

KIRKLAND ALERT

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The Second Circuit Holds Commentary Not Required for Fair Use

On April 25, 2013, the U.S. Court of Appeals for the Second Circuit held that commentary on a work, its author or popular culture is not required for a secondary use of that work to be considered fair use under copyright law. It also held that the key issue in determining whether such use is transformative is how the work appears to the reasonable observer, not the secondary artist's views or intentions in creating his or her allegedly fair use.

At issue in the case, *Cariou v. Prince, et al.*, was whether 30 works by so-called "appropriation artist" Richard Prince that altered and incorporated various copyrighted photographs of Rastafarians by Patrick Cariou qualified as fair uses under Section 107 of the Copyright Act. The U.S. District Court for the Southern District of New York had granted Cariou's motion for summary judgment and had denied Defendants' cross-motion for summary judgment. Defendants appealed, arguing that Prince's works constituted fair use and that the District Court applied an incorrect legal standard in rejecting Defendants' fair use defense.

Although the Second Circuit analyzed each of the Copyright Act's four fair use factors, it particularly emphasized the first factor: "the purpose and character of the use." The District Court had concluded that to be transformative a use must "comment on, relate to the historical context of, or critically refer back to the original works." *Cariou v. Prince*, 784 F. Supp. 2d 337, 348 (S.D.N.Y. 2011). Thus, it found persuasive that in his deposition, Prince testified that he did not intend to transform or comment on Cariou's works.

The Second Circuit, however, found the standard applied by the District Court to be erroneous. It held that "[t]he law imposes no requirement that a work comment on the original or its author in order to be considered transformative, and a secondary work may constitute a fair use even if it serves some purpose other than those ... identified in the preamble to the statute." Instead, the court found that the correct standard is whether the new work would be "reasonably perceived" by a "reasonable observer" to alter the original with "new expression, meaning, or message."

Applying this standard, the court found that 25 of the 30 works at issue were transformative as a matter of law, but that the remaining five works were too close to call because Prince had made fewer changes to Cariou's photographs. The 25 works were determined to be transformative because the court found that they "manifest an entirely different aesthetic from Cariou's photographs Prince's composition, presentation, scale, color palette, and media are fundamentally different and new compared to the photographs, as is the expressive nature of Prince's work." The court also placed little significance on the fact that Prince's artworks are commercial "due to the transformative nature of the work."

The Second Circuit minimized the relevance of the other fair use factors that arguably weighed in Cariou's favor. Although it recognized that the second factor (the nature of the copyrighted work) favored Cariou, the court found that the factor "may be of limited usefulness where ... the creative work of art is being used for a transformative purpose." Similarly, under the third factor (the amount and substantiality used), the court found that Prince used "key portions" of certain of Cariou's photographs, but found such use justified as "Prince transformed those photographs into something new and different and, as a result, this factor weighs heavily in Prince's favor." Finally, in analyzing the fourth factor (impact on the market), the court found that the artists' audiences were so different that Prince's works would not "usurp" either the primary or derivative markets for

Cariou's works. It noted the absence of any evidence "that Cariou would ever develop or license secondary uses of his work in the vein of Prince's artwork," and also that Prince's art "appeals to an entirely different sort of collector" than does Cariou's, namely "wealthy and famous" collectors such as Jay-Z, Jeff Koons, Tom Brady, Anna Wintour, Robert DeNiro, Angelina Jolie and Brad Pitt. The court's analysis of the fourth factor did not address the fact that, in addition to selling works to art collectors, photographers and others often license their works for use by artists and others as reference works — a target market that would include Prince and that was wholly usurped when Prince took Cariou's photos without a license.

Accordingly, the Second Circuit held that the 25 works were fair use as a matter of law, but remanded the case to the District Court for additional fact finding as to the remaining five works.

Judge Wallace concurred in part and dissented in part from the court's opinion. Although agreeing with the majority that the District Court incorrectly imposed a requirement that a work comment on the original work to be transformative, he disagreed with its determination that the issue of fair use could be determined as a matter of law as to the 25 works. Instead, Judge Wallace favored remanding the entire case to the District Court to reevaluate its earlier factual determinations and to decide whether any of the 30 works qualified as fair uses under the correct legal standard. He also noted that the District Court should be allowed to consider Prince's deposition testimony in evaluating the fair use defense, disagreeing

with the majority's decision to "discount" it. Finally, Judge Wallace generally questioned the appellate court's ability to make "these fact- and opinion-intensive decisions," noting that appellate courts "are not merely to use [their] personal art views to make the new legal application to the facts of [the] case."

Despite finding fair use as to the majority of Prince's works based on the particular facts, the Second Circuit's decision reaffirms certain fair use principles. It confirms that the relevant question is whether the new work supersedes the original creation and that works that merely present the same material in a new form are not transformative. It also reaffirms that where the target audience and the nature of the allegedly infringing work are the same as the original, the fourth fair use factor (market effect) is more likely to tip in the copyright holder's favor.

Nevertheless, the decision raises a number of new questions. For instance, it does not explain how the "reasonable observer" test should be applied by courts, nor does it shed light on what kinds of evidence are relevant to determining how works may "reasonably be perceived." In addition, the Second Circuit did not address whether Prince's works constituted "derivative works" under the Copyright Act, or how derivative works that "transform ... an original work," 17 U.S.C. § 101 (which a copyright owner has the exclusive right to make and authorize), are distinct from transformative fair uses.

Given its focus on visual differences between the artists' works, the opinion likely will be most relevant to cases involving the visual arts.

If you have any questions about the matters addressed in this *Kirkland Alert*, please contact the following Kirkland authors or your regular Kirkland contact.

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