

**WHAT'S THE USE?  
THE STRUCTURAL FLAW UNDERMINING *WARHOL V. GOLDSMITH***

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*This article argues that the Supreme Court's recent and significant ruling in Warhol v. Goldsmith suffers from a foundational error that jeopardizes its value as precedent. Namely, the Court conceptualized the fair use defense at issue as arising from the alleged infringer's "commercial licensing" of an Andy Warhol silkscreen to a non-party magazine publisher. But commercial licensing is neither a copyright use nor an act of infringement. It is the passive grant of permission to another to use the licensed work and a promise not to sue. It is incoherent to raise or evaluate fair use as a defense to an act that is not a copyright use or infringement. This flaw, moreover, is neither an accident of the decision nor an immaterial oversight. Rather, it goes to the heart of the Court's framing of and reasoning in the case and raises significant normative concerns. Despite its importance, however, the Court never defended (and perhaps never noticed) this basic structural flaw in its reasoning. After explicating the nature and cause of the error, and exploring its magnitude, the article offers possible rehabilitative readings of the opinion that attempt to honor the Court's intention while avoiding the licensing-as-use error.*

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## INTRODUCTION

The Supreme Court's recent judgment in *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith* outwardly exhibits all the hallmarks of a watershed case for fair use in the visual arts.<sup>1</sup> The lengthy opinion establishes that uses with similar commercial purposes require particularly compelling justifications for the first statutory factor to favor fair use;<sup>2</sup> bristles against any suggestion that artists with lofty reputations should receive extra latitude to use source works from lesser-known creators;<sup>3</sup> dismisses the significance of aesthetic changes in transformativity analysis;<sup>4</sup> and ultimately holds against a foundation representing the posthumous interests of one of the most well-known

<sup>1</sup> *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 598 U.S. 508 (2023).

<sup>2</sup> *Id.* at 547.

<sup>3</sup> *Id.* at 540.

<sup>4</sup> *See Warhol*, 598 U.S. at 544 n.19.

and beloved artists of the twentieth century.<sup>5</sup> Underscoring its monumentality, the opinion also contains one of the more striking and engaging dissents in decades of contemporary fair use jurisprudence.

But these towering and controversial doctrinal developments, whatever one might think of them, are built upon a flawed foundation. Namely, the decision is predicated on the Court's treatment of "commercial licensing" as the contested fair use at issue.<sup>6</sup> This framing has an intuitive appeal, and it is easy to see why the Court adopted it. Commercial licensing is a universal practice in content industries, a common and essential way to monetize copyrighted works generally, and a primary business in which the declaratory judgment plaintiff Andy Warhol Foundation for the Visual Arts, Inc. ("AWF") itself was engaged. It is also the presentation of the case as it ultimately reached the Court due to a series of eleventh hour developments, especially the late, and ill-advised intervention of the Office of the Solicitor General ("OSG").<sup>7</sup>

Unfortunately for the Court and its opinion, however, this is a conceptual mistake. To license a work is to permit another to make use of it, and to agree to refrain from suing for infringement when that use is made. It is not itself a use of the underlying work. Similarly, licensing is not an infringing act under Section 106 of the Copyright Act.<sup>8</sup> While one can be held indirectly liable for authorizing another to commit infringement, the direct infringer remains the end user of the work. It is thus nonsensical to analyze whether AWF, essentially a licensing company, engaged in a fair use of Lynn Goldsmith's copyrighted photograph in suit. There was no use at all, let alone an infringing or fair use.

Warhol, during his lifetime, may or may not have made a fair use of Goldsmith's source photograph when he used it as an artist reference for 15 works arguably beyond the scope of the initial license. Condé Nast may or may not have made a fair use of that same source photograph when it copied the Warhol derivative silkscreen in which Goldsmith's photograph was embodied. And AWF (or its agent Artists Rights Society) may have induced or otherwise contributed to Condé Nast's infringement if Condé Nast's use was not fair. But it is incoherent to ask whether AWF made a fair use of Goldsmith's work. In merely granting permission, it made no use of the work at all, in the statutory meaning of that term.

Incredibly, this basic conceptual failing was never addressed, let alone defended, in any of the *Warhol* opinions (majority, concurrence or dissent). No lower court mentioned it, and no lawyer appears to have raised it in the public filings.

At first glance, this objection may seem immaterial and pedantic, equivalent to a grammarian writing into the *New York Times* to complain every time an

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<sup>5</sup> *Id.* at 548.

<sup>6</sup> *Id.* at 516.

<sup>7</sup> See *infra* Part I(B); Pamela Samuelson, *Did the Solicitor General Hijack the Warhol v. Goldsmith Case?* 47 COLUM. J.L. & ARTS (forthcoming 2024).

<sup>8</sup> 17 U.S.C. § 106.

infinitive is split, or semicolon misused. But as I hope to show in this article, the error I have identified is critical to the opinion because the opinion itself is structured around the importance of disaggregating and clarifying uses in fair use analyses. If this objection is ignored, it will lead to confusion and misapplication of the *Warhol* case by later courts, and unintended distortions of fair use and copyright practice, particularly for the content licensing industries.

This article proceeds as follows. Part I introduces the litigation and opinion. It shows how the alleged fair use at issue came to be framed as “commercial licensing” and how this resulted in large part from the awkward procedural posture of the litigation, loose language in the appellate opinions, strategic decisions by Goldsmith, and the intervention of the Office of the Solicitor General. It then explores the Court’s opinion, showing how in ruling for Goldsmith, the Court adopted a fair use paradigm focused on particularized uses of works, rather than artworks as such. Critically for these purposes, it saw the central and indeed only use in dispute as AWF’s 2016 commercial licensing activities.

Part II explains why this is a conceptual error. It first shows how licensing is not a use, but rather the grant of permission for another to use a source work and an agreement to refrain from suit for infringement. Warhol used the source work, Condé Nast used Warhol’s derivative, but AWF (being merely a licensing entity) did not use either. It then analyzes the same issue from the converse angle, showing how AWF’s licensing practices were not, themselves, actionable acts of copyright infringement. At most, AWF induced or contributed to infringement by another. But it is those acts of direct infringement, and only those acts, that should have been analyzed under the fair use paradigm. There is no basis to consider fair use in the absence of alleged infringing acts.

Part III shows why this error matters. It first offers a series of arguments making the case for the materiality of the error based on the court’s own logic and normative considerations. If the Court’s opinion ends up being interpreted broadly, this flaw has the real possibility of confounding fair use analyses. Moreover, it portends a real increase in infringement liability exposure for content licensors if the act of licensing itself might subject them to direct copyright liability. It then makes and responds to the hypothetical counterargument that, to the extent the court erroneously equated copyright licensing with use, such an error was minor and immaterial.

Part IV concludes by offering two possible rehabilitative readings of *Warhol v. Goldsmith* that seek to reduce the impact of the court’s rhetoric surrounding licensing-as-use. It suggests that later courts treat the case as effectively one of direct infringement against the non-party Condé Nast, in which the (rejected) fair use defense under consideration was the magazine publisher’s use and adaptation of the source image on its cover. AWF would, if anything, only be liable for inducing or contributing to infringement under this structure. Alternatively, one could understand the Court to have impliedly assumed (though there was no record to support this) that AWF made at least one reproduction and distribution

of *Orange Prince* when it “licensed” the work to Condé Nast; i.e., that “licensing” is a very loose shorthand for digitally transferring an image file. Although *de minimis* and not clearly supported by the evidence, this would at least provide a doctrinally sound hook for the opinion. These readings both seek to honor (without endorsing) the majority opinion’s general intent with its ruling, while avoiding the conceptual error of treating licensing as a use. These interpretations admittedly require taking liberties with the language of the opinion and are inconsistent with some procedural realities of the case, but are nevertheless preferable.

## I. THE WARHOL V. GOLDSMITH LITIGATION AND OPINION

### A. The Warhol V. Goldsmith Litigation

*Warhol v. Goldsmith* is, at heart, a licensing dispute. For these purposes, the narrative begins in 1981 when Lynn Goldsmith, a “rock photographer,” was hired by Newsweek magazine to photograph Prince Rogers Nelson (aka, Prince) in 1981.<sup>9</sup> Three years later, for a flat fee of \$400, Goldsmith’s licensing agency Lynn Goldsmith Inc. (“LGI”) granted a license to Vanity Fair to use that photograph as an “artist reference” in the magazine’s November 1984 issue.<sup>10</sup>

The anonymous “artist” who would be using the work as a “reference” turned out to be Andy Warhol, one of the most famous artists alive at that time.<sup>11</sup> As the copyright scholar Tyler Ochoa points out, Warhol himself was never directly licensed to use the work.<sup>12</sup> Instead, he was in the legal position of a sublicensee

<sup>9</sup> *Warhol*, 598 U.S. at 516.

<sup>10</sup> *Warhol*, 598 U.S. at 517. The relationship between LGI and Goldsmith remains opaque, including whether and how it had the legal authority to grant licenses on Goldsmith’s behalf. According to Goldsmith’s counterclaims and consistent with the information on the face of the license, it was LGI and not Goldsmith who granted the 1984 license to Vanity Fair. Amended Counterclaim of Lynn Goldsmith for Copyright Infringement at ¶ 21, *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 382 F. Supp. 3d 312 (S.D.N.Y. 2019) (Dkt. 20). Nevertheless, Goldsmith personally appears always to have retained ownership of the copyright. *Warhol*, 598 U.S. at 516. The 1984 license is provided as Exhibit A to the initial complaint. Complaint, *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 382 F. Supp. 3d 312 (S.D.N.Y. 2019) (Dkt. 6-1).

<sup>11</sup> *Warhol*, 598 U.S. at 517. According to Goldsmith, it was common at the time for a copyright licensor not to know the name of the artist that would be making use of the licensed work. Countercl. at ¶22, *Andy Warhol Found.*, 382 F.Supp. 3d (Dkt. 20).

<sup>12</sup> Tyler Ochoa, *U.S. Supreme Court Vindicates Photographer But Destabilizes Fair Use — Andy Warhol Foundation v. Goldsmith*, TECHNOLOGY & MARKETING LAW BLOG (June 20, 2023), <https://blog.ericgoldman.org/archives/2023/06/u-s-supreme-court-vindicates-photographer-but-destabilizes-fair-use-andy-warhol-foundation-v-goldsmith-guest-blog-post.htm> [https://perma.cc/3USV-64W5].

from Vanity Fair, and impliedly permitted to benefit from the LGI-Vanity Fair license as the “artist” making use of the source photograph.<sup>13</sup>

Little is known with respect to Warhol’s involvement with the project.<sup>14</sup> There is no evidence that Warhol (who died in 1987) knew about the LGI-Vanity Fair license or its terms, and to date no one has claimed that Warhol personally signed any agreement with Goldsmith.<sup>15</sup> Nor is there any direct evidence of how Warhol created the works in suit,<sup>16</sup> or even whether he personally handled the source photograph.<sup>17</sup> Part of the opacity stems from the fact that by the early 1980s, Warhol often relied heavily on silkscreen professionals and studio assistants under his supervision to create works in Warhol’s name.<sup>18</sup>

There is no dispute, however, that the process resulted in the creation of 16 works credited to Warhol now known as the *Prince Series*: 12 silkscreen paintings, two screens on paper, and 2 pencil drawings.<sup>19</sup> Vanity Fair ultimately used the illustration known as *Purple Fame* for its November 1984 issue.<sup>20</sup>



The Supreme Court largely sidestepped the mystery over how these works were created by crediting generalized evidence of “Warhol’s practice” in screen

<sup>13</sup> *Id.*

<sup>14</sup> *See id.*

<sup>15</sup> *See* Compl. at ¶ 40, *Andy Warhol Found.*, 382 F. Supp. 3d 312 (S.D.N.Y. 2019) (Dkt. 6) (“Warhol did not enter into any agreements with Defendants . . . that limited his use of the *Prince* Publicity Photograph or impacted his rights in the *Prince Series*”).

<sup>16</sup> *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 11 F.4th 26, 35 (2d. Cir. 2021).

<sup>17</sup> *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 382 F. Supp. 3d 312, 319 (S.D.N.Y. 2019).

<sup>18</sup> *See, e.g., Warhol*, 598 U.S. at 517 n.1; *Warhol*, 11 F.4th at 35 (both describing Warhol’s often supervisory role in that practice).

<sup>19</sup> *Warhol*, 598 U.S. at 516–17; *Warhol*, 382 F. Supp. 3d at 319.

<sup>20</sup> *Warhol*, 598 U.S. at 516–17.

painting at the time.<sup>21</sup> The Court focused instead on the result: whatever the process, the license only “authorized” a “single illustration,” and that one was *Purple Fame*.<sup>22</sup> The unstated negative implication of the Court’s statement that a *single* illustration was authorized is that it believed the additional 15 works were *not* authorized and went beyond the scope of that license.<sup>23</sup>

The central dispute arose some years later, after Prince died in 2016.<sup>24</sup> Condé Nast, like many magazine publishers, wished to put out a tribute issue commemorating Prince.<sup>25</sup> They accordingly contacted the legal successor to Andy Warhol’s copyright interests,<sup>26</sup> the plaintiff and counterclaim defendant AWF, about reusing the illustration from *Purple Fame*.<sup>27</sup> In order to generate revenue for its charitable mission of supporting visual arts, AWF (a non-profit) regularly licenses the right to use Warhol’s copyrights to others for a fee.<sup>28</sup>

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<sup>21</sup> See *supra* Warhol, 598 U.S. at 517 n.1. See generally, THE ANDY WARHOL CATALOGUE RAISONNÉ (Neil Printz & Sally King-Nero eds., Vol I-V 2018). This record was primarily established based on the expert testimony of Neil Printz, the editor of the Andy Warhol Catalogue Raisonné. Warhol, 11 F.4th at 35.

<sup>22</sup> Warhol, 598 U.S. at 516–17.

<sup>23</sup> Warhol, 598 U.S. at 518 (“[i]n addition to the single illustration authorized by the Vanity Fair license, Warhol created 15 other works . . .”). Richard Epstein has gone so far as to argue that fair use should have been “irrelevant to the matter at hand” because Warhol “deliberately exceeded the bonds of the license.” In other words, this should only ever have been a contract dispute. Richard A. Epstein, *Sequential Uses of Copyrighted Materials: Transforming Transformative Use Doctrine in Andy Warhol Foundation v. Goldsmith*, 2022 MICH. ST. L. REV. 1041, 1051 (2022). Others strongly disagree with this contention. As Ochoa points out, the suggestion that the other 15 works were unauthorized may be a misreading of the license. The license is clearly restricted to a “one time use” of the Prince source photograph in the November 1984 issue of Vanity Fair magazine. Warhol, 598 U.S. at 517. These limitations, however, restrict the ultimate use of the work by Vanity Fair in the print magazine. It nowhere limits the number of preparatory uses that Warhol was allowed to make of the one source photograph in creating a final illustration for the November 1984 issue. In Ochoa’s words, “Warhol likely created the 16 originals to give Vanity Fair a choice of illustrations, which may implicitly have been authorized by the license (based on custom and practice in the industry).” Ochoa Blog Post, *supra* note 13. Jessica Silbey and Eva Subotnik similarly argue based on empirical research that the term “artist reference” would have been understood to authorize the licensee (i.e., Warhol) to create more than one derivative work in order to allow the creation of a range of options to choose from for the final use. Jessica Silbey & Eva Subotnik, *What the Warhol Court Got Wrong: Use as an Artist Reference and the Derivative Work Doctrine*, 47 COLUM. J.L. & ARTS (forthcoming 2024).

<sup>24</sup> Warhol, 598 U.S. at 519.

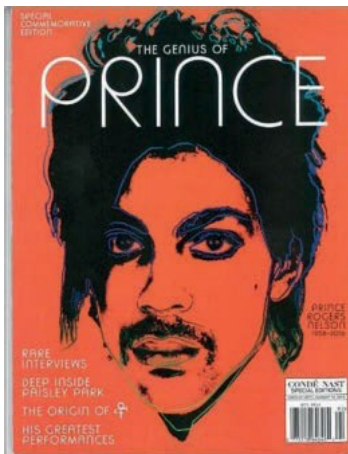
<sup>25</sup> *Id.*

<sup>26</sup> Warhol, 11 F.4th at 33.

<sup>27</sup> Warhol, 598 U.S. at 518.

<sup>28</sup> Warhol, 11 F.4th at 33, 35. More particularly, it outsources its licensing activity to its agent, Artists Rights Society. *Id.*

Although AWF had sold off or transferred most of the original works in the *Prince Series* to museums and private collectors, it retained ownership of the *Prince Series* copyrights.<sup>29</sup> Accordingly, AWF gave Condé Nast the option of licensing other works in the *Prince Series* besides the *Purple Fame* illustration. Condé Nast decided to take a license for the work known as “*Orange Prince*” and paid AWF \$10,000 for permission to use *Orange Prince* on the cover of its May 2016 tribute issue.<sup>30</sup>



Goldsmith claimed to have first learned about the *Prince Series* when she came across the May 2016 Condé Nast magazine issue and recognized her work as the source of the illustration for *Orange Prince*.<sup>31</sup> She then notified AWF of her belief that it had infringed her copyright.<sup>32</sup> According to counsel for AWF, she ultimately demanded “a seven-figure sum of money, and . . . the copyrights in the work.”<sup>33</sup> That November 2016, Goldsmith registered the copyright in the source photograph of Prince in her own name, as author and owner.<sup>34</sup>

Although Goldsmith apparently told AWF that Condé Nast’s use of her work on its cover infringed Goldsmith’s copyright, there is nothing in the many case pleadings and opinions suggesting that Goldsmith ever approached Condé

<sup>29</sup> *Warhol*, 11 F.4th at 35.

<sup>30</sup> *Warhol*, 598 U.S. at 508. That license remains under seal. See Rule 56.1 Statement, *Andy Warhol Found.*, 382 F.Supp.3d (Dkt. 60-122) (Exhibit 122, filed 10/13/18) (under seal). Available information about it comes from public statements in the opinions and pleadings.

<sup>31</sup> *Warhol*, 598 U.S. at 516; *Warhol*, 11 F.4th at 35.

<sup>32</sup> *Warhol*, 598 U.S. at 522.

<sup>33</sup> Oral Argument at 7: 12–13, *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 598 U.S. 508 (2023) (No. 21-869) (remarks of Roman Martinez, counsel for AWF).

<sup>34</sup> U.S. Copyright Reg. No. VAu001277562 (“Prince Portrait”); *Warhol*, 11 F.4th at 35.



Nast directly about this infringement assertion.<sup>35</sup> Rather, she appears to have dealt only with AWF, as the licensor of the accused Warhol works.<sup>36</sup>

AWF opted not to resolve its dispute with Goldsmith. Instead, it defiantly chose to initiate the litigation by seeking a declaratory judgment for noninfringement and fair use.<sup>37</sup> Goldsmith's assertion of copyright infringement against AWF technically arose as a counterclaim to that action.<sup>38</sup> As shown in the next section, this inside-out procedural posture directly led to the Court's problematic decision to frame the case as a dispute over whether AWF's licensing practices were a fair use of Goldsmith's source photograph.

## A. *The Case Pleadings*

### 1. *AWF's Declaratory Judgment of Fair Use*

The majority opinion's path to conflating licensing with use begins with the litigation's initiation not as a traditional claim for copyright infringement, but rather as an ambiguously worded request for a declaratory judgment of fair use. AWF (the sole plaintiff) did not specifically seek a declaratory judgment that its current licensing practices comprised a fair use.<sup>39</sup> Rather, its cause of action was for a "judgment declaring that *the Prince Series* is a fair use of the *Prince* Publicity Photograph because, among other facts alleged above and incorporated here, each portrait in the *Prince Series* is transformative."<sup>40</sup>

A few details are worth highlighting in this unconventional opening plea. The cited text of the complaint clearly encompasses the use of the source photograph in the *Prince Series*.<sup>41</sup> Strangely, however, the sentence lacks both an actor and active verb. It does not claim that Warhol himself used the source photograph fairly (likely because we don't know exactly how, if at all, Warhol used the photograph or created the *Prince Series*). Nor does it claim fair use when

<sup>35</sup> See, e.g., *Warhol*, 382 F.Supp. 3d at 321 (describing exchange communications with AWF only); and see *Warhol*, 598 U.S. at 517; Compl. at ¶¶54-56, *Andy Warhol Found.*, 382 F.Supp.3d (Dkt. 6) (all omitting any mention of Condé Nast).

<sup>36</sup> See Samuelson, *supra* note 7 (manuscript at 5). It is not clear why Goldsmith did not demand relief from Condé Nast. It is worth noting, however, that as a commercial photographer Goldsmith may have considered Condé Nast, a major magazine publisher, as her own client and/or potential future client and thus not wished to directly antagonize them. Intellectual property owners prefer not to bite the proverbial hand that feeds them when it can be avoided. Perhaps that dynamic was in play here. Alternatively, it is also possible that Goldsmith reached an early, secret settlement with Condé Nast.

<sup>37</sup> *Warhol*, 598 U.S. at 522. AWF also raised the statute of limitations as a defense based on the fact that the works were created by Warhol more than three years (indeed, more than 30 years) prior to the litigation. *Warhol*, 382 F.Supp. 3d at 322.

<sup>38</sup> *Id.*

<sup>39</sup> *Warhol*, 598 U.S. at 525.

<sup>40</sup> Compl. at ¶ 69, *Andy Warhol Found.*, 382 F.Supp. 3d (Dkt. 6) (italics in original).

<sup>41</sup> *Id.*

some unidentified person created the *Prince Series* at a specific point in time. It claims that the series, as such, is a fair use, without reference to any actor or act of creation.

The most natural reading of the cause of action is that AWF was claiming that whomever<sup>42</sup> used the source photograph to create the *Prince Series* in 1984 did so fairly.<sup>43</sup> The ambiguity latent in the syntax, however, could be read to cover any uses of the series by anyone at any time. The claim could alternatively be understood to encompass, for instance, use of the *Prince Series* by a commercial magazine editor to illustrate an article in a magazine, a non-profit museum webmaster to display that work on the museum's website, a commercial merchandise company to print and sell thousands of copies of it on a shower curtain, or all of the above. Because it does not specify any particular use, this claim that an artwork in the abstract could be a fair use gave no direction to the Supreme Court as to which uses to focus on, and thus indirectly opened the door for the Supreme Court to focus on any use it wished, such as the use it ultimately chose to settle on: commercially licensing the artwork in 2016.

## 2. Goldsmith's Counterclaim of Copyright Infringement

Goldsmith's counterclaim for copyright infringement did little to clarify the scope of the fair use defense in the case. If anything, it served to muddy the waters further by implying that commercial licensing is an act of statutory copyright infringement, when it is not.

In relevant part, Goldsmith narrowly accused AWF, and only AWF, of infringing Goldsmith's copyright in the source photograph.<sup>43</sup> Goldsmith neither names Condé Nast as a counterclaim defendant, nor Andy Warhol personally through his estate. Specifically, her sole claim for relief for copyright infringement alleges "Defendant AWF has infringed Goldsmith's exclusive rights as the copyright owner of the Goldsmith Photo by reproducing, publicly displaying, commercially licensing, and distributing the Infringing Image, and by incorporating the Goldsmith Photo into unauthorized derivative works, including the Infringing Image printed in the 2016 Publication."<sup>44</sup> This is a particularly problematic claim for infringement because it alleges only (i) acts of statutory infringement that were not undertaken by the named defendant, and (ii) acts undertaken by the named defendant that are not statutory acts of infringement.<sup>45</sup> In the first group, the list identifies four statutory exclusive rights (reproduction, adaptation, distribution, and public display) that properly form

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<sup>42</sup> *Warhol*, 598 U.S. at 517.

<sup>43</sup> Countercl. at ¶42, *Andy Warhol Found.*, 382 F.Supp. 3d (Dkt. 20).

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*

the basis for a copyright infringement claim.<sup>46</sup> But as detailed in Part II below, there is little suggestion or evidence that AWF (as distinguished from Warhol personally or Condé Nast) was engaged in any of these acts.<sup>47</sup>

This then takes us to the heart of what ultimately became (by oral argument) Goldsmith's primary claim for infringement against AWF. Namely, the accusation that it infringed by engaging in the one act not listed in the statute: commercial licensing. AWF was regularly and materially engaged in this activity. But, despite Goldsmith's counsel's arguably misleading decision to insert it into a list of otherwise statutory exclusive rights, commercial licensing is not an act of infringement under Sections 106 and 501 of the Copyright Act.<sup>48</sup>

By the time the case reached the summary judgment stage, the pleadings therefore contained suspect allegations that had contorted the case into a highly awkward shape. A declaratory judgment plaintiff was seeking a broad claim of fair use covering a series of old artworks divorced from any particular use or creation of them. And the counterclaiming copyright owner was accusing that party of infringement by, among other things, commercial licensing; an act not even covered by the statute.

### B. *The Lower and Intermediate Court Decisions*

The focus of this article is the Supreme Court's ultimate opinion in the case—which will shape the law of fair use for years to come. Nevertheless, the earlier court decisions—especially Judge Jacobs' concurrence at the appellate level—helped position the case before the court and primed its license-as-use framing. As such, they are briefly considered here.

At the district court level, the court viewed the case for all intents and purposes through AWF's lens. This is not just because AWF prevailed on summary judgment before that court, but more importantly because the court viewed its task as determining whether the "*Prince Series* works are protected by the fair use doctrine," just as AWF had framed the case in its claim for a declaratory judgment.<sup>49</sup>

This is evident in the district court's review of the fair use factors. For instance, on the key issue of transformativity in factor one, it concluded that "the *Prince Series* works are transformative" because of their aesthetic differences from those in the Goldsmith photo. This fundamentally static conclusion focused on a visual comparison of the two works divorced from any particular usage,

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<sup>46</sup> See 17 U.S.C. § 106(1-4).

<sup>47</sup> For purposes relevant here, AWF was acting as little more than a copyright holding company in the business of licensing Warhol's copyright interests. *Warhol*, 11 F.4th at 33.

<sup>48</sup> See *infra* Part II.

<sup>49</sup> *Warhol*, 382 F. Supp. 3d at 322.

tracked AWF's demand for declaratory relief as to the series as such, and ignored AWF's 2016 licensing activity.<sup>50</sup>

This approach contrasts with the subsequent Second Circuit appellate opinion. On the simple fair use outcome, of course, the appellate court reversed upon finding that factor one should have favored Goldsmith.<sup>51</sup> While, moreover, the Second Circuit majority opinion was hardly clear as to what it saw as the precise fair use at issue, it definitely rejected the District Court's analytic decision to assess the *Prince Series* as such.<sup>52</sup> In its place, it began to introduce some references to AWF's commercial licensing activity into the fair use equation in a manner absent from the district court opinion.<sup>53</sup>

The most striking appellate model for the Supreme Court's approach, however, comes not from the Second Circuit majority but from Judge Jacobs' concurrence. He wrote separately to make the "single point" that only AWF's contemporary commercial licensing practices were at issue before the court.<sup>54</sup> Although Judge Jacobs understood AWF to have sought "broad declaratory relief that would cover the original works," that claim was outside the scope of the dispute because, in his view, Goldsmith did "not seek relief as to them."<sup>55</sup>

By the time the case reached the Supreme Court then, it not only had a through-the-looking-glass procedural posture, but two lower courts that had framed the inquiry in a contrasting manner.<sup>56</sup> It may have even appeared to the high court that a judgment in favor of Goldsmith would naturally harmonize with Judge Jacobs' streamlined analytic framework, i.e., that the contest was over whether AWF's acts of commercial licensing were protected by the fair use

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<sup>50</sup> *Warhol*, 382 F. Supp. 3d at 322. See also, *Warhol*, 598 U.S. at 525 (characterizing the district court ruling as holding that the "*Prince Series* works made fair use of the Goldsmith photograph," as though the works themselves had used the photo).

<sup>51</sup> *Warhol*, 11 F.4th at 44, 52.

<sup>52</sup> *Warhol*, 11 F.4th at 44. For instance, the Second Circuit partly rejected the notion that the task before it was to assess the *Prince Series* as an artwork; "[r]ather, the question we must answer is simply whether the law permits Warhol to claim it as his own, and [AWF] to exploit it, without Goldsmith's permission." *Id.*

<sup>53</sup> In discussing commerciality (one of the recognized sub-issues within factor one), for instance, the appellate court stated that AWF should not be "entitled to monetize [the *Prince Series*] without paying Goldsmith the 'customary price' for the rights to her work." *Id.* at 45. This reference to AWF's monetization implies that the Court was focusing on the foundation's current commercial licensing activity. It is with respect to factor four (market effects), however, where the majority most closely approaches something like a commercial license framing. It states, "what encroaches on Goldsmith's market is AWF's commercial licensing of the *Prince Series*, not Warhol's original creation." *Id.* at 51.

<sup>54</sup> *Warhol*, 11 F.4th at 54–55 (Jacobs, J., concurring).

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

doctrine, particularly under factor one.<sup>57</sup> As shown below, this likely contributed to the doctrinal confusion seen in the Court's ultimate opinion.

*C. Certiorari, the Solicitor General, and Oral Argument before the Supreme Court*

The Supreme Court originally granted certiorari on the question presented by AWF, focused statically on the work as a whole, namely: “Whether a work of art is ‘transformative’ when it conveys a different meaning or message from its source material . . . or whether a court is forbidden from considering the meaning of the accused work where it ‘recognizably deriv[es] from’ its source material . . . .”<sup>58</sup>

This was not, however, the question with which the Supreme Court ultimately came to grapple. As Pamela Samuelson has recently and convincingly demonstrated, the late and heavy-handed intervention of the Office of the Solicitor General as an amicus was the primary reason why AWF’s 2016 commercial licensing activity became the focus of the case before the Court. Prof. Samuelson goes so far as to accuse OSG of “hijack[ing] the *Warhol* Case” by misleadingly reframing the question presented as limited to whether the 2016 “licensing of the silkscreen image was a ‘transformative’ use.”<sup>59</sup> As Samuelson puts it:

OSG’s formulation of the question presented implied that the case involved only one work, namely, Orange Prince, and only one license of that work, namely, that which AWF granted in 2016 for Condé Nast’s use of Orange Prince on the cover of a magazine to honor the rock musician’s legacy. OSG’s amicus brief repeatedly assured the Court that the 1984 creation of the Warhol works was not before it. But this was, in fact, the first time the issue had been so narrowly drawn.<sup>60</sup>

Consistent with this, the amicus brief filed by OSG uses the term “commercial licensing” a total of 13 times, including in the (re)framing of the “Question Presented” itself.<sup>61</sup>

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<sup>57</sup> *Id.*

<sup>58</sup> Petition for a Writ of Certiorari at I, *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 598 U.S. 508 (2023) (No. 21-869); *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith*, 142 S. Ct. 1412, 212 L. Ed. 2d 402 (2022) (granting writ of certiorari).

<sup>59</sup> Samuelson, *supra* note 7 (manuscript at 11, 13) (citing the Brief for the Office of the Solicitor General).

<sup>60</sup> *Id.*

<sup>61</sup> Brief for the United States as Amicus Curiae Supporting Respondents at I, III, 7, 9-11, 13-14, 16-17, and 30, *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 598 U.S. 508 (2023) (No. 21-869). For instance, the brief flatly asserts, “Here, the relevant use is petitioner’s commercial licensing of the Orange Prince image to Condé Nast.” *Id.* at 14.

Tracking the OSG approach, it quickly became clear at oral argument that the Court wished to focus its analysis only on AWF's current practice of commercially licensing Warhol's copyrights in the work. For example, when AWF insisted that its declaratory judgment claims covered both the original creation of the *Prince Series* and the 2016 licensing activity, Justice Sotomayor dismissed the older creation claims because she considered them to be beyond the statute of limitations and "thought this case was about" only the 2016 licensing issues.<sup>62</sup> She thus asked counsel to "assume" only the licensing claim was at issue.<sup>63</sup> This forced counsel for AWF to refocus his argument on what he then called "the licensing use," an oxymoronic term that encapsulates the ultimate problem with the court's opinion, rather than the transformative nature of Warhol's creation of the *Prince Series* itself.<sup>64</sup>

At oral argument Goldsmith's counsel happily went along with the Court's initial interest in focusing on the 2016 licensing activity, and strategically waived any claims she might have had against the creation of the *Prince Series* or museums' and collectors' display of the original artwork.<sup>65</sup> Prof. Samuelson suggests that this decision may have been planned in advance, based on a desire to conform Goldsmith's framing with that being offered by the government through OSG.<sup>66</sup>

Whatever the motivation, Goldsmith's emphasis on licensing-as-use continued to grow as the justices showed an increasing eagerness to embrace that perspective. In answer to friendly questioning from Justices Jackson and Sotomayor, for example, counsel for Goldsmith insisted (essentially ignoring AWF's position) that the one and only use at issue before the Court was commercial licensing, instead of the original creation by Warhol:

Justice Sotomayor: "[W]hat's at issue here? What use is at issue? . . ."

Ms. Blatt: "Only the commercial licensing...."

Justice Sotomayor: "What commercial licensing?"

Ms. Blatt: "Of Orange Prince in 2016....."<sup>67</sup>

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The Question Presented introduces the case to the Court as one that "involves the commercial licensing of a silkscreen image that Andy Warhol had created based on respondent Lynn Goldsmith's copyrighted photograph." *Id.* at I. Thank you to Prof. Samuelson for first making this observation.

<sup>62</sup> Transcript of Oral Argument at 6–8, *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith*, 598 U.S. 508 (2023) (No. 21-869) (remarks of J. Sotomayor).

<sup>63</sup> *Id.*

<sup>64</sup> *Id.* at 9 (remarks of Roman Martinez, counsel for Andy Warhol Found.).

<sup>65</sup> *Id.* at 79–80 (remarks of Lisa S. Blatt, counsel for Goldsmith).

<sup>66</sup> Samuelson, *supra* note 7 (manuscript at 24). Indeed, it was only after Goldsmith's counsel met with OSG, and OSG previewed its position, that Goldsmith began especially to focus on the 2016 commercial licensing activity as central to her claim. *Id.*

<sup>67</sup> *Id.* at 81–82 (Counsel for Goldsmith went on to include forward-looking injunctive relief against future licensing practices as well).

These exchanges show how the court in general, and Justice Sotomayor, the author of the majority opinion, in particular, actively sought to narrow the question before it only to whether AWF's 2016 commercial licensing activity was a fair use.

This late and pronounced emphasis on Goldsmith's otherwise overlooked commercial licensing claims might also explain how the Supreme Court could have missed the basic doctrinal problems with its approach. Namely, no one—neither any amici nor the parties—had spent significant time briefing the legal structure of the licensing activities because no one besides OSG thought the question presented encompassed those activities.<sup>68</sup>

#### D. *The Opinion of the Court*

##### 1. *The Court Adopted a License-based Framing of the Case*

Justice Sotomayor's majority opinion ultimately championed not just Goldsmith but her (and OSG's) licensed-based framing of the case. On eight different occasions, the majority opinion refers to or expressly limits the disputed "use" at issue to "commercial licensing."<sup>69</sup> From the outset, the Court construed the "sole question" presented to be "whether the first fair use factor, 'the purpose and character of the use' . . . weighs in favor of *AWF's recent commercial licensing to Condé Nast*."<sup>70</sup> If there were any room for doubt, it later defined the "specific use" at issue: "The use is AWF's commercial licensing of Orange Prince to appear on the cover of Condé Nast's special commemorative edition."<sup>71</sup> The majority reached all the way to the Judge Jacobs' appellate concurrence to support its position that "'the only use at issue' was 'AWF's commercial licensing' of images of the *Prince Series*."<sup>72</sup>

<sup>68</sup> Samuelson, *supra* note 7, (manuscript at 2) (noting, "virtually all of the thirty-seven amici, like AWF, concentrated their fair use analyses on the 1984 creation issue. Neither the litigants nor their amici had adequate opportunities to fully brief their responses to the novel theory of fair use put forward by OSG at the merits stage of the case").

<sup>69</sup> *Warhol*, 598 U.S. at 516, 524, 525, 534, 534 n.9, 534 n.10, 535 n.11, and 545.

<sup>70</sup> *Id.* at 516 (italics added).

<sup>71</sup> *Id.* at 545.

<sup>72</sup> *Warhol*, 598 U.S. at 525–26 (quoting Judge Jacobs). Tracking Judge Jacob's reasoning, the Court goes on to explain that this position is based on Goldsmith's decision to have limited her infringement claim such that "only. . . AWF's commercial licensing of Orange Prince to Condé Nast, is alleged to be infringing." *Id.* at 534. The fact that AWF had brought the case seeking a declaration that the entire series was protected was irrelevant because she "abandoned all claims to relief other than her claim as to the 2016 Condé Nast license and her request for prospective relief as to similar commercial licensing." *Id.* at 534 n.9. Justice Sotomayor went so far as to criticize the dissenting opinion for not limiting its analysis only to commercial licensing. *Id.* at 534 n.10. And again in a later footnote, the majority chides the dissent for playing loose with the precise commercial licensing use before it. *Id.* at 535 n.11.

2. *The Court Held for Goldsmith based on a Purposive Understanding of Fair Use Factor One*

Having established the use at issue to be AWF's commercial licensing of the *Prince Series* to Condé Nast in 2016, the Court held squarely for Goldsmith on the merits of the fair use factor one analysis.<sup>73</sup>

After stating a general test for fair use factor one analysis,<sup>74</sup> the Court drilled into the core of its inquiry: how AWF's licensing use had the same "purpose" as Goldsmith's original use of the copyrighted photograph.<sup>75</sup> Given its centrality to the argument here, it is worth quoting at length:

In 2016, AWF licensed an image of Orange Prince to Condé Nast to appear on the cover of a commemorative edition magazine about Prince.....In that context, the purpose of the image is substantially the same as that of Goldsmith's photograph. Both are portraits of Prince used in magazines to illustrate stories about Prince. Such environments are not distinct and different. AWF's licensing of the Orange Prince image thus superseded the objects, shared the objectives, of Goldsmith's photograph, even if the two were not perfect substitutes.<sup>76</sup>

This passage is revealing. While the Court purports to focus on AWF's "licensing of the Orange Prince," that appears to be a disingenuous sleight of hand. In the penultimate sentence, the Court shows its true colors: its real interest was not licensing as such, but the way in which the portrait was "used in magazines to illustrate stories about Prince."

The passive-voice grammatical construction obscures the fact that the relevant user (i.e., a magazine illustrator) would not be AWF, but rather Condé Nast (a non-party). The Court, however, never acknowledges the misfit between

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<sup>73</sup> *Id.* at 551. Factor one looks to "(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes." 17 U.S.C. § 107. Although a fair use inquiry generally consists of analyzing all four statutory factors, and the Court of Appeals analyzed each fair use factor, this was the only factor before the Supreme Court. *Warhol*, 598 U.S. at 525. The Court also set to the side any consideration of substantial similarity because that was not challenged by AWF on appeal. *Id.*

<sup>74</sup> As to how to conduct that analysis, the Court stated the general test as follows: [T]he first fair use factor considers whether the use of a copyrighted work has a further purpose or different character, which is a matter of degree, and the degree of difference must be balanced against the commercial nature of the use. If an original work and a secondary use share the same or highly similar purposes, and the secondary use is of a commercial nature, the first factor is likely to weigh against fair use, absent some other justification for copying. *Id.* at 532-33.

<sup>75</sup> *Id.* at 535-36.

<sup>76</sup> *Id.*



the subject of its test and the party claiming fair use. Instead, at a critical moment of its opinion, it conflates commercial licensing by the licensor AWF with the later activities of the licensee magazine publisher without acknowledging the distinction.

The Court engages in a similar maneuver when it goes on to explain, in the next portion of its opinion, the role of transformativity in the fair use factor one analysis. It positions transformativity as a rare exception that might allow a derivative work to be a fair use even where it is commercial and shares substantially the same purpose as the original. In such a case the “use’s transformativeness” will need to “outweigh” the fact that the other elements (i.e., purpose and commerciality) “point in the same direction.”<sup>77</sup>

But when it then applies the test to the matter before it, the Court again plays loose with the relevant transformative use at issue. Once again, the Court reminds us that “the use is AWF’s commercial licensing” but that is not the use it focuses on a few paragraphs later:

[B]ecause AWF’s commercial use of Goldsmith’s photograph to illustrate a magazine about Prince is so similar to the photograph’s typical use, a particularly compelling justification is needed. Yet AWF offers no independent justification, let alone a compelling one, for copying the photograph, other than to convey a new meaning or message.<sup>78</sup>

The use has shifted from commercial licensing to a “commercial use” consisting of (i) illustrating the magazine and (ii) copying the photograph.<sup>79</sup> This is doubly misleading because the Court cites no evidence of AWF engaging in either of these activities, whereas Condé Nast did.<sup>80</sup>

By the end of its opinion, the problems inherent in the Court’s framing of commercial licensing as a use force it to adopt ever more baffling linguistic constructions. By the penultimate paragraph, we find the majority opinion slipping into language that blurs the boundaries between licensing and copying;

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<sup>77</sup> *Id.* at 533. The Court here gives the example of Warhol’s own Campbell’s Soup works from earlier in his career, which it claims to be more transformative both because they serve different purposes (the original can label advertised soup, but Warhol did not) and Warhol was “target[ing] the logo” with his message. *Id.* at 537. The majority likely felt the need to distinguish the Campbell’s Soup hypothetical because it was essentially used as an example of a transformative work in *Google LLC v. Oracle America, Inc.*, 593 U.S. 1, 141 S. Ct. 1183, 1203 (2021) (observing that an “artistic painting might . . . fall within the scope of fair use even though it precisely replicates a copyrighted advertising logo to make a comment about consumerism”) (internal punctuation omitted).

<sup>78</sup> *Id.* at 547.

<sup>79</sup> *Id.*

<sup>80</sup> As explained, the magazine illustrator was Condé Nast and the salient copying would have been done by Warhol (or his assistants) in the 1980s when the silkscreens were created. *See infra* Part I(A).

between uses and works. It calls out AWF's "copying use of [Goldsmith's] photograph in an image licensed to a special edition magazine devoted to Prince", which it compares not to a use at all, but to "Goldsmith's original photograph of Prince".<sup>81</sup> The "copying use" and the photograph, we are told, as a conclusion, "share substantially the same purpose."<sup>82</sup>

What happened to AWF's licensing—the sole activity the Court insisted to be at issue? Is that what the Court now means by a "copying use" even though it involved no allegation of copying? And how are we expected to compare any use by AWF (an action) to a work in the abstract (a thing), namely Goldsmith's photograph? Goldsmith's work was used in myriad ways by many different actors— which use should be the standard for the comparison? Or are we meant to consider Goldsmith's creation of the photograph? Or all of the above? These confounding final questions, which the Court does not answer, are a direct product of the Court's initial attempt to frame the case around a purported use—licensing—that is no use at all.<sup>83</sup> The next Part begins to untangle this thicket by clarifying the nature of copyright licensing and its relation to the Copyright Act's exclusive rights in copyright-protected works.<sup>84</sup>

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<sup>81</sup> *Warhol*, 598 U.S. at 550.

<sup>82</sup> *Id.*

<sup>83</sup> Briefly, both the concurring and dissenting opinions highlight and reinforce these tendencies of the majority, and support the argument of this article, though in opposing ways. Justices Gorsuch and Jackson concurred to emphasize their view that "purpose and character" in the first fair use factor refers specifically to the purpose and character of "*the challenged use*," which they describe as AWF's attempt "to license th[e] image to a magazine," as opposed to the purpose of Warhol in creating the *Prince Series*. *Warhol*, 598 U.S. at 553 (Gorsuch, J., concurring) (emphasis in original). For purposes of this article, the concurring justices thus fall into the same morass—conflating licensing with use—as the majority. By contrast, Justices Kagan and Roberts' dissent sides essentially with the district court and focuses largely on the transformativity of Warhol's aesthetic contributions and the *Prince Series* itself (the "eye-popping silkscreen of Prince"), i.e., in 1984. *Warhol*, 598 U.S. at 560 (Kagan, J., dissenting). They are especially critical of the majority's focus on AWF's licensing activities, which they call a "doctrinal shift" that "leaves our first-factor inquiry in shambles." *Id.* at 559–560. The dissent does not make the explicit point of this article—that licensing is not a form of use to being with. Nevertheless, in essentially rejecting the majority's choice to frame the fair use inquiry through AWF's contemporary licensing practices, it supports the arguments here.

<sup>84</sup> Several months after the Supreme Court opinion was handed down, the parties reached a settlement that resulted in a consent judgment in favor of Goldsmith, awarding her about \$21,500 in combined actual damages, lost profits, and costs. Final Judgment, *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 382 F. Supp. 3d 312 (S.D.N.Y. 2019) (Dkt. 120). As part of the judgment, the Court decreed, "Goldsmith has confirmed that because of the expiration of the statute of limitations she is no longer advancing any of those claims." For its part, AWF's claim for declaratory relief against Goldsmith was "dismissed without prejudice in light of Goldsmith's confirmation that she is no longer advancing any claims for relief for the original creation of the Prince Series because of the

## II. THE FLAW UNDERMINING WARHOL V. GOLDSMITH

The Supreme Court labored in its opinion to emphasize that statutory fair use must be tethered to use.<sup>85</sup> As a flurry of recent scholarship has shown, the primary doctrinal impact of the opinion might in fact be its insistence that fair use analyses must focus on particular use cases, as opposed to works in the abstract.<sup>86</sup> A use may or may not be fair, but there must be a predicate act of use. This part shows that the case considered by the Court comprised no use at all of Goldsmith's works by AWF, the sole counterclaim defendant, thereby rendering any fair use inquiry nonsensical as presented.

### A. Copyright Licenses are Passive Promises Not to Sue

#### 1. Licensing is Permitting, Not Using

At its most basic level, a license is the grant of “permission to use the property of another.”<sup>87</sup> This is equally applicable to copyright licenses, which, “like all licenses, constitute permission to use another’s property, in our case a

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expiration of the statute of limitations.” *Id.* Due to the settlement, there were no further findings on the fair use question on remand.

<sup>85</sup> The telling phrase “specific use” appears four times in the majority opinion alone, showing how focused the court was on particularizing use cases. Warhol, 598 U.S. at 526, 534 n.10, 545, and 549. This flows from the statutory language which consistently differentiates between the underlying “work” when referring to the copied original, while only ever adopting the term “use” to refer to the fair use under consideration. 17 U.S.C. § 107 (“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—(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.”) (emphasis added). This emphasis on use cases is a major reason that fair use determinations are remarkably fact specific. As Brian Frye put it when discussing varying uses of the same source work, “when the facts change, the fair use analysis must change as well.” Brian Frye, *After Andy Warhol?* 63 IDEA 280, 287 (2023).

<sup>86</sup> See, e.g., Brian Frye, *Art Wants to Be Free*, 32 J. INTEL. PROP. L. (forthcoming 2024); Timothy McFarlin, *Infringing Uses, Not Works*, 76 S.C.L. REV. (forthcoming 2024); Michael D. Murray, *Copyright Transformative Fair Use after Andy Warhol Foundation v. Goldsmith* 24 WAKE FOREST L. REV. (forthcoming 2024); Glynn S. Lunney, *Transforming Fair Use* (February 15, 2024), <https://ssrn.com/abstract=4727801>.

<sup>87</sup> Data Gen. Corp. v. Grumman Sys. Support Corp., 36 F.3d 1147, 1167 (1st Cir. 1994) (abrogated by Reed Elsevier, Inc. v. Muchnick, 559 U.S. 154, 130 S. Ct. 1237, 176 L. Ed. 2d 18 (2010) (quoting Black’s Law Dictionary)).

copyrighted work.”<sup>88</sup> As should be clear from these (non-controversial) definitions, the permitted use is conceptually separate from the permission itself and they attach to different actors. The owner of the licensed asset (the licensor) grants the permission. The recipient of the permission (the licensee) uses the asset. If I grant my sister permission to use my beach house, I as licensor have provided her with a license. She as licensee may use the beach house if she decides to do so. The license as such (i.e., the permission I granted her) is a legal interest that exists independently of the beach house, and does not entail my own use of the property.

The relationship of intellectual property licensor to licensee is fundamentally “passive.”<sup>89</sup> This is best captured in the refrain that “licenses are no more than covenants not to sue: the license waives the licensor’s right to sue the licensee for otherwise infringing actions but does no more than that.”<sup>90</sup> Although most commonly associated with patent licenses, courts have expressly adopted this passive understanding of the copyright license as a “naked” right to refrain from suit as well.<sup>91</sup> Thus, for instance, the Ninth Circuit has characterized a copyright license as simply “an agreement not to sue the licensee for infringement” and for this reason held that a copyright license as such “is not an interest in a copyright.”<sup>92</sup>

To be sure, a license—typically being a contract—can include myriad additional terms that might require a party to act in one way or another beyond the license grant itself.<sup>93</sup> A complex license might, for instance, require the licensee to build a manufacturing plant to produce and sell the licensed good.<sup>9</sup>

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<sup>88</sup> WILLIAM F. PATRY, *PATRY ON COPYRIGHT* § 5:118 (Thomson West, 2023) (Types of copyright licenses—Affirmative defense); Guy A. Rub, *Against Copyright Customization*, 107 IOWA L. REV. 677, 709 (“Owners of intellectual property rights can also grant licenses, which allows licensees to take actions that are the copyright owners’ exclusive rights without being considered infringers. Specifically, a copyright licensor can authorize its licensees to reproduce, adapt, distribute, publicly display, and/or publicly perform the work.”).

<sup>89</sup> RAYMOND T. NIMMER & JEFF C. DODD, *MODERN LICENSING LAW* § 1:6 (Thomson West, 2023) (“Definition of a license”) (citing cases).

<sup>90</sup> *Id.*

<sup>91</sup> *See, e.g.*, *Harris v. Emus Recs. Corp.*, 734 F.2d 1329, 1334 (9th Cir. 1984).

<sup>92</sup> *Id.*

<sup>93</sup> Rub, *Against Copyright Customization* at 699 (“Copyright license agreements are, on the one hand, contracts, often standard form agreements. As such, like any contract, they can include flexible use restrictions.”).

<sup>94</sup> *See, e.g.*, *Alesayi Beverage Corp. v. Canada Dry Corp.*, 947 F. Supp. 658, 667 (S.D.N.Y. 1996); *Alesayi Beverage Corp. v. Canada Dry Corp.*, *aff’d*, 122 F.3d 1055 (2d Cir. 1997).

At its core, however, a “pure” license remains a passive promise not to sue for infringement.<sup>95</sup>

A license as such does not even warrant that the licensor owns any interest in the licensed property.<sup>96</sup> As Raymond Nimmer put it:

[T]he licensor provides no warranty or assurance of the licensee’s right or ability to actually use the licensed subject matter, whether as to the quality or usefulness of the information or as to the existence of rights in third parties to prevent such use. The license merely provides that the property owner (licensor) itself will not sue for infringement as long as the licensee does not go outside the scope of the license.<sup>97</sup>

The contract or covenant not to sue model of the copyright license has not been immune from criticism. Most notably, Christopher Newman has challenged the knee-jerk assumption that in all cases “the grant of a license itself amounts to nothing more than the assumption of a contractual duty, that a license may be defined as ‘a contract not to sue.’”<sup>98</sup> Newman’s critique, however, is directed primarily to the limiting power of this metaphor insofar as it biases in favor of the application of contract doctrines to license disputes whereas property law concepts (in Newman’s framing) often better explain the relationship.<sup>99</sup>

Nothing, however, in Newman’s critique undermines the case I am making here. Newman focuses extensively, for instance, on cases where a licensor attempts to revoke a license, arguing that in those situations “contract doctrine cannot account for the bare license.”<sup>100</sup> In the narrow sense, those cases are not applicable to the *Warhol* paradigm, where neither party disputes the existence or force of the license itself.

More importantly and broadly, however, nowhere does Newman suggest that the act of granting a license is a form of affirmative use of the licensed whether

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<sup>95</sup> RAYMOND T. NIMMER & JEFF C. DODD, *MODERN LICENSING LAW* § 1A:9 (Thomson West, 2023) (explaining, “a ‘pure’ intellectual property license is a contract consisting solely of a grant of rights or a covenant to not sue the licensee for conduct that would otherwise infringe an intellectual property right controlled by the licensor”).

<sup>96</sup> *Id.* (“the licensor provides no warranty or assurance of the licensee’s right or ability to actually use the licensed subject matter, whether as to the quality or usefulness of the information or as to the existence of rights in third parties to prevent such use. The license merely provides that the property owner (licensor) itself will not sue for infringement as long as the licensee does not go outside the scope of the license.”).

<sup>97</sup> *Id.*

<sup>98</sup> Christopher M. Newman, *A License Is Not A “Contract Not to Sue”*: *Disentangling Property and Contract in the Law of Copyright Licenses*, 98 *IOWA L. REV.* 1101, 1103 (2013).

<sup>99</sup> *Id.* at 1109.

<sup>100</sup> *Id.*

under a contract or property framing.<sup>101</sup> To the contrary, he states:

Property rights allocate control of resource use to titleholders, while placing all others under in rem duties of noninterference. License is the means by which titleholders relieve selected others of those duties and permit them to participate in (or even delegate to them the power to direct) the use of—and this is the crucial point—resources to which the licensor continues to retain title.<sup>102</sup>

Under this framing, the license and the acts of the licensor remain passive. The titleholder is merely “permit[ting]” another to act, and “reliev[ing]” others from a duty not to interfere. The grant, of course, will abet and encourage use of the resource by the licensee. But the licensee remains the user.

If anything, property-based conceptualizations of licenses only serve to underscore the flaw in the Court’s reasoning. Imagine, for instance, that a tired pedestrian, Andy, asks for permission to sit on property owner Lynn’s front steps for a bit of time. Lynn, being generous, says, “Sure.” Lynn then leaves for the afternoon. Later, Connor walks up and asks Andy, “Hey, can I join you?” Andy replies, “Fine by me.” Lynn comes back, sees Andy and Connor there on the steps, and threatens to sue them both for trespass. Lynn might well have a valid claim against Connor for trespass (he had no legally operative permission to be there as Andy’s interest was a personal license and not assignable).<sup>103</sup> Additionally, Connor might even have some type of tort claim against Andy for misleading him into thinking he could grant such permission. In no event, however, would Lynn have a trespass claim against Andy arising from Andy having given consent to Connor to enter her property.<sup>104</sup>

## 2. *The Original 1984 License from Goldsmith Exemplifies a Promise not to Sue*

To see an example of this in the copyright context, look no further than the *Warhol* pleadings. The original 1984 copyright license from Lynn Goldsmith’s licensing company, Lynn Goldsmith, Inc. (“LGI”), to the licensee Vanity Fair is a terse, one-pager that doubles as an invoice, including a dated “PAID” stamp on it.<sup>105</sup> The grant is purely passive:

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<sup>101</sup> *Id.* at 1112.

<sup>102</sup> *Id.* at 1109.

<sup>103</sup> See *In re Fasi*, 63 Haw. 624, 629, 634 P.2d 98, 102 (1981) (“A license in the law of real property is an authority to do a particular act or series of acts upon another’s land without possessing any estate therein. It is a personal privilege [and] is not assignable[.]”) (internal citations and punctuation omitted).

<sup>104</sup> The author is indebted to Guy Rub for this analogy.

<sup>105</sup> Compl. at Exhibit A, *Andy Warhol Found.*, 382 F. Supp. 3d 312(S.D.N.Y 2019) (Dkt. 6-1).

FOR THE USE OF ONE PHOTOGRAPH OF PRINCE, COPYRIGHT 1981 LYNN GOLDSMITH[,] FOR USE AS AN ARTIST REFERENCE FOR AN ILLUSTRATION TO BE PUBLISHED IN VANITY FAIR NOVEMBER 1984 ISSUE. IT CAN APPEAR ONE TIME FULL PAGE AND ONE TIME UNDER ONE QUARTER PAGE. NO OTHER USAGE RIGHT GRANTED. ONE TIME USE ENGLISH LANGUAGE ONLY NORTH AMERICA DISTRIBUTION ONLY.

Consistent with the above definitions, this language operates exclusively as a promise by LGI not to sue Vanity Fair if it uses the subject property (the copyright in Goldsmith's photograph of Prince) in the manner described. There is no affirmative promise by LGI to do anything at all.

Just as Nimmer outlined, nowhere does LGI (the licensor) warrant that it owns the copyright in the photograph. To the contrary it lists the copyright owner as "Lynn Goldsmith" in her individual capacity.<sup>106</sup> That language is not provided as a warranty, moreover, but to give notice of Goldsmith's ownership in order to facilitate Vanity Fair's independent obligation—appearing later in the license—to credit Goldsmith as the author of the photo when it is used.<sup>107</sup>

Remarkably, the licensor LGI never even promises to provide the licensee Vanity Fair with a copy of the source photograph itself. As it happens, LGI had already provided Vanity Fair with sample photographs before the license was executed, in order that Vanity Fair might choose the one it preferred.<sup>108</sup> The only promise made with respect to those hard copies was the magazine's promise to return them: "Photographs are rented only and must be returned to us immediately after use."<sup>109</sup>

### B. *Licensing is Not an Infringing Use*

For much the same reason that licensing is a passive promise to refrain from suing, licensing is not itself a statutory infringing act and therefore cannot be subject to a fair use defense. Copyright infringement consists of violating one of the exclusive rights of the copyright owner, which includes (focusing on those relevant to visual art) the rights of reproduction, adaptation, distribution, and

<sup>106</sup> *Id.* The relationship between LGI and Goldsmith remains opaque, including whether and how it had the legal authority to grant licenses on Goldsmith's behalf. As detailed above, it was LGI and not Goldsmith who granted the 1984 license to Vanity Fair. Yet Goldsmith personally retained ownership of the copyright. *See generally supra* note 10.

<sup>107</sup> Compl. at Exhibit A, *Andy Warhol Found.*, 382 F. Supp. 3d 312 (S.D.N.Y. 2019) (Dkt. 6-1).

<sup>108</sup> *Id.*

<sup>109</sup> Although exemplary of the fundamental passivity of licensing, the 1984 license between LGI and Vanity Fair is distinct from the later 2016 license granted from AWF to Condé Nast. The latter remains under seal. *See supra* note 30.

public display.<sup>110</sup> Licensing, the bare promise to refrain from suit, is fundamentally different from any of these activities, and not listed in Section 106 of the Copyright Act.

Taking each in turn, licensing does not involve the reproduction of the subject work, as no copies of the work are made by a promise not to sue.<sup>111</sup> There is, of course, an argument that Condé Nast in 2016 substantially copied Goldsmith's original photograph when it reproduced Warhol's *Orange Prince*, and thereby committed a prima facie infringement of Goldsmith's reproduction right. But those actions, committed by the non-party Condé Nast, are conceptually distinct from AWF's personal promise not to sue Condé Nast for using Warhol's work. AWF executed a license agreement; it did not make copies of anything on the record before the court.

Preparation of a derivative work similarly requires some act of alteration to the original.<sup>112</sup> Again, while Condé Nast might ultimately have adapted *Orange Prince* when it transformed it from a silkscreen into a magazine cover, AWF did not violate Goldsmith's derivative work right by merely promising Condé Nast that it would not sue them should Condé Nast adapt *Orange Prince* into a new form. Promising is not altering.

Distribution, for its part, means the sale or other transfer of "cop[ies]" of the work.<sup>113</sup> While these copies can be intangible, digital files,<sup>114</sup> a violation of the distribution right nonetheless requires the dissemination of "physical embodiments of the work of authorship"<sup>115</sup> in the form of "the transfer of an identifiable copy" of that work.<sup>116</sup> Moreover, any such distribution must be to the "public."<sup>117</sup> Distribution does not encompass the transfer of abstract rights to use the work in the form of a private license arrangement between two parties.<sup>118</sup>

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<sup>110</sup> 17 U.S.C. § 106(1-3, 5).

<sup>111</sup> 17 U.S.C. § 106(1) gives the copyright owner the exclusive right to "reproduce the copyrighted work in copies". To be actionable, this necessitates the creation of some new copy of the work. *Walt Disney Prods. v. Filmation Assocs.*, 628 F. Supp. 871, 876 (C.D. Cal. 1986).

<sup>112</sup> 17 U.S.C. §101, 106(2); *Lee v. A.R.T. Co.*, 125 F.3d 580, 582 (7th Cir. 1997) (copyright owner must show that defendant "altered" the original in one of the ways mentioned in the definition of derivative work to prevail).

<sup>113</sup> 17 USC § 106(3).

<sup>114</sup> *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1162 (9th Cir. 2007).

<sup>115</sup> WILLIAM F. PATRY, 4 PATRY ON COPYRIGHT § 13:2 (2023).

<sup>116</sup> *In re Napster, Inc. Copyright Litig.*, 377 F. Supp. 2d 796, 802 (N.D. Cal. 2005).

<sup>117</sup> 17 USC § 106(3); WILLIAM F. PATRY, *supra* note 115, § 13:10.

<sup>118</sup> The closest the distribution right comes to encompassing passive allowance is the discredited "making available" theory of distribution. *See generally*, PATRY, *supra* note 115, § 13:11.50. Under that theory, advanced especially by recording companies during the file sharing wars, the owner of a computer on a peer-to-peer sharing network might be deemed directly liable for infringing the copyright owner's distribution right in a sound



None of AWF's alleged infringing activities discussed in the Supreme Court's opinion involved any distribution of copies of *Orange Prince*, let alone to the public. To the contrary, the Court debated AWF's fair use claims as a defense to allegations that it was permitting Condé Nast to use *Orange Prince*, as opposed to transferring physical copies of it to Condé Nast.<sup>119</sup> While AWF might arguably have committed a (*de minimis*) act of distribution had it sold or rented a digital file or slide of *Orange Prince* to Condé Nast, and while fair use might be raised as a defense to such an act, any such acts were ignored in the opinion because the case turned only on licensing a commercial use right to Condé Nast.<sup>120</sup>

### C. *Claims of Authorizing Infringement*

Section 106 of the Copyright Act gives a copyright owner such as Goldsmith not just the exclusive right “to do” the activities just described in the previous section, but also “to authorize” those activities.<sup>121</sup> Thus, one might ask whether licensing, if not the wrongful “do[ing]” of an activity reserved to the copyright owner is at least the wrongful “authoriz[ing]” of another to do the same. Indeed, Goldsmith's allegation does point to AWF's having “authorized” Artists Rights Society “to enter in commercial licensing” transactions as part of its infringement counterclaim.<sup>122</sup>

The closest the Supreme Court has ever come to suggesting that the mere grant of permission to another to use a work is itself an act of infringement is its reference to the concept of infringement by authorization in Section 106 in the famous Sony Betamax case.<sup>123</sup> Specifically, in its background discussion of copyright infringement, the Court broadly explained: “Anyone who trespasses into the copyright owner's exclusive domain by using *or authorizing the use of* the copyrighted work in one of the five ways set forth in the statute, “is an infringer of the copyright.”<sup>124</sup>

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recording by placing an MP3 file of the recording in a shared folder and allowing another to download the file. This theory has generally been rejected. *Id.* (citing *SA Music, LLC v. Amazon.com, Inc.*, 2020 Copr. L. Dec. P 31669, 2020 WL 3128534 (W.D. Wash. 2020); *Capitol Records, Inc. v. Thomas*, 579 F. Supp. 2d 1210, 92 U.S.P.Q.2d 1414 (D. Minn. 2008)). But even that theory of liability involves making an identifiable copy available to the public.

<sup>119</sup> See *Warhol*, 598 U.S. at 522.

<sup>120</sup> See *infra* Part IV for an alternative rehabilitative reading of the case that focuses on this act of distribution as the central, indeed only, act of direct infringement in suit potentially committed by AWF.

<sup>121</sup> 17 U.S.C. § 106.

<sup>122</sup> Countercl. at ¶42, *Andy Warhol Found.* 382 F. Supp. 3d 312 (S.D.N.Y. 2019) (Dkt. 20).

<sup>123</sup> 17 U.S.C. § 106.

<sup>124</sup> *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 433 (1984) (italics added; internal brackets omitted).

This discussion of infringement by authorization, however, clearly arises in the context of a claim for contributory infringement. To quote the House Report, the “[u]se of the phrase ‘to authorize’ is intended to avoid any questions as to the liability of contributory infringers.”<sup>125</sup>

Accordingly, later courts and commentators have sensibly understood Sony’s discussion of the statutory authorization language merely to confirm that a party may be held secondarily liable for the copyright infringement of another (through the doctrines of vicarious, contributory or inducement liability). The statute’s “or to authorize” language did not mean to create an independent act of direct infringement.<sup>126</sup> A predicate act of direct infringement must still be alleged; authorization alone is not enough.<sup>127</sup>

For example, when confronted with evidence that a music publisher granted, without authorization, a license to a third party to perform or copy a copyrighted work, the First Circuit held that this was not an act of infringement because there was no evidence that the third party ever undertook an infringing act (for example, by performing or recording the copyrighted song).<sup>128</sup> Rather, citing this language from the legislative history, it noted that the authorization language in Section 106 merely allowed claims for indirect infringement.<sup>129</sup>

To be sure, AWF’s acts of licensing might be evidence of some form of indirect liability. Its grant of a license to Condé Nast to use *Orange Prince* could help to prove a broader claim that AWF took “affirmative steps . . . to foster” Condé Nast’s infringement of Goldsmith’s exclusive rights in her original photograph of Prince.<sup>130</sup> But in such a case, fair use would be serving as a defense to Condé Nast’s reproduction, adaptation, distribution or display of the work. AWF would benefit only indirectly from Condé Nast’s fair use

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<sup>125</sup> H.R.Rep. No. 94–1476, at 61 (1976), reprinted in 1976 U.S.C.C.A.N. 5659, 5674; Venegas-Hernandez v. Asociación De Compositores, Editores De Musica Latino Americana (ACEMLA), 424 F.3d 50, 57 (1st Cir. 2005).

<sup>126</sup> See, e.g., Subafilms, Ltd. v. MGM-Pathe Communs. Co., 24 F.3d 1088, 1092 (9th Cir. 1994) (“[T]he addition of the words ‘to authorize’ in the Copyright Act was not meant to create a new form of liability for ‘authorization’ that was divorced completely from the legal consequences of authorized conduct, but was intended to invoke the preexisting doctrine of contributory infringement.”).

<sup>127</sup> See *id.* (“[W]hen a party authorizes an activity not proscribed by one of the five section 106 clauses, the authorizing party cannot be held liable as an infringer”); PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 8.0 (Wolters Kluwer, 3rd ed. 2005) (citing cases).

<sup>128</sup> *Id.*

<sup>129</sup> *Id.*

<sup>130</sup> Metro-Goldwyn-Mayer Studios Inc. v. Grokster, Ltd., 545 U.S. 913, 936–37 (2005) (“one who distributes a device with the object of promoting its use to infringe copyright, as shown by clear expression or other affirmative steps taken to foster infringement, is liable for the resulting acts of infringement by third parties.”). For a fuller discussion of the various forms of indirect liability, and their application to AWF in this case, see *supra* Part IV(A).

defense insofar as it would tend to negate the existence of the predicate act of Condé Nast's direct infringement required for any indirect infringement by AWF.

Critically for these purposes, fair use would not be acting as a defense to any claim of liability by authorization (i.e., licensing) itself. That remains an entirely passive, secondary activity that is not itself susceptible to liability for direct infringement. It makes no sense to raise fair use as a defense to a non-infringing activity. Yet, as shown in Part I, the Supreme Court's treatment of fair use in its opinion focused on AWF's commercial licensing as the activity central to its fair use defense.

### *III. THE COURT'S CONCEPTUAL ERROR WAS MATERIAL AND JEOPARDIZES THE VALUE OF THE WARHOL CASE AS PRECEDENT*

The first two parts of this article have demonstrated that (i) the Supreme Court chose to build its *Warhol* opinion atop the foundational assumption that the alleged fair use under consideration was limited to commercial licensing, and (ii) this was a conceptual mistake because licensing is not a type of use of a copyrighted work, but a passive covenant not to sue. This part shows that this error was material and jeopardizes the value of the *Warhol* case as precedent. First, it makes the affirmative case that the error was both substantial and significant. Second, it advances, and then rejects the counterargument (i.e., that any error was technical and insignificant).

#### *A. The Materiality of the Warhol Court's Error*

The Court's foundational choice to frame commercial licensing as the disputed fair use was material for at least three reasons. First, the Court itself repeatedly underscored its significance, and used that as a ground for distinguishing other cases. Second, commercial licensing was the only act related to the accused work in which AWF was materially engaged, within the scope of the case defined by the Court, meaning there would have been no other use to analyze as fair or not under its framing. Third, and most broadly, it fundamentally reconceptualized licensing as an active use of a work in a manner very different from its generally accepted model as a passive promise not to sue. By doing so, it impliedly converted licensing into an affirmative act potentially subject to direct infringement liability. This would be a major, and unintended, change in licensing law and practice, particularly for the content licensing industries.

##### *1. The Court Highlighted the Significance of Its Choice*

As shown in Part I(E), *supra*, the Court time and again emphasized that commercial licensing was the core use at issue.<sup>131</sup> This was not an accident, but

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<sup>131</sup> See *supra* Part II.

rather a centerpiece of its opinion. This choice allowed the Court to (i) create a perfect parallel with Goldsmith's use and thereby undercut any claim for variation in purpose or transformativity under factor one;<sup>132</sup> (ii) avoid the complexities of having to reckon with Warhol's creation of the artworks and museums' current display of them;<sup>133</sup> and (iii) distinguish the arguments made by the dissent.<sup>134</sup>

This choice also allowed the Court to limit greatly the role of aesthetic changes in the respective works (a line of argument that AWF and many amici were emphasizing). As the majority put it, "These variations in aesthetics did not stop the photos from serving the same essential purpose of depicting Prince in a magazine commemorating his life and career."<sup>135</sup>

In all, it is difficult to overstate the extent to which the majority opinion relied upon its framing of the use at issue as commercial licensing to make its own case, thereby underscoring its materiality.

## 2. *AWF was only ever Engaged in Commercial Licensing*

Even if the Court had not highlighted the importance of limiting its decision to commercial licensing practices, such a decision is still material because that was the only activity in which AWF was engaged with respect to the allegations in the case. Without commercial licensing, the Court had no case to consider.

Recall that Goldsmith, the counterclaim plaintiff, expressly waived any infringement claims against AWF (or any other party) for the creation of the *Prince Series*.<sup>136</sup> She also made no effort to bring Condé Nast into the suit as an

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<sup>132</sup> This is most evident in the Court's refrain that both uses were licensing uses to depict Prince in a magazine. See *Warhol*, 598 U.S. at 525–26 ("Here, the specific use of Goldsmith's photograph alleged to infringe her copyright is AWF's licensing of *Orange Prince* to Condé Nast. As portraits of Prince used to depict Prince in magazine stories about Prince, the original photograph and AWF's copying use of it share substantially the same purpose.").

<sup>133</sup> See, e.g., *id.* at 534 and 534 n.10 (distinguishing any cases concerning creation of new artworks by "limit[ing] our analysis" only to "AWF's commercial licensing."). As was pointed out at oral argument by counsel for AWF, Oral Arg. Transcript at 122, *Andy Warhol Found.* (No. 21-869), if the creation of the other works in the *Prince Series* was not fair use or otherwise authorized, then museums and other public institutions would not be able to claim the benefit of the statutory exemption for showing original works of art, and would therefore be infringing Goldsmith's copyright every time the work was publicly displayed at a new exhibition, 17 U.S.C. §109(c) (providing an exception to the public display right only for "particular copies lawfully made under the title" that does not exempt infringing copies), unless they could assert some defense such as fair use for their display activities.

<sup>134</sup> *Warhol*, 598 U.S. at 534 n.10.

<sup>135</sup> *Id.* at 535 n.11.

<sup>136</sup> *Warhol*, 598 U.S. at 534 n.9.

infringer.<sup>137</sup> One can only speculate as to why she made those meaningful litigation choices. Perhaps her attorneys were concerned that she would lose votes from some justices if they were too aggressive in claiming original Warhols were infringements and museums thereby potential infringers with each display.<sup>138</sup> Maybe Goldsmith's team simply wanted to align themselves with the United States government position to provide the appearance of reasonableness by siding with a neutral party. Perhaps they were wary of accusing an important industry player like Condé Nast of direct infringement. Either way, that effectively reduced the counterclaims under consideration only to claims against AWF for infringement by licensing the *Prince Series*.<sup>139</sup>

AWF in 2016, moreover, was not in the business of making art or distributing magazine covers. It was, for all purposes relevant here, a licensing company that, through its agent Artists Rights Society, charged others a fee to use Warhol's works in exchange for agreeing not to sue that person for copyright infringement.<sup>140</sup>

In other words, the moment Goldsmith narrowed the case to AWF's purported direct infringement in 2016, and the Court refused to consider any other declaratory judgment claim by AWF, there was no other fair use by AWF to analyze besides commercial licensing. Had the Court recognized, as it should have, that commercial licensing was not a use at all, it would have needed to dismiss certiorari as improvidently granted. As problematic as the licensing approach was, it was the only one that could support any fair use opinion.<sup>141</sup>

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<sup>137</sup> See *supra* Part I(B).

<sup>138</sup> See 17 U.S.C. §§ 106(5) (unauthorized public displays are infringements) and 109(c) (statutory exception to the public display right commonly relied on by museums does not extend to the display of unlawfully made works).

<sup>139</sup> The Court similarly refused to consider any claim for a declaratory judgment of fair use by AWF beyond those needed to defend the counterclaim. *Warhol*, 598 U.S. at 534. It is not clear why the Court effectively limited the scope of AWF's declaratory judgment claim to that of Goldsmith's infringement counterclaims. Even if, for instance, the Court considered claims relating to the creation of the *Prince Series* to be past the statute of limitations, and thus moot, that would be cold comfort to museums that may wish to newly exhibit those works. Reshowing such work would mark a new public display, and presumably restart the infringement clock under *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 686 (2014).

<sup>140</sup> There appears to be no explicit statement in the pleadings or opinions to the effect that AWF provided a physical or digital copy of *Orange Prince* to Condé Nast (as opposed to the bare right to use it). Assuming that ARS or AWF did share a digital file, that would entail an act of reproduction, *Capitol Recs., LLC v. ReDigi Inc.*, 910 F.3d 649, 656-57 (2d Cir. 2018), but a *de minimis* one that was not directly asserted as an infringement in the case.

<sup>141</sup> The sole viable exception here would be if the case were reconceptualized as one against Condé Nast for direct infringement, even as a non-party, with the claims against AWF sounding only in indirect liability. That reading, discussed in detail in the Part IV makes Condé Nast (and not AWF) the central subject of the fair use defense.

### 3. *The Court's Framing Would Mark a Fundamental Paradigm Shift in the Law of Licensing and Potentially Disrupt Artist Licensing Practices*

The Court's error is material for another, deeper, more normative reason. Namely, taken to its logical conclusion, the Court is effectively converting a passive activity—the granting of a license—into an active one—a type of use (and potential infringement) of a copyrighted work.<sup>142</sup> As shown in Part II, this would mark a sea change in the theory of intellectual property licensing and, as I discuss below, have the potential to disrupt established artist, music, and television and film licensing practices.<sup>143</sup>

It is of course true that many if not most licenses have active provisions that require the licensor to perform affirmatively.<sup>144</sup> But the license itself—the grant clause in the license—remains a promise to take no action against the licensee. Yet here we have the Court insisting time and again that AWF's act of commercial licensing was not just unfair, but a form of use.<sup>145</sup> Indeed, a form of infringing use. Not since the Sony court's decades-old reference to authorization as a form of infringement has the Court come so close to endorsing the view that to permit an action relating to a copyright is to use and potentially directly infringe that copyright.<sup>146</sup> The net effect is to risk creating a new form of copyright liability, beyond any purely contractual warranty or indemnity, to copyright licensors.

As shown in the facts of this case, there exists a robust market for licensing visual art copyrights. It is outside the scope of this article to analyze this industry in any detail, but by one recent estimate, "Art" was the fastest growing sector of the licensing market, accounting for just under \$3 billion annually in 2020.<sup>147</sup> In the case of fine art, much of this activity is facilitated by the Artists Rights Society, AWF's licensing agent in this case. ARS alone claims to represent 122,000 artists in licensing their works.<sup>148</sup>

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<sup>142</sup> *Id.*

<sup>143</sup> *See supra* Part II(A).

<sup>144</sup> *Id.*

<sup>145</sup> *See supra* Part I(E).

<sup>146</sup> *See supra* Part II(C).

<sup>147</sup> *Global Sales of Licensed Goods and Services Jump 4.5% to US \$292.8 Billion*, LICENSING INTERNATIONAL (Jun. 8, 2020) <https://licensinginternational.org/news/global-sales-of-licensed-goods-and-services-jump-4-5-to-us292-8-billion/> [<https://perma.cc/U4NM-Y423>].

<sup>148</sup> *See About us*, ARTISTS RIGHTS SOCIETY <https://arsny.com/about/> [<https://perma.cc/8SFY-9UPK>] (last visited Nov. 5, 2023). Amy Adler has argued that copyright licensing is "superfluous" to most contemporary visual art and artists because they "do not make money from copies of their work." Amy Adler, *Why Art Does Not Need Copyright*, 86 GEO. WASH. L. REV. 313, 329 (2018). Instead, the value lies primarily in the sale and collection of original works according to the "norm of authenticity". *Id.* Even

Had the Court merely rejected AWF's fair use declaratory judgment claim for the entire *Prince Series* under a currently recognized fair use framework (under the theory, perhaps, that the creation of those works did not involve enough aesthetic transformation by Warhol in 1984), the impact of such a ruling would primarily have been felt by art creators. Scholars and commentators would be debating largely what the opinion means for follow-on art creation and the creators of source materials (i.e., photographers).

But by grounding its opinion instead in an unprecedented conception of copyright use, its reach expanded to encompass the army of copyright middlemen working in the field of commercial licensing. Those agents, distributors and copyright holding companies (including, often, artist estates and foundations) now need to reckon for the first time with the idea that they may be infringing copyright with each passive license grant. This would be especially true for those who license the countless works of art that use or quote other source materials (i.e., most visual artwork created in the last decades).

It is not unusual for these copyright middlemen to engage in some measure of due diligence generally focused on whether the licensor (such as AWF) duly acquired ownership of a good title in the copyright, and whether it remains valid and in force. But it is highly doubtful that these entities regularly engage in an underlying fair use analysis as to the creation of the work itself. Will they all need to now ask such questions for every copyright property they attempt to monetize? This would threaten to significantly increase transaction costs in the field should the Court's vision of commercial licensing take root.

More broadly, the notion that commercial licensing is itself a directly infringing act would mark a substantial change for the broader content licensing industries. It would be news to a record company that by merely granting permission to another to use a sound clip in their back catalog, they are themselves using the copyrighted work. The same for anyone in the business of licensing TV, film or online content. As in the fine art space, of course, these sophisticated businesses regularly engage in due diligence by running down issues of ownership, title and infringement exposure at the time of acquiring or creating the show, movie or production. But few would ever ask whether some old sitcoms from the '80s showed unlicensed artwork on camera, and if so, whether that was a fair use, before permitting another to rerun the content now. It is difficult to overstate how large a shift it would be to assign direct copyright liability to a mere grant of permission like this.

The Court, of course, likely did not intend to revolutionize the definition of a license, or direct infringement, when it opined upon one factor of the statutory fair use inquiry. Nor is anyone suggesting that the Court meant or intended materially to alter the licensing market for visual art let alone all the content industries. To the contrary, both the majority and concurring opinions insisted

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Adler, however, acknowledges that eliminating copyright in the visual arts would be a "radical conclusion." *Id.* at 323.

on the “narrow[ness]” of the issue and holding.<sup>149</sup> The rhetoric of the case suggests that the Court saw itself as sustaining and encouraging existing visual art licensing markets.<sup>150</sup> But while the mistake may have been inadvertent,<sup>151</sup> that takes nothing away from its potential significance.<sup>152</sup>

### *B. The Argument for Immateriality and its Flaws*

Despite these arguments, one can imagine the intuitive appeal of treating any flaws in the Court’s approach as technical and minor. After all, AWF’s licensing activity in 2016 resulted in a magazine cover that used *Orange Prince*, so shouldn’t the Court be able to consider whether that cover is protected by fair use (even if commercial licensing might not be a use as such to a copyright pedant)? This section makes, and then rejects that counterargument.

#### *1. The Argument for Immateriality*

The best argument for the immateriality of the *Warhol* majority’s error understands commercial licensing as a shorthand for the licensee’s own derivative use of the source photograph to create *Orange Prince*. This argument proceeds as follows: although the Court made numerous express statements that the fair use at issue was AWF’s commercial licensing practices, what it really meant was that AWF, as a licensor, was effectively in the same legal position as Condé Nast, its licensee. AWF’s 2016 fair use defense necessarily arose from the same operative facts as Condé Nast’s; namely, the unauthorized use on a magazine cover. Therefore, their fair use defenses were effectively identical and stood or fell together. The magazine’s use was not fair because it shared an identical purpose to Goldsmith’s purpose of taking the photograph in the first place (i.e., to illustrate a magazine article about Prince). Therefore, AWF, for the very same reasons, could not claim fair use either.

The argument would continue by noting that while the Court’s choice of language may have been unfortunate, it comes to much the same thing, because

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<sup>149</sup> *Warhol*, 598 U.S. at 516; and *see id.* at 553 (Gorsuch, J., concurring).

<sup>150</sup> *See, e.g., Warhol*, 598 U.S. at 536 n.12 (rejecting AWF’s fair use claim because, in part, AWF’s licensing superseded the market for Goldsmith’s original).

<sup>151</sup> As detailed in *supra* Part I(D) the mistake may have resulted from the fact that, with the sole exception of OSG, neither the many amici nor the parties had thought to brief this issue before OSG steered the Supreme Court so dramatically in that direction. *See* Samuelson, *supra* note 7 (manuscript at 1).

<sup>152</sup> This question of *Warhol*’s impact (intended or otherwise) on content-licensing-industries has already begun confounding courts. In *Whyte Monkee Prods., LLC v. Netflix, Inc.*, 101 F.4th 787 (10th Cir. 2024), a three-judge appellate panel recently vacated its own (much criticized) initial post-*Warhol* opinion in order to seek supplemental briefing and argument on the impact of *Warhol* on fair use factor 1. According to the short opinion granting a rehearing, the panel was “particularly interested in the impact of the filed opinion on the law and practice of documentary filmmaking.” *Id.*



we all understood the primary fair use in dispute to have arisen from the work shown on the cover of a magazine (which is the work Goldsmith came across and identified as infringing in 2016). This argument would be supported by the numerous occasions, outlined above, when the Court referred to the purpose of the fair use in dispute as illustrating a magazine. Clearly, the Court was impliedly analyzing whether Condé Nast's use was fair, because only Condé Nast was creating and selling magazine covers. This is consistent with the Court's frequent use of the term "copying use" which is a clear reference to the 2016 use as a magazine cover (and not any copying by Warhol himself in the eighties). There was little to no evidence of any copying of the source photograph by AWF at any time.

Finally, the argument would conclude, it is essentially irrelevant for fair use purposes who was technically making use of the source work (AWF or Condé Nast), just as it is technically irrelevant what particular employee of Condé Nast designed the magazine cover, because those acts may be imputed to the employer under *respondeat superior* liability principles.<sup>153</sup> The fact that Condé Nast was not a party to the dispute is a legally insignificant accident of circumstance. The point is that the source photograph was used in a way that was not fair, and the magazine cover infringed. Thus, any declaratory judgment for fair use relating to current activities (regardless of which defendant was advancing it) must be rejected for all the substantive reasons stated in the opinion. Anything else is just litigation nonsense designed to distract from the main point.

## 2. *Rejecting the Argument for Immateriality*

Despite the surface appeal of this rhetoric, the argument ultimately fails for several reasons. First the argument misleadingly conflates the work itself with the purpose of a use— a mistake the Supreme Court itself warned against making.<sup>154</sup> One very reasonable reading of the Warhol opinion is that the Court is reemphasizing the need to treat every use of a work distinctly in a fair use inquiry. That is, one should not (the Court, and certainly the concurrence, suggest) analyze fair use factor one by reference to a work in the abstract, but rather by the purpose of a given use of the work.<sup>155</sup>

But the argument for immateriality effectively runs over this carefully established distinction. It tells us that for all intents and purposes the use of *Orange Prince* by AWF (commercial licensing to raise revenue to fund

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<sup>153</sup> See, e.g., *Columbia Pictures Indus. v. Redd Home, Inc.*, 749 F.2d 154, 161 (3d Cir. 1984); DAVID NIMMER, 3 NIMMER ON COPYRIGHT § 12.04 (Rev. Eds., 2023) (“The doctrine of respondeat superior thus rises to the fore. To the extent that the infringer is the agent of another, the master can be held culpable for the infringement.”).

<sup>154</sup> See *supra* Part I(E)(2).

<sup>155</sup> This approach is, of course, rooted in the statutory language which speaks of “the purpose and character of the use” and not the work. 17 U.S.C. §107(1); and see *supra* note 86 (collecting recent scholarship on this issue).

contemporary art by a non-profit) is the same as the use of *Orange Prince* by Condé Nast (illustrating a for-profit magazine) because the work is the same in both cases. But if we really cared about use and purpose, as the Court otherwise appears to want, we would need to carefully disaggregate these uses and purposes.

Second, by effectively substituting Condé Nast for AWF, the argument loses a critical parallel—emphasized by the Court—between the licensing practices of Goldsmith and AWF. Both the majority and the concurrence repeatedly emphasized how both parties were engaged in the same business—commercially licensing visual art to illustrate magazines.<sup>156</sup> Whereas it is plausible to conceive of AWF and Goldsmith as competitors in the licensing market to offer source material to magazines looking to illustrate stories about rock icons, it is implausible to consider Goldsmith and Condé Nast as competitors. They are more like customer and client, which might well be why Goldsmith chose not to bring suit against Condé Nast in the first place.

Finally, the argument for immateriality effectively does an end run around the complexities of secondary liability in copyright. As addressed more completely in the final Part following, the proper and only feasible way for the Court to have engaged with AWF's commercial licensing was through vicarious, contributory and inducement liability theories.<sup>157</sup> The defense of fair use would then be Condé Nast's to have raised (or for AWF to raise on the former's behalf to negate any predicate act of direct infringement).<sup>158</sup> That's a thorny case to make, but not an impossible one.

But it is inappropriate to simply avoid the thicket by pretending it doesn't exist. That is essentially the evasion in which the argument for immateriality is engaged—suggesting that we ignore any distinction between AWF and Condé Nast because it's all the same infringement and fair use.

#### *IV. UNTANGLING THE KNOT*

This final part briefly offers two rehabilitative readings of the *Warhol* case that might save its value as precedent by eliminating the licensing-as-use error. The first does so by distinguishing between direct and indirect infringement and redefining the primary subject of the fair use claim as Condé Nast, and not AWF. The second understands the Supreme Court to have been assuming (without saying so) that the key act of infringement by AWF was its likely distribution of a high resolution digital file of *Orange Prince* to Condé Nast to facilitate its rights under the license. The two could work together or as alternatives.

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<sup>156</sup> See *supra* Part I(E). Indeed, the majority opinion spilled significant ink (including with color photographs) demonstrating how often Goldsmith had licensed the source Prince photo in dispute. *Warhol*, 598 U.S. at 520-21.

<sup>157</sup> See *infra* Part IV.

<sup>158</sup> *Id.*

Admittedly, both take liberties with the procedural and other litigation realities of the case. They do so, however, in the spirit of clarifying and making more workable a ruling that will be informing fine art fair use analyses for years to come.

To be clear, I do not mean in any way to advocate for the *Warhol* majority ruling, or to suggest that it made improvements in the law of fair use applied to works of visual art. I am, instead, trying to offer a doctrinally sound reading of the *Warhol* opinion that stays faithful to the Court's arguments and intent while avoiding the potential hazards of its foundational error in treating commercial licensing as a form of copyright use.

*A. Understanding Condé Nast to be the Direct Infringer*

The best, and most doctrinally clean, way to understand the *Warhol* ruling is to consider Goldsmith to have effectively brought a case of direct copyright infringement against Condé Nast for violation of her reproduction, adaptation and distribution rights.<sup>159</sup> These claims would all stem from Condé Nast's decision to reproduce *Orange Prince* on its 2016 magazine cover.

The fair use claim at issue would have been Condé Nast's defense that its use of the underlying Goldsmith source photograph (in the form of *Orange Prince* on its magazine cover) had a different purpose and character than Goldsmith's use.

We could then understand the Supreme Court to have effectively rejected that defense under two related lines of argument. First, the purpose and character of Condé Nast's use as a commercial magazine cover for a story about Prince did not differ materially from the original use by Goldsmith to portray Prince in a black and white photograph for the purpose of documenting his appearance in commercial magazines. Second, the fact that an intervening visual artist, namely Andy Warhol, made aesthetic changes to the original source image when he rendered it in the form of *Orange Prince* is not parodic or otherwise aesthetically transformative enough to make Condé Nast's use any more fair given the overlap in purpose.

That leaves us with the question of how to treat AWF, the lone counterclaim defendant in the case. It is best to understand the opinion as resulting in a set

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<sup>159</sup> See 17 U.S.C. § 106(1–3).

of middling to weak claims against AWF for indirect infringement.<sup>160</sup> Briefly, since *Grokster*,<sup>161</sup> such claims come in three generally recognized flavors: vicarious infringement, contributory infringement, and inducement of infringement.<sup>162</sup>

The first challenge is establishing whether Goldsmith even pled one of these forms of indirect infringement. Even under a generous reading, it is difficult to find any language in Goldsmith's counterclaim alleging secondary liability against AWF. To plead a claim of inducement or other contributory infringement, the plaintiff must, among other things, "set forth facts alleging that the defendant induced, caused, encouraged or materially contributed to the infringement."<sup>163</sup> The closest Goldsmith comes to meeting this standard is probably her contention that "Defendant Foundation . . . incorporate[ed] the Goldsmith Photo into unauthorized derivative works, including the Infringing Image printed in the 2016 Publication."<sup>164</sup> This language at least connects the 2016 Publication to AWF's grant of authorization. And courts are generous when it comes to recognizing poorly pleaded claims of secondary liability in a copyright litigation.<sup>165</sup> Still, the counterclaims nowhere attempt to formulate this factual assertion as a claim for secondary liability in a way that might give fair notice to AWF that it was being accused of indirect infringement, let alone plausible grounds for such a finding.<sup>166</sup>

If these claims were properly pled, then the most promising basis for locating secondary liability would be vicarious liability, which requires that AWF had (1) the right and ability to supervise the infringing activity; and (2) an obvious and direct financial interest in exploitation of copyrighted materials.<sup>167</sup>

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<sup>160</sup> By limiting its opinion only to the fair use question—and more specifically only the first factor of the fair use question—the Court effectively took no position on the remaining aspects of AWF's liability, including any sort of indirect liability, so it does not foreclose this reading. This does leave the awkward reality that the Second Circuit opinion, affirmed by the Supreme Court, ultimately found not only that AWF's fair use argument failed, but that the two works were substantially similar as a matter of law. *Warhol*, 11 F.4th at 33. There was, however, no formal holding regarding copyright liability of AWF as the case was decided on a motion for summary judgment on narrower issues of fair use and substantial similarity. *Id.*

<sup>161</sup> *Grokster*, 545 U.S. at 936–37.

<sup>162</sup> WILLIAM F. PATRY, 6 PATRY ON COPYRIGHT § 21:41 (Thomson West, 2023) (observing that *Grokster* is generally understood to have created a third form of indirect liability for inducing infringement beyond the previously recognized categories of vicarious and contributory liability).

<sup>163</sup> *Gordon v. Pearson Educ., Inc.*, 85 F. Supp. 3d 813, 821 (E.D. Pa. 2015).

<sup>164</sup> Countercl. at ¶42, *Andy Warhol Found.*, 382 F. Supp. 3d 312 (Dkt. 20).

<sup>165</sup> *Gordon*, 85 F. Supp. 3d at 821–23 (collecting and analyzing similar copyright cases pleading inducement and contributory infringement; allowing "sparse" indirect liability in light of liberal pleading standards in federal copyright practice).

<sup>166</sup> *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 556 (2007).

<sup>167</sup> *Pinkham v. Sara Lee Corp.*, 983 F.2d 824, 834 (8th Cir. 1992).

The second element is readily met because AWF was in the business of licensing for money and *Orange Prince* arguably exploits Goldsmith's copyright in the source photo. With respect to the first element, however, the public record is less clear largely because the AWF-Condé Nast license agreement, which would govern AWF's right to control the use of *Orange Prince*, remains under seal.<sup>168</sup> If, for instance, under that agreement, AWF retained the right and ability to review and reject any proposed cover rendering that it didn't like, or to impose conditions on how *Orange Prince* would be used, such a fact would favor a finding of vicarious liability.

Contributory infringement may also be viable here. Under the traditional test for contributory infringement, to establish that AWF was liable for Condé Nast's direct infringement, Goldsmith would need to show that AWF "with knowledge of the infringing activity, induce[d], cause[d] or materially contribute[d] to the infringing conduct" of Condé Nast.<sup>169</sup> Goldsmith would probably have little difficulty showing material contribution here, as AWF suggested and perhaps provided *Orange Prince* to Condé Nast. The knowledge prong is harder, as AWF would likely defend by saying it (as a mere successor to Warhol's copyrights upon his death) had no knowledge or reason to know that *Orange Prince* infringed. To the contrary, AWF likely genuinely thought otherwise prior to receiving notice from Goldsmith in 2016. Whether this defense would work remains murky under current case law surrounding scienter in secondary liability.<sup>170</sup>

Post-*Grokster* inducement claims would be harder to prove. The central question under *Grokster* is whether AWF had the object of promoting the use of Goldsmith's source photograph (via the use of *Orange Prince*) to infringe the photo's copyright.<sup>171</sup> The primary facts supporting any such promotion by AWF appear to be its offer to license any work from the *Prince Series* to Condé Nast, even though the latter had originally asked for *Purple Prince*, as well as its ultimate grant of that license for *Orange Prince*. That is a slim reed on which to claim inducement, particularly as AWF believed it owned and had every right to license a perfectly legitimate and copyright-protected series of Warhol works.<sup>172</sup>

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<sup>168</sup> See *supra* note 30.

<sup>169</sup> *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264 (9th Cir. 1996).

<sup>170</sup> *Compare* *BMG Rights Mgmt. (US) LLC v. Cox Communs., Inc.*, 881 F.3d 293, 310 (4th Cir. 2018) ("proving contributory infringement requires proof of at least willful blindness; negligence is insufficient") *with* *Capitol Records, LLC v. ReDigi Inc.*, 934 F. Supp. 2d 640, 659 (S.D.N.Y. 2013) ("the Court has not found and will not create a subjective, good faith defense to contributory liability's objective knowledge requirement"). For a thorough exploration of knowledge requirements in indirect copyright liability, see, generally, Laura Heymann, *Knowing How to Know: Secondary Liability for Speech in Copyright Law*, 55 WAKE FOREST L. REV. 333 (2020).

<sup>171</sup> *Grokster*, 545 U.S. at 936–37.

<sup>172</sup> This distinguishes the conduct from the paradigmatic case of *Grokster*, where the defendants intentionally tried to court former Napster users looking for an alternative way to make unauthorized music downloads. *Id.* at 939.

Whatever the ultimate merits of a secondary infringement claim against AWF, this reading of the case has the salutary effect of avoiding the licensing-as-use error. The direct infringer under this framework, Condé Nast, did use the copyrighted work in a way cognizable under the statute. And it avoids the statute of limitations issues, which the Supreme Court was at pains to avoid, by focusing on conduct contemporary with the litigation (namely, reproduction, adaptation, distribution and inducement in 2016).

This reading remains a hard sell in a case where the Court was so intently focused on AWF's commercial licensing as the basis of the fair use defense. And, to be clear, there is essentially no mention of secondary liability in the litigation as a whole or the *Warhol* opinion. But it would be the safest approach for a later court looking to avoid exacerbating the conceptual flaw undermining the *Warhol* opinion.

### *B. AWF's Distribution of the Image File as the Central Act of Infringement*

A final, alternative reconstruction of the *Warhol* case focuses on the likelihood that AWF provided Condé Nast with an image file of *Orange Prince* as part of their license arrangement, and thus arguably directly infringed Goldsmith's distribution or reproduction rights.<sup>173</sup> Viewed in this light, the Supreme Court's language and reasoning about "commercial licensing" could be understood as shorthand for the distribution (and necessary act of copying) of digital image files that often goes hand in hand with licenses in the visual arts space. That is, the Court's repeated references to commercial licensing would refer not just to the bare grant of permission to use the work, but to the acts that ordinarily surround such permission, including transfer of a licensed image file.

As discussed above, distribution means the sale or other transfer of a copy of the work to the public, including through rental, lease or lending.<sup>174</sup> Insofar as AWF rented, loaned or otherwise transferred an image file of *Orange Prince* to Condé Nast, that would likely be a *prima facie* act of distribution.<sup>175</sup> Similarly, the necessary copy of the file almost always made to effectuate this or any digital transfer would be an unauthorized reproduction of the work.<sup>176</sup>

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<sup>173</sup> I am grateful to Fred Yen and the Copyright Society's reviewers for this suggestion.

<sup>174</sup> See *supra* Part II(B); 17 U.S.C. § 106(3). Courts have generally held that "an electronic file transfer is plainly within the sort of transaction that § 106(3) was intended to reach and fits within the definition of 'distribution'" Capitol Recs., LLC v. ReDigi Inc., 934 F. Supp. 2d 640, 651 (S.D.N.Y. 2013), *aff'd* on other grounds, 910 F.3d 649 (2d Cir. 2018) (citing *London-Sire Records, Inc. v. John Doe*, 542 F. Supp. 2d 152, 173-74 (D. Mass. 2008)) (internal quotations and punctuation omitted).

<sup>175</sup> Although Condé Nast is a single private entity, it would likely be considered a member of the "public" for purposes of 17 U.S.C. § 106(3). *Psyhoyos v. Liberation, Inc.*, No. 96 CV. 3609 (LMM), 1997 WL 218468, at \*2 (S.D.N.Y. Apr. 30, 1997) (noting, "even one person can constitute the public for the purposes of distribution within the Copyright Act").

<sup>176</sup> *Capitol Recs., LLC v. ReDigi Inc.*, 910 F.3d 649, 656 (2d Cir. 2018).

AWF's rejected fair use claim could, in turn, be understood as a defense to this isolated and *de minimis* act of infringement by distribution or reproduction. This avoids treating licensing as a "use" while largely tracking the Supreme Court's logic.

As with the prior reading, this one is burdened by the fact that no court in the case identified any specific act of distribution of *Orange Prince* by AWF to Condé Nast or copying of a loaned digital file; let alone called either infringing. If indeed the Supreme Court understood the sole and dispositive act of infringement to be AWF's reproduction or distribution of one lone image file, shouldn't that have been both explicitly acknowledged by the Court and supported by the evidentiary record?

This approach also presupposes that commercial licenses regularly include the provision of image files of the licensed work in fine arts cases. It is hardly clear, however, that fine art licensors do generally provide image files to licensees as a matter of industry custom. To the contrary, while it may be true that AWF or its agent Artists Rights Society gave Condé Nast an image file in this case, it is more often the reality that fine art licensors send their licensees elsewhere to attain high resolution image files of the licensed work (often for another fee).<sup>177</sup> Any attempted equating of licensing and distribution/reproduction needs to reckon with this norm of the fine art licensing industry.

Despite these challenges, this second alternative reading parallels the Court's logic and reasoning and avoids the licensing-as-use error identified by this article. It could either stand alone or operate in tandem with the indirect infringement view. As such, later courts would be well-served to view the *Warhol* opinion through one or both of these lenses.

## CONCLUSION

The Supreme Court majority clearly set out with its *Warhol* opinion to pull back on some of the more expansive tendencies of contemporary transformative fair use analysis in the visual arts. But, as I hope to have shown in this article, these doctrinal revolutions are constructed with a critical flaw. The Court frames

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<sup>177</sup> For many artists that it represents, the Artists Rights Society does not provide image files. *Welcome to Art Resources*, ART RESOURCES, <https://www.artres.com/?fhttps://perma.cc/GVP2-V2BS>] (last visited Nov. 3, 2023). Instead, one seeking a digital image will need to go to a company such as Artist Resource, which charges a fee to lend digital images separate and apart from copyright permission. *See Terms and Conditions*, ART RESOURCES, [https://www.artres.com/C.aspx?VP3=CMS3&VF=TermsAndConditionsV2\\_VForm](https://www.artres.com/C.aspx?VP3=CMS3&VF=TermsAndConditionsV2_VForm) [https://perma.cc/J7VK-4ZYH] (last visited Nov. 3, 2023) (Terms and Conditions Para. 5.) Ironically, the one artist for whom ARS does actively rent images is Andy Warhol. *See also*, *Warhol Foundation Image Rentals*, ARTISTS RIGHTS SOCIETY, <https://arsny.com/warhol-foundation-image-rentals/#> [https://perma.cc/8DUR-AQEG] (last visited Nov. 3, 2023).

and treats the fair use at issue as AWF's commercial licensing practices. But licensing as such is neither a use nor an infringement of copyright, and cannot coherently be evaluated under the fair use defense.

The Court was led down this path by a series of accidents, and some overtly misleading maneuvers in the litigation, beginning with AWF's initial and overbroad attempt to seek a declaratory judgment that the *Prince Series* itself was a fair use, for all purposes and all time. This opening misstep was compounded by Goldsmith's refusal to bring suit against Condé Nast, the actual infringer, combined with her strategic decision to waive earlier claims relating to the creation or display of original Warhol artworks, and to list licensing as an act of infringement in her counterclaim. Critically, the late intervention of OSG as amicus encouraged the Court to adopt, wholesale, the license-as-use framework, and gave it the imprimatur of the United States government.

To compound these factors, the earlier opinions in the case, and especially Judge Jacobs' concurrence, created the appearance of a split between a work-based view of fair use supportive of AWF and a use-purpose-based paradigm supportive of Goldsmith. This created a false choice. Rather than recognize this problematic, the Court resolved the issue by siding with Goldsmith and her attack on the use she described as commercial licensing.

At first blush, this error may appear inconsequential. While technically a license may not be a use, it is arguably a shorthand for the use the licensee will make of the work. That latter use certainly can be an infringement of copyright and the subject of a proper fair use defense. But that shift (of both the identity of the fair user and the use itself) is critical and meaningful, particularly where the Court itself put so much weight on identifying and comparing the relevant uses in a fair use dispute. Taken to its logical conclusion, the Court's decision to treat commercial licensing as a species of copyright use could open doors of direct liability to parties (especially copyright licensing middlemen) that until now were never exposed to such claims.

Incredibly, the *Warhol* Court never once addressed this issue in its three opinions or explained what it meant when it said commercial licensing is an act of infringement. Likely due to the late intervention of OSG, and the way it shifted the question presented away from all the expert briefing, the Court may not have even been aware of this core flaw in its analysis, or its implications.

To reclaim the opinion and prevent further erosion of the jurisprudence of copyright licensing, future courts ought to say out loud what is implicit in the opinion. The Court effectively treated Condé Nast (a non-party) as the accused direct infringer, and AWF as a vicarious or contributory infringer. And the Court may have assumed, without stating, that AWF distributed or reproduced an image file of the work for Condé Nast as part of the license. Although these readings take substantial liberties with the actual language of the opinion, they offer a doctrinally sound approach to fair use in the context of commercial licensing of visual art.