

19-2420

**In the United States Court of Appeals
for the Second Circuit**

THE ANDY WARHOL FOUNDATION FOR THE VISUAL ARTS, INC.,
PLAINTIFF-COUNTER-DEFENDANT-APPELLEE

v.

LYNN GOLDSMITH AND LYNN GOLDSMITH, LTD.,
DEFENDANTS-COUNTER-CLAIMANTS-APPELLANTS

*ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK (CIV. NO. 17-2532)
(HON. JOHN G. KOELTL)*

**RESPONSE TO PETITION FOR PANEL REHEARING AND
REHEARING EN BANC**

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INTRODUCTION

Appellants Lynn Goldsmith and Lynn Goldsmith Ltd. respectfully submit this response to the Court’s order of April 29, 2021, directing appellants to “address[] the impact, if any, of *Google LLC v. Oracle America, Inc.*, 141 S. Ct. 1183 (2021), on the appropriate disposition of this appeal.” 2d Cir. Order, Dkt. No. 239. In short, *Google* is fully consistent with this Court’s decision. *Cf. Doscher v. Sea Port Grp. Sec., LLC*, 832 F.3d 372, 378 (2d Cir. 2016) (circuit precedent remains binding unless intervening Supreme Court decision has “broken the link on which we premised our prior decision” or “undermined an assumption of that decision” (cleaned up)).

To start, the Supreme Court in *Google* expressly stated the decision was *not* changing the legal framework for assessing fair use. Instead, the Supreme Court emphasized: “We do not overturn or modify our earlier cases involving fair use.” 141 S. Ct. at 1208. *Google* applied the precise fair-use principles articulated by this Court, including the transformative-use test from *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994). *See Google*, 141 S. Ct. at 1202-03; *see also* 2d Cir. Op., Dkt. No. 207-1, at 16.

Moreover, *Google* emphasized that the issue of fair use is case-specific, and that the unique features of computer code influenced the Supreme Court’s application of settled fair-use principles in that case. 141 S. Ct. at 1197-98, 1201-02. Tellingly, the Foundation’s amicus brief in the Supreme Court repeatedly represented that the Court’s fair-use ruling in *Google* would have limited application outside the context of computer

code. *See* Rauschenberg Found. & Warhol Found. Amicus Br. 2-3, 15, 17-19 (S. Ct. No. 18-956).

The Foundation now retreats from that position, but its two arguments for why *Google* supports rehearing are incorrect. First, the Foundation (at 10-11) incorrectly portrays this Court as categorically holding that copying is not “transformative” if the source material remains “recognizable” within the new work, and says *Google* refutes that *per se* rule. The Court obviously held no such thing, and in fact stated the contrary rule. Op. 28. Second, the Foundation (at 16) contends, again erroneously, that *Google* requires courts to consider the public benefits of the copying under the fourth fair-use factor, but *Google* contains no such requirement. *Google*’s fact-bound decision makes no new law, and does not undercut the Court’s holding in this case.

REASONS FOR DENYING REHEARING

A. *Google* and This Court Applied the Same, Case-Specific Fair-Use Principles

Google and this Court’s decision in *Goldsmith* followed the same analytical principles governing fair use. These cases reached different results in light of the starkly different contexts in which they arose. These outcomes confirm the Supreme Court’s observation throughout *Google*: fair use is a highly fact-specific enterprise, and specific considerations applicable to functional computer code do not translate to highly creative artistic expression. *See, e.g.*, 141 S. Ct. at 1197-98.

1. This Court held that the Foundation’s fair-use defense failed as a matter of law because all four of the traditional fair-use factors favored Goldsmith based on the specific record before the Court. Op. 4-5. Under the first factor, the Court applied the transformative-use test from *Campbell*, asking whether Warhol’s Prince Series “merely supersedes the objects of the original creation, or instead adds something new, with a further purpose or different character.” Op. 16 (quoting *Campbell*, 510 U.S. at 579). The Court concluded that Warhol’s copying was not transformative because his Prince Series did not further “an entirely distinct artistic purpose,” but simply “recast” Goldsmith’s photograph with a new aesthetic while serving the same essential function: as a portrait of the rock musician. Op. 25-26, 29.

The Court next concluded that the second factor favored Goldsmith because her photograph was creative, and “expressive or creative” works receive more robust protection than “factual or informational” works do. Op. 35-37. This Court also notched the third factor in Goldsmith’s column because Warhol copied her “particular expression” of Prince’s face, borrowing “significantly” from her work “both quantitatively and qualitatively.” Op. 39-40. Finally, this Court held that the fourth factor favored Goldsmith because the Foundation’s licensing activity usurped both the direct and derivative markets for her photograph. Op. 48-50. Although this Court concluded that the market for Warhol’s original silkscreens and Goldsmith’s photograph do not “meaningfully overlap,” it recognized that the Foundation and Goldsmith compete

head-to-head to license “their respective depictions of Prince to popular print magazines.” Op. 45, 47-48.

Google confirms that this Court employed the correct legal principles. *Google* and *Goldsmith* applied the same four-factor fair-use test prescribed in 17 U.S.C. § 107. Both cases recognized that fair use is a context-sensitive inquiry that requires a holistic assessment of the four factors. 141 S. Ct. at 1197; Op. 15, 18. Under the first factor, *Google* quoted and relied on the same transformative-use test from *Campbell* that the Court did in this case, asking whether the copying at issue furthers distinct “purposes” and therefore “adds something new and important.” 141 S. Ct. at 1202-03 (brackets omitted); *see also* IP Scholars Amicus Br., Dkt. No. 273, at 3 (arguing that *Google* “reaffirmed” *Campbell*). Under the second factor, *Google* echoed this Court’s conclusion that factual or functional writings receive weaker copyright protection than literary or artistic works do. 141 S. Ct. at 1197-98, 1201-02. Under the third factor, *Google* concluded that the quantity of copying was insubstantial, favoring fair use. *Id.* at 1204-06. And under the fourth factor, *Google* inquired whether the original and secondary works were market substitutes, ultimately concluding that Google’s Android platform occupied a different market than Oracle’s Java program did. *Id.* at 1207-08.

In short, *Google* did “not overturn or modify our earlier cases involving fair use,” but simply adapted relevant fair-use principles to the new technological context of a computer program. 141 S. Ct. at 1208. *Google* constructed its fair-use holding from

well-settled precedents, including *Campbell* and *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 (1985). The Supreme Court further confirmed that fair-use doctrine remains unchanged by extensively quoting and relying upon circuit precedent, including multiple case from this Court. *Compare Google*, 141 S. Ct. at 1206 (citing Second Circuit precedent for the proposition that public benefits may be considered under factor four), *with* Op. 44 (same).

2. *Google* repeatedly emphasized that the fair-use inquiry depends heavily on context, which further underscores why *Google* does not affect this Court’s holding. *Google* reiterated that the fair-use factors are “not exhaustive,” that “some factors may prove more important in some contexts than in others,” and that the fair-use factors “set forth general principles, the application of which requires judicial balancing, depending upon relevant circumstances.” 141 S. Ct. at 1197; *see also id.* (fair use is “flexible” and “its application may well vary depending upon context”).

Further, *Google* explained that the entire fair-use inquiry may play out differently when courts are considering copyrighted material that “serves an artistic rather than a utilitarian function.” *Id.* The Court observed: “The fact that computer programs are primarily functional makes it difficult to apply traditional copyright concepts in that technological world.” *Id.* at 1208. *Google* contrasted “computer programs” with “books, films, and many other ‘literary works,’” since “such programs almost always serve functional purposes” rather than reflecting artistic expression. *Id.* at 1198. Unlike these

works, which receive robust protection under the copyright law, computer code is entitled to only “thin” protection. *Id.* at 1197-98, 1208. And the specific type of code at issue in *Google* stood even “further than . . . most computer programs . . . from the core of copyright,” to the extent it was protected at all. *Id.* at 1202. *Google* thus limited its inquiry to “consider[ing] the four factors set forth in the fair use statute as we find them applicable to the kind of computer programs before us.” *Id.* at 1201; *see id.* at 1208-09.

The Court’s recurrent discussion of the unique features of copyright in the context of computer programs confirms that *Google* is irrelevant to how this Court applied the flexible fair-use factors to a fundamentally different type of copyrighted work. Goldsmith’s highly artistic photograph of Prince is virtually the apogee of copyright protection. *Google*, by contrast, concerned “functional” computer code that arguably was not subject to copyright protection at all. 141 S. Ct. at 1198. The thinness of the copyright in that context informed the Court’s analysis of the fair-use factors.

Copyright scholars have thus rightly warned against extrapolating principles from *Google*’s fair-use analysis beyond the context of computer code. As Professor Jane Ginsburg of Columbia Law School recently observed, “*Google v. Oracle* is best understood in the context of software interoperability that the majority so heavily underscored.” Jane C. Ginsburg, *Comment on Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, 992 F.3d 99 (2d Cir. 2021), J. Int. Property Law & Practice (forthcoming 2021).

Echoing that analysis, Professor Tyler Ochoa has concluded: “The economic and functional considerations that led the majority to rule in favor of Google simply don’t apply to most cases involving ordinary copyrighted works.” Tyler Ochoa, *U.S. Supreme Court Upholds Fair Use in Google-Oracle Software Battle*, Tech. & Mktg. L. Blog (Apr. 8, 2021).

B. The Foundation’s Contrary Portrayal of *Google* and This Court’s Decision Is Incorrect

The Foundation now contends that *Google* upends this Court’s fair-use analysis, but both the Foundation and its amici previously argued the opposite. The Foundation submitted an amicus brief in *Google* contending that, because software is “functional” and receives “a lower degree of protection than more traditional copyrighted works,” the Supreme Court’s holding in *Google* would “not necessarily fit neatly in copyright cases involving the creative arts.” Rauschenberg Found. & Warhol Found. Amicus Br. 18-19; *see also id.* at 2-3, 15, 17. And after the Court decided *Google*, one of the Foundation’s amici, Professor Rebecca Tushnet, stated in a public roundtable concerning this Court’s decision and the prospects for Supreme Court review that “*Warhol* and *Google* are actually completely different cases and probably do not bear very much on one another.”¹ The Foundation has now changed its tune, but its new arguments are erroneous.

¹ Media Law Resource Center, Panel Discussion, “*The Warhol Foundation v. Goldsmith: Reining in Transformative Use?*” (Apr. 6, 2021). A recording of the panel discussion is on file with the MLRC. Professor Tushnet’s comment begins at minute 16:05.

1. **Transformative Use.** The Foundation contends that *Google* undercuts this Court’s supposed “categorical rule” denying “‘transformative’ status to all works whose source material is clearly ‘recognizable’ within them.” Rehr’g Pet. 10. According to the Foundation, *Google* makes clear that verbatim copying may be transformative even if the original remains “recognizable” within the secondary work. *Id.* at 11. This argument both misrepresents the Court’s opinion in *Goldsmith* and overstates the breadth of *Google*’s transformative-use discussion.

This Court did not establish “a first-of-its-kind categorical rule” that precludes a transformative-use finding unless the second work “sufficiently stamps out traces of its source material.” *Id.* at 1, 10. To the contrary, this Court repeatedly emphasized that “fair use presents a holistic context-sensitive inquiry ‘not to be simplified with bright-line rules.’” Op. 15 (quoting *Campbell*, 510 U.S. at 577-78); Op. 18 (similar); Op. 29 (rejecting “*per se*” rule). This Court thus held that, to rank as transformative, a secondary work “must reasonably be perceived as embodying an entirely distinct artistic purpose, one that conveys a ‘new meaning or message’ entirely separate from its source material.” Op. 25. And the Court continued that it could not possibly “catalog all of the ways in which an artist may achieve that end.” Op. 26. Nor did this Court suggest that transformative use requires the second work to obscure the original. In fact, this Court made clear that “*we do not hold* that the primary work must be ‘barely recognizable’ within the

secondary work.” Op. 28 (emphasis added). The Foundation turns the Court’s analysis on its head, arguing that the Court adopted the very type of categorical rule it rejected.

Nothing in *Google* undermines the above analysis. The Foundation fastens onto *Google*’s statement 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.’” 141 S. Ct. at 1203 (emphasis added) (quoting 4 *Nimmer on Copyright* § 13.05[A][1][b] (quoting Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 Lewis & Clark L. Rev. 715, 746 (2011))). According to the Foundation, this generic reference to appropriation art was “an obvious nod” to Warhol’s “iconic” paintings of Campbell’s soup cans, even though neither the opinion nor the secondary sources it cites mentions Warhol. Rehr’g Pet. 11.

Regardless, this Court’s decision comports with the quoted statement from *Google*. The decision here stated that copying an original work of visual art may qualify as transformative where it is used in service of “an entirely distinct artistic purpose.” Op. 25. Warhol’s soup can paintings could well satisfy that test because they took images created for a commercial purpose—to identify a brand of soup—and put them in a frame and called them art. As this Court correctly held, that use is far from what Warhol did here. In this case, unlike with the Campbell’s soup paintings, “the overarching purpose and function” of the Goldsmith photograph and the Warhol copies were “identical, not merely in the broad sense that they are created as works of visual

art, but also in the narrow but essential sense that they are portraits of the same person.”

Op. 29. That Warhol created an arguably transformative work in the Campbell’s soup paintings does not suggest that his entire body of work is entitled to that designation.

The Foundation (at 10-11) also suggests that *Google* warrants rehearing because the Supreme Court recognized that verbatim copying can sometimes be transformative. But this Court likewise acknowledged that wholesale copying “in service of a legitimate secondary purpose” may constitute fair use. Op. 38. Warhol simply had no such transformative purpose here.

In any event, *Google* endorsed verbatim copying of computer code for reasons that have no obvious parallels to this case. Google’s copying was transformative because it was done for the purpose of protecting the investment that third parties had made in learning how to manipulate Oracle’s declaring code. 141 S. Ct. at 1202-03, 1205, 1208. The Supreme Court emphasized that Google did not appropriate the declaring code for its “beauty” or “creativity,” but rather to ensure that programmers could seamlessly transfer the skills they had acquired working with laptop and desktop computers to Google’s new Android smartphone platform. *Id.* at 1205. And that objective could not have been accomplished unless Google copied the declaring code precisely. In these unique and specific circumstances, the Supreme Court found Google’s copying “inherently transformative.” 141 S. Ct. at 1204.

The transformative-use analysis in *Google* was thus addressed to a particular type of transaction cost known as switching costs—that is, the costs associated with having to abandon knowledge or skills acquired on one platform and adjust to a new and different platform. *See, e.g.,* Joseph Farrell & Carl Shapiro, *Dynamic Competition with Switching Costs*, 19 RAND J. Econ. 123, 123 (1988) (“learning to use a vendor’s product takes time, and the skill may not be fully transferrable to another product if there is inadequate standardization”). Had Oracle been able to exercise a copyright monopoly over the declaring code, then the acquired skills of computer programmers would go to waste, with a resulting drag on technological innovation. *See Google*, 141 S. Ct. at 1208.

No similar considerations apply in this case. Whereas Google copied Oracle’s code to harness the skills of third parties, Warhol copied Goldsmith’s photograph to exploit its original, expressive features, including the photograph’s lighting, shading, and angle. Op. 30-31; *see also id.* at 41 (“the essence of Goldsmith’s photograph was copied and persists in the Prince Series” (alteration omitted)). *Google* nowhere suggests that such wholesale copying of a work of visual art for the same purpose for which it was created qualifies as transformative.

2. Public Benefits. The Foundation and its amici also urge rehearing because *Google* engaged in an analysis of the public benefits of the copying under the fourth fair-

use factor, an analysis the panel supposedly failed to conduct. Rehr’g Pet. 16; IP Scholars Amicus Br. 9-11. This argument exaggerates *Google*’s holding and again misrepresents the opinion here.

At the outset, *Google* does not “mandate[]” a balancing of public benefits against harm to the copyright holder, as the Foundation contends. Rehr’g Pet. 17. To the contrary, *Google* states: “We do not say that these questions are always relevant to the application of fair use, not even in the world of computer programs.” 141 S. Ct. at 1206. In *Google*, the public interest factored into the analysis because the value of the original copyrighted work derived in significant part from the labor that certain members of the public—software programmers—had invested in learning how to use it. *Id.* at 1208.

Regardless, this Court already considered public benefits in its analysis. Even before *Google*, Second Circuit precedent instructed courts “to balance the benefit the public will derive if the use is permitted and the personal gain the copyright owner will receive if the use is denied,” as the panel expressly recognized. Op. 44 (quoting *Wright v. Warner Books, Inc.*, 953 F.2d 731, 739 (2d Cir. 1991)). This Court accordingly considered the public benefits of the copying under both the first and fourth fair-use factors, acknowledging that the “artistic value” of the Prince Series “serves the greater public interest.” Op. 34. And the Court suggested that the public interest might also prove “highly relevant” at the remedial stage if a copyright holder sought the destruction of

infringing artwork, Op. 35—which Goldsmith did not seek here. *See* Op., Dkt. No. 209, at 1 (Jacobs, J., concurring) (observing that Goldsmith “seeks only damages and royalties”); Oral Arg. 8:00 (“Ms. Goldsmith is not seeking the destruction of any Warhol art, anything hanging in a museum.”).²

Nor is there any merit to the Foundation’s argument that this Court’s decision “threatens to render unlawful large swaths of contemporary art that incorporates and reframes copyrighted material,” in derogation of the public interest. Rehr’g Pet. 17 (emphasis omitted). Judge Jacobs’s concurring opinion emphasized that “[o]ur decision depends heavily on the commercial competition between the photograph and the *reproduced versions* of the Prince Series” and “does not consider, let alone decide, whether the infringement encumbers the original Prince Series works.” Op. 1-2 (Jacobs, J., concurring) (emphasis added).

Neither the Foundation nor its amici have articulated what possible interest the public could have in the specific use of Goldsmith’s photograph at issue in this case: the Foundation’s commercial licensing. Whatever insight about celebrity and consumerism was embodied in Warhol’s original silkscreens, the Foundation has repurposed his art into an engine of commercialism, licensing his work to sell products from makeup to magazines. *See* Leanne Italie, *Warhol Foundation Takes on Cosmetics with Nars*,

² A recording of the Sept. 15, 2020, oral argument is available on the Court’s web site at https://www.ca2.uscourts.gov/oral_arguments.html.

Associated Press (Oct. 8, 2012). The public has no conceivable interest in the Foundation's merchandising efforts, no matter how the Foundation ultimately uses these profits. *See, e.g., Lish v. Harper's Mag. Found.*, 807 F. Supp. 1090, 1100-01 (S.D.N.Y. 1992).

CONCLUSION

For the foregoing reasons, the Supreme Court's decision in *Google v. Oracle* provides no occasion to reconsider the Court's opinion in this case. The Foundation's petition for panel rehearing and rehearing en banc should be denied and the mandate issued forthwith.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

Pursuant to Federal Rules of Appellate Procedure 32(g), the undersigned hereby certifies that this brief complies with the type-volume limitation.

1. This brief complies with the type-volume limitation of the Second Circuit's April 29, 2021, order because it contains 3,248 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(f).

2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because this brief has been prepared in a plain, roman-style typeface using 14-point Garamond font.

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CERTIFICATE OF SERVICE

I, Katherine Moran Meeks, hereby certify that on May 13, 2021, I filed the foregoing Response to the Petition for Panel Rehearing and Rehearing En Banc on CM/ECF. All parties required to be served have been served.

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