeniable that the defendant's use is a substitute for the original in all senses of that term. To collapse substitutive effect into market competition would miss this reality, and run contrary to the Court's framing.

### *C. Commerciality*

The final element of the *Warhol* reconciliation was one that it also drew from *Campbell*, noting how courts had missed that part of the analysis in the prior jurisprudence. This was the need to balance any justification or purpose behind the use offered by the fair use claimant against the commerciality of that use. Noting how the text of the fair use provision specifically mentioned the need to examine whether the use was of a "commercial nature," Justice Sotomayor reiterated *Campbell*'s recognition that the commercial nature of a use while "not dispositive" to the inquiry was nevertheless "relevant" to it, needing it "to be weighed against the degree to which the use has a further purpose or different character."[130]

*Campbell* had been very clear that the commerciality of the putative fair use was to be weighed against its claim of transformativeness—reflected in an independent justification or distinct purpose.[131] Commerciality and transformativeness were thus to be seen on a sliding scale fulcrum. Justice Souter went to extraordinary lengths to reiterate this point, at one point even noting that a commercial parody had a heightened burden of justification. He thus noted:

> The use, for example, of a copyrighted work to advertise a product, even in a parody, will be entitled to less indulgence under the first factor of the fair use enquiry than the sale of a parody for its own sake, let alone one performed a single time by students in school.[132]

In the many years since *Campbell*, very few courts had paid sufficient attention to this sliding scale aspect, for fear that it would give commerciality a

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[130] *Id.* at 510.

[131] 510 U.S. at 591.

[132] *Id.* at 585; Brief of Menell, Balganesh & Ginsburg, *Warhol* (No. 21-869), 2022 WL 3371308, at 18-20.

dispositive significance or that it would detract from the market analysis called for under the fourth fair use factor. Both these reasons ignored one important reality: Congress made a very specific decision to include language about a "commercial" purpose in the fair use provision. And in so doing, it was clear that commerciality "should be weighed along with other factors in fair use decisions."[133]

It is somewhat perplexing that Justice Kagan's dissenting opinion wanted fair use to have nothing to do with commerciality, despite this language.[134] Characterizing the majority's approach pejoratively as a "commercialism-über-alles" view, she noted that Congress could not have intended to have commerciality play any role since its illustrative categories (news reporting, research, etc.) could themselves be commercial.[135] Yet, she made no mention of the statutory text that included commerciality, or of the legislative history making explicitly clear that this was a conscious inclusion that Congress closely considered in its final drafting of the first factor.

In the *Warhol* formulation then, commerciality is both highly relevant to the inquiry and operationalized by balancing the justification or distinct purpose against the extent of the commerciality, which too was a matter of degree. It thus bears an inverse relationship to the first two elements described previously. Applying it to the use at issue in the case, the Court concluded that the commercial nature of the activity—i.e., the licensing—heightened the burden on AWF's justification and purpose, which it failed beyond claiming that the work "convey[ed] a new meaning or message," which was "not enough."[136] Indeed, to make clear that its examination of commerciality was not dispositive, the majority even noted that its approach was consistent with its prior decision in *Google v. Oracle*, where the use was found to be transformative, embodying an independent justification as well as a distinct purpose despite the use as such being wholly commercial.[137]

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[133] H.R. REP. NO. 94-1476 at-66 (1976).

[134] Harvard Law School, *The 2015 Scalia Lecture Series: A Dialogue with Justice Elena Kagan on the Reading of Statutes*, YOUTUBE, at 08:29 (Nov. 25, 2015) (observing that "[w]e are all textualists now"), https://youtu.be/dpEtszFT0Tg [https://perma.cc/L65V-9AET].

[135] *Warhol*, 143 S. Ct. at 578.

[136] *Id.* at 546.

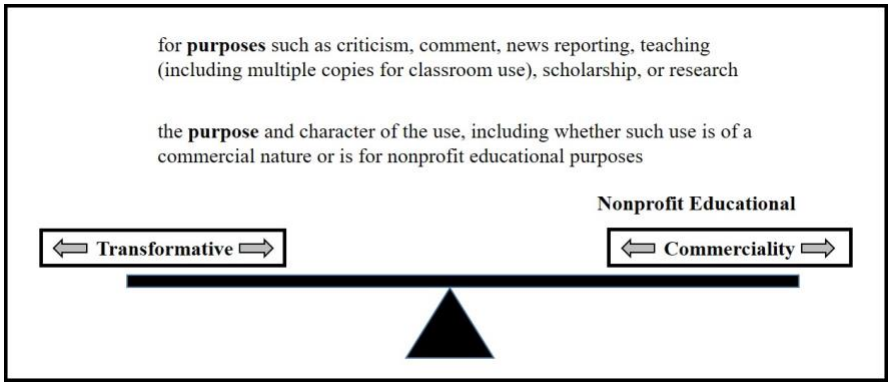
[137] *Id.* at n.8.

The majority opinion in *Warhol* could not have been clearer in purporting to offer a theory to reconcile the derivative work right with fair use as understood in *Campbell*. Instead of rejecting the idea of transformativeness, it instead integrated that element into an analysis that would serve copyright's overall goals. As it observed:

> Fair use . . . strikes a balance between original works and secondary uses based in part on objective indicia of the use's purpose and character, including whether the use is commercial and, importantly, the reasons for copying.[138]

At the risk of oversimplification, *Warhol*'s reconciliation of transformativeness under the first fair use factor and the derivative work right can be understood as weighing the degree of transformativeness (focusing upon the justification offered for that use as well as the distinctiveness of its purpose vis-à-vis the original) against the commerciality of the alleged use:

**Figure 1**




A few additional points are noteworthy about the Court's reconciliation. First, as should be apparent from the opinion, the Court was limiting its analysis to the first fair use factor and no more. Nowhere did the Court discuss the other factors, or indeed how the first factor would interact with those other elements—all of which are essential to a final fair use determination. Consequently, the reconciliation that the Court offered was internal to the first fair use factor's reliance on the notion of transformativeness with the understanding of the derivative work right. To miss that reality and think of *Warhol* as having weighed in on all of fair use ignores the opinion's nuance, a point that the concurring opinion took great pains to emphasize.

[138] *Id.* at 549-50.

And second, a recurring—even if implicit—theme in Justice Sotomayor's opinion for the majority opinion was the need for courts deciding fair use cases to be nuanced, contextual and thus not shy away from making judgement calls or engaging in line-drawing based on the factual record. Much of the majority's critique of the prior (lower court) jurisprudence and the dissent revolved around their effort to simplify the complexity of the fair use analysis, including its first factor, into a simple bright-line test. And while such a simple test may enhance the guidance function of fair use, to the Court in *Warhol* it came at a significant cost, namely its undoing of the longstanding balance between creativity and copying that copyright law embodies. In a crucial sense, the opinion was therefore echoing an observation made by Judge Learned Hand about the need for courts in copyright cases to develop a level of comfort with judgments being scalar rather than binary when he noted that courts always "have to decide how much, and while we are as aware as any one that the line, wherever it is drawn, will seem arbitrary, that is no excuse for not drawing it; it is a question such as courts must answer in nearly all cases."[139]

## IV. TESTING THE *WARHOL* BLUEPRINT

Having parsed the *Warhol* opinion to isolate the elements of its reconciliation of the derivative work right and the fair use balance, this Part examines the working of that reconciliation beyond the facts of the *Warhol* case. It does so by looking back to two important recent appellate court decisions that precipitated the *Warhol* case:the Second Circuit's *Cariou v. Prince* decision and the Ninth Circuit's *Dr. Seuss Enterps. v. ComicMix LLC* decision. As we show, the *Warhol* blueprint would have been straightforward to operationalize in both cases.

### *A.* Cariou v. Prince

In *Cariou*, the protected works at issue were Patrick Carious's photographs of the Rastafarians who live in Jamaica.[140] Cariou lived with his subjects for over six years, which allowed him to photograph them in various poses during different elements of their daily activities.[141] He published them collectively in a book titled *Yes Rasta*.[142] The book earned Cariou meagre royalties, and he

[139] Nichols v. Universal Pictures Corp., 45 F.2d 119, 122 (2d Cir. 1930).

[140] 714 F.3d at 699.

[141] *Id.*

[142] *Id.*

never licensed or sold individual photographs from the book.[143] A few years after the book's publication, well-known appropriation artist Richard Prince incorporated dozens of Cariou's photographs into a series of large-scale paintings. Some of these works largely reproduced Cariou's photographs without much alternation in collages with other cropped photographs. Several of Prince's works cropped, added color to, added guitar images to, and painted "lozenges" over Cariou's pictures..[144]

Cariou was in the middle of negotiating for an exhibition of his photographs with an art gallery when Prince launched his artwork at another gallery, the Gagosian. Upon hearing of Prince's show, the gallery planning to stage Cariou's exhibition cancelled believing that Cariou's photographs were part of the Prince exhibition.[145] Cariou then commenced an action for copyright infringement against Prince, the Gagosian Gallery, and related defendants alleging violations of several of his exclusive rights in the photographs.[146] Prince asserted fair use, relying on the argument that his uses were transformative under the *Campbell* standard as further interpreted in *Blanch v. Koons* and other Second Circuit jurisprudence.[147]

Prince made much of the fact that his appropriations had added new expression and new meaning to Cariou's original photographs. In the lower court, he offered testimony to demonstrate his "drastically different approach and aesthetic".[148] While the district court rejected these statements, emphasizing that Prince had no intention to comment on Cariou's work and was merely using the photographs as raw materials for his own project, the Second Circuit criticized the district court for insisting on justification for the use. The Second Circuit concluded that all Prince needed to show was that his works "give [the original] photographs a new expression, and employ new aesthetics with creative and communicative results distinct from [the originals]."[149] Under the *Warhol* test, this would have been approached differently.

Prince's mere addition of new expression, new meaning, or new aesthetic would be insufficient to result in a finding for him under the first fair use factor.

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[143] *Id.*

[144] *Id.*

[145] *Id.* at 703-704.

[146] *Id.* at 704.

[147] *Id.*

[148] *Id.* at 706.

[149] *Id.* at 708.

Instead, the inquiry would need to begin, as the district court did, with an assessment of independent justification, which would ask whether there was a compelling reason for the secondary use to have targeted and copied the original. Besides describing his work as a form of artistic commentary—on general social themes—described as "hectic and provocative," Prince offered no justification for the copying beyond an allusion to "commentary."[150] Nothing in Prince's account explained why the Rastafari people were needed for his art, let alone why Cariou's photographs of them were chosen. Indeed, while the district court emphasized Prince's inability to account for the targeting, the Second Circuit thought otherwise, concluding that "[t]he law imposes no requirement that a work comment on the original or its author in order to be considered transformative" effectively jettisoning the targeting aspect.[151] As noted earlier, such targeting is central to the search for a justification, which Prince would have failed.

Prince's actions would fare no better under the distinct purpose prong. His account of his purpose simply sought to differentiate between the informational function of the original photographs (i.e., the lives of the subjects) and his own attempted artistic commentary. A contrast to Prince's lack of justification is the *Warhol* court's hypothetical of Warhol's Campbell soup artwork, which the Court suggested would have amounted to a compelling independent justification as a "commentary." As the Court in *Warhol* noted: "[i]t 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."[152]

Prince's art undoubtedly offered up a different purpose; yet it was *insufficiently* different. And this would have been especially true when the lack of an independent justification and the insufficiently different purpose were measured against Prince's commercial distribution of his artwork—several of which sold of "two or more million dollars."[153] The commerciality of the use would have overridden the lack of any justification and the minimally different purpose, to result in a finding that the first fair use factor favored Cariou rather than Prince.

*Cariou* thus illustrates how each of the *Warhol* prongs would have been readily workable in its factual matrix and thus produced the opposite conclusion

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[150] *Id.* at 706.

[151] *Id.*

[152] 510 U.S. at 540.

[153] 714 F.3d at 709.

from where the Second Circuit ended up. Indeed, the irony is that elements of such a conclusion were to be found in the district court's nuanced opinion in the case, which the Second Circuit chastised.

### *B.* Dr. Seuss Enterps., L.P. v. ComicMix LLP

As previously noted, *ComicMix* involved a mashup of the plaintiff's well-known and popular children's book: *Oh, the Places You'll Go*, and with the Star Trek television series The defendants combined characters and themes from *Star Trek* with the Dr. Seuss classic, which it planned to market under the name *Oh, the Places You'll Boldly Go!*.[154] The defendant's work was "purposely crafted . . . so that the title, the story, and the illustrations "evoke" [the original]."[155] While the defendant certainly added new expression and made modifications, it unquestionably relied extensively if not slavishly on the themes, artwork, and storyline of the original. The plaintiff commenced an action for copyright infringement, and the defendants relied on fair use to dispute the claim, arguing that its use was transformative under the logic of *Campbell*.[156]

On these facts, the *Warhol* framework would have had no problem directing the court towards a clear finding that the use was not transformative, and would thus fail the first fair use factor. The defendant offered no independent justification for its targeting of the original. It initially sought to argue that the secondary use was a "parody."[157] On a closer examination—as directed by *Campbell*—the court found this to be untrue, since the secondary use sought to "evoke" rather than "ridicule" or "critique."[158] As a second effort, the defendant argued that it was critiquing "banal narcissism" seen in the original. Again, the court found this "post hoc rationalization" lacking.[159]

On neither theory was the defendant able to explain its reason for targeting the original other than the obvious explanation that it sought to partake in the popularity of the original. As the court observed, the original "was selected 'to get attention or to avoid the drudgery in working up something fresh," rather than for a transformative purpose.[160] In the end, the defendant offered no more

[154] 983 F.3d at 449.

[155] *Id.*

[156] *Id.* at 450.

[157] *Id.* at 452.

[158] *Id.* at 453.

[159] *Id.*

[160] *Id.* at 454.

than the fact that it added new expression to the original, which under the *Warhol* framework would clearly fail the independent justification standard.

The defendant's use also lacked a distinct purpose. While it added new expression, its purpose was identical to the original: the commercial publication of a fictional story. What minor difference in purpose there might be—for instance, in the precise audiences being targeted—would be insufficient to qualify as "distinct." In conjunction with the lack of an independent justification, this absence of a distinct purpose would also have been unequivocally outweighed by the commerciality of the defendant's enterprise. The defendant had very much intended to commercially distribute its book and sell associated merchandise, a goal that was impeded by the plaintiff's assertion of its copyright, but would, if pursued, have clearly have outweighed any transformative force. The *Warhol* framework would have produced the same conclusion as that arrived at by the Ninth Circuit, namely, that "[t]he first factor weighs definitively against fair use."[161]

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The application of the *Warhol* test to both these examples reveals that Justice Sotomayor's opinion for the majority was not really breaking new ground in terms of the elements that courts need to assess in harmonizing the derivative work right and fair use. Instead, much of what *Warhol* emphasized was already part of the framework set out in *Campbell*, which courts routinely have access to in the factual record. It is just that pre-*Warhol* they had paid insufficient attention to it, based on a misreading of *Campbell*. The *Warhol* reconciliation is thus not just analytically straightforward but it is also eminently workable.

## CONCLUSION

The Court's opinion in *Warhol* represents a watershed moment in the evolution of U.S. copyright law—systemic, methodological, and most narrowly, doctrinal. This Essay has sought to unpack the last of these, namely its path-marking reconciliation of the judge-made notion of transformativeness within the fair use doctrine and its relationship to the statutory derivative work right. As we have explained here, the Court's framework for that reconciliation was nuanced and built on ideas and observations from *Campbell* that lower courts had largely overlooked.

[161] *Id.* at 455.

It is all too easy to criticize the *Warhol* opinion's attempted reconciliation as failing to offer a simple or bright-line rule to harmonize the two doctrines, or to note that it is too fact-specific to offer sufficient guidance. Such criticisms misapprehend copyright's fundamental qualities. In the search for simplicity and certainty, these criticisms overlook the reality that it was precisely the persistence of an oversimplified bright-line rule based on a misreading of *Campbell* that prompted the Court's intervention. And while simplicity may indeed be desirable in the abstract, it upends the complex balance between protection and access that has been the hallmark of the U.S. copyright system since its birth. Simplicity in the name of a sprawling "transformative use" defense was indeed an example of this.

If there is one clear message from *Warhol*, it is the repudiation of the simplistic transformativeness inquiry that came to dominate lower court application of the statutory framework. The Court has restored that framework while fleshing out a discrete set of first factor inquiries derived from *Campbell*, the statutory text, and the jurisprudence on which Congress grounded the positive law: independent justification, distinct purpose, and the balance of commerciality. Fair use is messy: contextual, fact-intensive, and above all else necessitating the exercise of statutory interpretation and equitable judgment. In an important sense, the *Warhol* blueprint merely reaffirms this reality and exhorts courts to not shy away from fully engaging the doctrine merely because of its messiness. Whether or not lower courts heed its advice, or instead continue to search for simplifying shortcuts, is something that only time will tell.