

Intellectual Property in OT 2022: Two Baby Steps in the Right Direction

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Introduction

One of the key conundrums of intellectual property is its ability to simultaneously “promote the Progress of Science and useful Arts”¹ and inhibit such progress.² The ability to acquire patents, copyrights, trademarks, and other types of intellectual property serves as a potential reward for creating new knowledge and thus serves as an engine driving innovation.³ However, once the relevant intellectual property right is granted, the non-owners who may seek to move the knowledge further still must now pay the rights-holder for using the work. Thus, a movie director must pay a license fee to an author of a book if the director wants to turn that book into a movie, and someone wishing to sell the McRib must pay McDonald’s for the right to use that name. Of course, if the book author refuses to sell the rights to the movie producer, then the movie will not be made. And to the extent McDonald’s doesn’t wish to license its name to a particular sandwich shop, consumers will have fewer locales where they can purchase the McRib. As the Seventh Circuit observed “[o]nce a work has been written and published, any rule requiring people to compensate the author slows progress in literature and art, making

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¹ U.S. CONST. art I, § 8, cl. 8.

² See, e.g., Dmitry Karshedt, *Photocopies, Patents, and Knowledge Transfer: “The Uneasy Case” of Justice Breyer’s Patentable Subject Matter Jurisprudence*, 69 VAND. L. REV. 1739, 1750 (2016).

³ See, e.g., Gregory Dolin, *Do Patent Challenges Reduce Consumer Welfare?*, 84 U. CHI. L. REV. ONLINE 256, 259–60 (2017).

useful expressions ‘too expensive,’ forcing authors to re-invent the wheel, and so on.”⁴

It is this tension between the costs and benefits of intellectual property rights where most disputes arise and where courts and Congress have attempted to craft an appropriate balancing test or, as Judge Learned Hand observed early in the 20th century, pick a correct level of generality at which to evaluate competing claims of rights.⁵

Overlaying the general tension are First Amendment concerns.⁶ A reader of a book has a First Amendment right to comment on the book’s content, critique its approach, and the like. Someone wishing to praise or criticize the taste of the McRib needs to use the word “McRib” to do so, even if it is a registered trademark of the McDonald’s corporation. But direct commentary on a prior work of art, such as “worst book I ever read,” or “best sandwich ever,” is not the only type of commentary that people engage in and that the law is attuned to. For example, people often parody famous works of art or existing trademarks. Someone making a movie or writing a book or painting a scene may include McDonald’s famed Golden Arches in the depicted scenes, or may have one of the characters hold a copyrighted photo. If every movie director had to compensate every single trademark holder whose restaurant, car, or baseball cap appeared in one of the shots, it would be nearly impossible to make any movie—certainly impossible to make one that is shot on the streets of a real city. At the same time, letting newcomers use prior copyrighted works and marks, in any context and with only small alterations, would undermine the very purpose of the congressionally created intellectual property regimes.⁷

In two cases heard in the October Term 2023, the Supreme Court faced essentially the same question—what does it take for the later work to count as a “commentary,” or “parody” on the original work and thus escape liability for trespassing on the property rights of the

⁴ *Nash v. CBS, Inc.*, 899 F.2d 1537, 1540 (7th Cir. 1990).

⁵ *See Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121 (2d Cir. 1930).

⁶ *See Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 584 n.7 (1985).

⁷ *See, e.g., Graver Tank & Mfg. Co. v. Linde Air Prod. Co.*, 339 U.S. 605, 607 (1950) (“[T]o permit imitation of a patented invention which does not copy every literal detail would be to convert the protection of the patent grant into a hollow and useless thing.”).

original work's creator? The issues in these two cases were remarkably similar, although one case concerned the construction of the Copyright Act, while the other touched on the Lanham Act (which governs federal trademark law). Particularly interesting is that although the cases reached a consistent outcome, Justice Elena Kagan authored the unanimous opinion in one case but filed a rather biting dissent in another. The overall message from the Court, however, is clear—one remains free to comment on, critique, parody, or transform prior works, without worry that one will be held liable for infringement. However, one is not free to free ride on the efforts of others in order to promote one's own art or business without properly compensating the original creators. It is this focus on "free riding" that, at least in the OT 2023 Term, got the Court to understand and say that "intellectual property" is indeed *property*.

I. Jack Daniel's v. VIP Products

Jack Daniel's turned out to be perhaps the less controversial of the two cases and resulted in a unanimous opinion by Justice Kagan.⁸

At issue in the case was a chewable toy produced by respondent VIP Products and called "Bad Spaniels."⁹ The toy itself is shaped like a miniature bottle of Jack Daniel's Old No. 7 whiskey with its familiar square shape (which is trademarked).¹⁰ The writing on the toy is in the same font as, and utilizes the same filigree as, the original whiskey bottle.¹¹ There are, of course, differences. Instead of using the words "Jack Daniel's," the chewable toy sports a "Bad Spaniels" logo. And instead of the words "Old No. 7 Brand Tennessee Whiskey," the toy makes an attempt at some (admittedly sophomoric) humor, sporting "The Old No. 2 on Your Tennessee Carpet" writing.¹²

Jack Daniel's, however, either did not see or did not appreciate the humor. Instead, it sued VIP Products, alleging that VIP infringed its marks by leading consumers to think that Jack Daniel's had created,

⁸ Justice Sonia Sotomayor filed a concurring opinion that was joined by Justice Samuel Alito. Justice Neil Gorsuch also filed a concurring opinion joined by Justices Clarence Thomas and Amy Coney Barrett. Nevertheless, all justices joined in Justice Kagan's opinion.

⁹ *Jack Daniel's Properties, Inc. v. VIP Prod. LLC*, 599 U.S. 140, 149 (2023).

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

or was otherwise responsible for, the dog toy. Additionally, Jack Daniel's argued that VIP had diluted its marks by associating the famed whiskey with dog excrement.¹³

The law of trademark infringement (although often taught as a semester-long stand-alone course in U.S. law schools) can be rather simply stated—a person is liable for infringing another's mark if a "reasonably prudent consumer" is likely to be confused as to the source of the goods in question.¹⁴ In other words, if a consumer upon seeing Mark A is likely to believe (even if erroneously) that goods bearing such a mark really come from a company owning Mark B, then Mark A infringes Mark B. For example, a reasonable consumer may be misled into thinking that "MacDonald's" or "McDonald" is really the same company as the original McDonald's, and therefore the former two marks would infringe the original McDonald's trademark.

The law also provides an additional layer of protection for so-called "famous" trademarks. A "famous" mark is one that "is widely recognized by the general consuming public."¹⁵ So McDonald's, Nike, Budweiser, and Mercedes are all famous marks, whereas your local (and hypothetical) "Matryoshka Russian Restaurant" isn't. A famous mark is protected not only against copycats who seek to utilize confusingly similar marks, but also from "dilution," either by "blurring," or as more relevant here, "tarnishment."¹⁶ A mark is diluted by tarnishment whenever it is used by the accused infringer in a way "that harms the reputation of the famous mark."¹⁷ Usually, courts "find tarnishment only in cases where a distinctive mark is depicted in an obviously degrading context, often involving a sexual activity, obscenity, or illegal activity."¹⁸

At the same time, the Lanham Act permits "fair use" of trademarks by people other than trademark holders.¹⁹ However, one key

¹³ *Id.* at 144.

¹⁴ See *Dreamwerks Prod. Grp., Inc. v. SKG Studio*, 142 F.3d 1127, 1129 (9th Cir. 1998); 15 U.S.C. §1114(1)(A).

¹⁵ 15 U.S.C. § 1125(c)(2)(A).

¹⁶ *Id.* § 1125(c)(1).

¹⁷ *Id.* § 1125(c)(2)(C).

¹⁸ *Kellogg Co. v. Exxon Mobil Corp.*, 192 F. Supp. 2d 790, 809–10 (W.D. Tenn. 2001).

¹⁹ 15 U.S.C. § 1115(b)(4).

consideration is that in order to avail oneself of the “fair use” defense, the accused infringer must be using the protected mark “otherwise than as a mark.”²⁰ For example, if CNN wanted to have a story about the trends in sales of Nike shoes, it could put up a Nike logo on the screen as an illustration to the story without risking a lawsuit for infringement. It can do so because in the just-described context, CNN is not using the Nike logo *as a trademark*, i.e., as an indicator of the source of its own goods.

As always, though, hard cases arise on the margins of these two categories. One such case was a 1989 decision by the Second Circuit in *Rogers v. Grimaldi*.²¹ In that case, Ginger Rogers sued defendants over the use of her name in Federico Fellini’s movie *Ginger and Fred*, which defendants produced and distributed. Rogers’s main contention was that defendants, *inter alia*, “violated section 43(a) of the Lanham Act . . . by creating the false impression that the film was about her or that she sponsored, endorsed, or was otherwise involved in the film,”²² or in plain language engaged in acts that would cause a reasonable consumer to mistakenly believe that Ginger Rogers herself was the “commercial source” of the movie.²³ The Second Circuit rejected the claim, writing that the Lanham “Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.”²⁴ The real question, reasoned the court, was whether artistic works use the mark or celebrity’s name in a “misleading” fashion, not whether they use them at all. Thus, “some titles—such as ‘Nimmer on Copyright’ and ‘Jane Fonda’s Workout Book’—explicitly state the author of the work or at least the name of the person the publisher is entitled to associate with the preparation of the work.”²⁵ And if such titles were not *actually* authored or authorized by Nimmer or Jane Fonda, respectively, then the use of those names would be misleading.²⁶ On the other hand, an artistic

²⁰ *Id.*

²¹ 875 F.2d 994 (2d Cir. 1989).

²² *Id.* at 997.

²³ *Id.*

²⁴ *Id.* at 999.

²⁵ *Id.*

²⁶ *See id.*

work *about* Nimmer, or Jane Fonda, or Ginger Rogers, or McDonald's Corporation does not mislead the consumer to such an extent as to justify limiting traditional First Amendment protections.

It is for this reason that *even if* a reasonable consumer were to think that Andy Warhol's paintings of soup cans (a topic to which we shall return in the subsequent part) were actually authorized by Campbell's, thus causing some confusion, the paintings are protected by the First Amendment and do not violate the strictures of the Lanham Act. As there is no other way to depict Campbell's soup cans other than by drawing, well, Campbell's soup cans, the artist's freedom cannot be restricted. But what should be evident is that in this situation, the First Amendment defense easily fits with the statutory fair use defense—Warhol was not using Campbell's *as a trademark*, for he was not trying to get consumers to think that when buying those silk screens (or reproductions) they were buying a Campbell's product. To the contrary, he wanted consumers to think that they were buying a *Warhol*. The soup cans served no identification function other than in their style of execution, which pointed not to the soup-maker, but to the artist.

Of course, not all usage of trademarks in art is laudatory or even neutral. Consider the movie *Super Size Me*.²⁷ It's a documentary showing the movie director eating only McDonald's food for 30 days—to an entirely expected ill-effect on his own health. Needless to say, the movie used McDonald's trademarks (everything from the name of the chain, to "Big Mac," to the very title of the movie, as "Super Size" is a registered trademark). Yet, the movie makers did not have to worry about an allegation of trademark dilution because the use of the trademark was in service of commentary on the mark and/or the owner of the mark. Like Warhol's soup cans, the makers of *Super Size Me* were not using the trademark to entice consumers to buy their wares, but to entice consumers to critically consider the wares sold by McDonald's. To say it in other way, the movie would likely have been just as successful if instead of investigating the effect of McDonald's fast food, it chose to investigate Burger King's or Arby's offerings.

A pattern thus emerges from these cases—the First Amendment and the fair use doctrine protect the use of trademarks by others

²⁷ SUPER SIZE ME (The Con 2004).

when they talk *about* the protected marks, but are of no help when they *use* the protected marks as their own marketing tool.

All of this brings us back to Bad Spaniels' chew toy. VIP Products (the maker of the toy) argued for about 13 pages of its brief that it should incur no liability because Bad Spaniels is a "parody" of the Jack Daniel's mark and is "a work of artistic expression and noncommercial speech."²⁸ In VIP's view, the matter should never have gone to trial, and the courts should have never inquired whether there is a "likelihood of confusion" or "tarnishment," because these questions were preempted by the First Amendment defense. In essence, VIP argued that *even if* there is a likelihood of confusion, in view of the fact that the chew toy is an obvious parody, no liability can attach. (It is a rather odd argument though, because if the parody is *obvious*, it is highly *unlikely* that any consumer would be confused.) The upshot of VIP's argument was that under *Rogers*, the First Amendment protects not merely commentary on an existing mark, but more broadly protects uses of another mark in "artistic works," except in very narrow categories, *viz.*, when "the challenged use of a mark 'has no artistic relevance to the underlying work' or [when] it 'explicitly misleads as to the source or the content of the work.'"²⁹ Under that approach, *Rogers* would become a threshold that any trademark owner would have to cross prior to presenting its likelihood-of-confusion evidence, rather than a mere subset of the fair use doctrine, where the burden is on the defendant to show that the protected mark was used "otherwise than as a mark."³⁰

The Ninth Circuit endorsed this view, holding that "because Bad Spaniels 'communicates a humorous message,' it is automatically entitled to *Rogers*' protection."³¹

The Supreme Court disagreed. While it declined to endorse or abrogate *Rogers* wholesale, it was explicit that that case has no application "when an alleged infringer uses a trademark in the way the Lanham Act most cares about: as a designation of source for the

²⁸ Brief of Respondent at 12, *Jack Daniel's Properties, Inc. v. VIP Prod. LLC*, 599 U.S. 140, 149 (2023) (No. 22-148), 2023 WL 2189058.

²⁹ *Jack Daniel's*, 599 U.S. at 151 (quoting *Rogers*, 875 F.2d at 999).

³⁰ 15 U.S.C. § 1115(b)(4).

³¹ *Jack Daniel's*, 599 U.S. at 158 (quoting *VIP Prod. LLC v. Jack Daniel's Properties, Inc.*, 953 F.3d 1170, 1175 (9th Cir. 2020)).

infringer's own goods."³² As the Court explained (without necessarily endorsing the logic of lower-court cases), *Rogers* only makes sense in cases where "a trademark is used not to designate a work's source, but solely to perform some other expressive function."³³ Looking back on examples above, *Super Size Me* used McDonald's trademarks not as a source identifier, but as a way to express the movie's views (whether correct or not) about the unhealthiness of McDonald's food. The true test, according to the Court, is whether the accused infringer used a registered trademark as a source identifier of its own goods, irrespective of whether in so doing he also communicated some expressive message. That is so because trademarks often communicate a message above and beyond a source identifier.³⁴ Applying this test, the Court easily concluded that VIP was using Jack Daniel's trademarks to identify its own products (i.e., the dog chew toys shaped like Jack Daniel's bottles with writings in similar fonts to that employed by the whiskey manufacturer would be readily recognizable by consumers in a variety of settings), and therefore (assuming that Jack Daniel's could actually prove that likelihood of confusion exists) infringing those marks.³⁵ For the same reason, in three short paragraphs, the Court concluded that VIP's toys, despite being "humorous," are not immune from tarnishment liability.³⁶

The main theme of *Jack Daniel's*—that not every expressive use of another's property is "fair" and therefore free from liability—extended, albeit it in a much more muddled way, to *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*, to which I next turn.

II. *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith*

Whereas *Jack Daniel's* was a unanimous and almost breezy opinion of 20 pages (followed by three pages of concurring opinions), *Warhol* divided the Court, and the opinions by the warring factions spanned 80 pages and were disdainful of each other, if not outright venomous.

³² *Id.* at 153.

³³ *Id.* at 154.

³⁴ *Id.* at 157–58.

³⁵ *Id.* at 160–61.

³⁶ *Id.* at 161–62.

As in *Jack Daniel's*, the issue before the Court was whether an alleged infringer, who concededly used another's copyrighted work, was entitled to a "fair use" defense.³⁷ And although the Copyright Act, like the Lanham Act, provides for such a defense, the case presented a clash between two competing provisions of the Copyright Act.

On one hand, the Copyright Act grants authors not merely rights to their original works, but also a right to create derivative works.³⁸ This means that an author of a book has an exclusive right to make (or license others to make) a movie out of that book.³⁹ Creating an unauthorized derivative work subjects the creator to infringement liability, no matter how creative, aesthetically pleasing, or imaginative the derivative work may be.⁴⁰ For example, *Game of Thrones*⁴¹ was (at least in the early seasons) a spectacular and imaginative retelling of George R.R. Martin's epic *Song of Fire and Ice*. And even though *Game of Thrones* put its own spin on Martin's story (and indeed, in the later seasons created its own story, as Martin still hasn't finished the last two books of the series), the makers of HBO's hit series would have ended up in serious legal trouble if they had proceeded without seeking Martin's license.

At the same time, the Copyright Act protects fair use of pre-existing and otherwise protected works. Under the statute, fair use is a viable defense when the copyrighted work is used "for purposes such as criticism, comment, news reporting, teaching . . . , scholarship, or research."⁴² However that the work fits into any one of these (or similar) categories is by itself insufficient. Instead, a court must weigh four factors in determining whether

³⁷ *Andy Warhol Found. for the Visual Arts, Inc. v. Goldsmith (Warhol III)*, 143 S. Ct. 1258, 1266 (2023).

³⁸ 17 U.S.C. § 106(2).

³⁹ *Warhol III*, 143 S. Ct. at 1275.

⁴⁰ See *Bucklew v. Hawkins, Ash, Baptie & Co., LLP*, 329 F.3d 923, 930 (7th Cir. 2003) ("[I]t is a copyright infringement to make or sell a derivative work without a license from the owner of the copyright on the work from which the derivative work is derived.").

⁴¹ *Game of Thrones* (HBO, 2011–2019).

⁴² 17 U.S.C. § 107.

the use is indeed “fair.” These factors, none of which is determinative, and all of which have to be weighed in every case are:

- (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.⁴³

In evaluating the first factor, courts look at the allegedly infringing work to see if it “transformed” the underlying protected work, i.e., whether the contribution of the alleged infringer made the underlying work into some new type of work, suitable for new audiences and new uses, or conveying new messages.⁴⁴ At this stage, the tension between the two provisions becomes fairly self-evident. On one hand, “transformation” of a work into a new type of artistic expression is not enough, because every derivative work “transforms” the underlying one into something new, and authors of the original works retain exclusive rights to the creation of derivative ones. On the other hand, “transformation” is a key consideration in determining whether the new work used the old one “fairly.” It is to this conundrum that the Court addressed itself in *Warhol*, and it is this tension that caused disagreement between the majority and the dissent.

At issue in *Warhol* was the use of a black-and-white photograph depicting the late artist Prince and its transformation into a silk screen painting.⁴⁵ The photograph was taken by a famous photographer, Lynn Goldsmith, and was previously licensed to *Vanity Fair* magazine for a “one time” only use in an article about Prince.⁴⁶ *Vanity Fair*, in turn, hired Andy Warhol to make a silk screen on the basis of the photograph (which was permissible under the terms of the license) and then published the reproduction of the silk print as

⁴³ *Id.*

⁴⁴ See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

⁴⁵ *Warhol III*, 143 S. Ct. at 1266–71.

⁴⁶ *Id.* at 1267.

part of the article.⁴⁷ However, Warhol was so taken with Goldsmith's photograph that he used it not only to create the silk screen that was reproduced in the *Vanity Fair* article, but 13 other silk screen paintings and two pencil drawings.⁴⁸ Andy Warhol⁴⁹ licensed the use of his paintings to others "for commercial and editorial uses."⁵⁰ After Prince died, Warhol licensed one of his images known as the "Orange Prince" to Condé Nast for its use in a magazine retrospective on Prince.⁵¹ Goldsmith (and a variety of other artists) also licensed some of her other photos to other magazines which were running articles on Prince.⁵² When Goldsmith saw Condé Nast's cover, she recognized her photograph and notified Warhol of her belief that the cover infringed her copyright.⁵³ Warhol then filed a declaratory judgment action in the Southern District of New York seeking a judgment of non-infringement or, in the alternative, fair use.⁵⁴

Warhol prevailed at trial, with the district court holding that Warhol's use of Goldsmith's photograph was "transformative" because Warhol's paintings "have a different character, give Goldsmith's photograph a new expression, and employ new aesthetics with creative and communicative results distinct from Goldsmith's."⁵⁵ According to the district court, Warhol's paintings "can reasonably be perceived to have transformed Prince from a vulnerable, uncomfortable person to an iconic, larger-than-life figure," such that "each Prince Series work is immediately recognizable as a 'Warhol' rather than as a photograph of Prince."⁵⁶ The district court also concluded that the remaining factors favored Warhol and not Goldsmith.

⁴⁷ *Id.*

⁴⁸ *Id.* at 1268.

⁴⁹ Technically speaking, it was the Andy Warhol Foundation that licensed the works, as Warhol himself died in 1987. However, for ease of reference, I will refer to both Andy Warhol and the Foundation as "Warhol" and treat them as a single entity.

⁵⁰ *Warhol III*, 143 S. Ct. at 1268–69.

⁵¹ *Id.* at 1269.

⁵² *Id.*

⁵³ *Id.* at 1270–71.

⁵⁴ *Id.* at 1271.

⁵⁵ *Andy Warhol Foundation for the Visual Arts, Inc. v. Goldsmith (Warhol I)*, 382 F. Supp. 3d 312, 325–26 (S.D.N.Y. 2019) (quoting *Cariou v. Prince*, 714 F.3d 694, 708 (2d Cir. 2013)) (alterations omitted), rev'd, 11 F.4th 26 (2d Cir. 2021), aff'd, 143 S. Ct. 1258 (2023).

⁵⁶ *Id.*

The Second Circuit reversed, concluding that all four factors actually favored Goldsmith. While the appeals court recognized that Warhol had added his own take on the original photograph, it held that a “secondary work that adds a new aesthetic or new expression to its source material is [not] necessarily transformative.”⁵⁷ In the Second Circuit’s view, “transformative purpose and character must, at a bare minimum, comprise something more than the imposition of another artist’s style on the primary work.”⁵⁸ At the Supreme Court, the dispute was narrowed to the argument over the “transformative-ness” of Warhol’s work, with Warhol declining to appeal the Second Circuit’s findings against him on the remaining factors.⁵⁹

With the dispute thus narrowed, the Supreme Court attempted to define what is sufficient artistic “transformation” to satisfy the fair use analysis. Admittedly, it is not a question susceptible to easy answers. In a colloquial sense, of course Andy Warhol “transformed” Goldsmith’s image. There is little question that Warhol’s painting elicits a different reaction from a viewer than does the original photograph. One does not need to buy into the district court’s assertion (which anyways is better suited for an art critic than a judge) that the original photograph depicted Prince as “a vulnerable, uncomfortable person,” whereas the Warhol image depicts him as “an iconic, larger-than-life figure.”⁶⁰ Whether that’s true or not, it is certainly true that the painting (like Warhol’s soup cans) “is immediately recognizable as a ‘Warhol.’”⁶¹

But as a matter of copyright law, the retort is “so what?” For example, the movie *No Country for Old Men*⁶² may be “instantly recognizable” as a “Coen Brothers,” but it does not follow that the movie’s adaptation of the original *No Country for Old Men* novel⁶³ is, ipso facto, “fair use.” If that were so, as the Court majority correctly observed, it would give famous, recognizable artists license to steal from lesser-known ones.

⁵⁷ *Andy Warhol Found. for Visual Arts, Inc. v. Goldsmith (Warhol II)*, 11 F.4th 26, 38–39 (2d Cir. 2021), *aff’d*, 143 S. Ct. 1258 (2023).

⁵⁸ *Id.* at 42.

⁵⁹ *Warhol III*, 143 S. Ct. at 1272–73.

⁶⁰ *Warhol I*, 382 F. Supp. 3d at 326.

⁶¹ *Id.*

⁶² *NO COUNTRY FOR OLD MEN* (Paramount Vantage 2007).

⁶³ *CORMAC MCCARTHY, NO COUNTRY FOR OLD MEN* (2005).

By putting their own stamp on prior work, the famous artists could completely eviscerate the lesser-known artists' exclusive right to create derivative works. Conversely, just because *A Serious Man*⁶⁴ is a modern-day retelling of the story of Job, it doesn't follow that the Coen brothers would have been found to have infringed that story had it been subject to copyright. If it were otherwise, it would mean that the first artist to express an idea in some sort of permanent medium would be able to lock up all variations of that idea for decades to come, all to the detriment of the "Progress of Science."⁶⁵ The question is, as it so often is in law, where to draw the line.

Unfortunately, neither the majority nor the dissent were particularly helpful in line-drawing, each (poorly) mixing and matching several copyright doctrines in an attempt to prove their point. That said, the majority ultimately had the better argument. Writing for the Court, Justice Sonia Sotomayor spent a fair amount of time focusing on the fact that the *purpose* of Warhol's print was much the same as the purpose of Goldsmith's photograph—to illustrate magazine stories about Prince.⁶⁶ And therefore, according to the majority, the new work (Warhol's painting) is not "transformative" of the old work (Goldsmith photograph). There are several problems with this analysis, as Justice Kagan rightly pointed out in her dissent.

First, the mere fact that both Goldsmith's photograph and Warhol's painting were sought by and used in various magazines does not mean that they have the same purpose or are essentially interchangeable. It may well be that different types of illustration are suitable to different articles, each having a different focus or tone. Of course, the fact that both works of art illustrate Prince means that they will both be used in stories about Prince and not stories about, say, David Bowie or Madonna. But that does not necessarily mean that because they are so used, they have the same "purpose and character of the use." The problem with the Court's analysis is that it (at least potentially) uses too high a level of generality. Consider one of the Court's earlier cases, *Campbell v. Acuff-Rose Music, Inc.*⁶⁷ In *Campbell*,

⁶⁴ *A SERIOUS MAN* (StudioCanal 2009).

⁶⁵ U.S. CONST. art. I, § 8 cl. 8.

⁶⁶ See *Warhol III*, 143 S. Ct. at 1273 ("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.").

⁶⁷ 510 U.S. 569 (1994).

2 Live Crew—an American hip-hop group—parodied the song “Oh, Pretty Woman” originally written by Roy Orbison and William Dees and in which Acuff-Rose held a copyright.⁶⁸ The parody borrowed both lyrics and chords from the original, and as a result, 2 Live Crew was promptly sued for copyright infringement.⁶⁹ On a high level of generality, both the original version of “Pretty Woman” and the parody had the same “purpose and character.” Both songs sought to provide listeners with musical sounds and words that spoke of sexual longing and desire. Under that view, the first factor of the fair use analysis would favor the original creator. But at a different level of generality, another outcome presents itself. As then-Justice David Souter wrote for a unanimous Court, “2 Live Crew juxtaposes the romantic musings of a man whose fantasy comes true, with degrading taunts, a bawdy demand for sex, and a sigh of relief from paternal responsibility.”⁷⁰ In this sense, the two songs couldn’t have a more different “purpose and character.” So how does Justice Sotomayor explain the choice of the level of generality in *Warhol III*? She doesn’t, and that leaves this reader not very convinced by the argument.

There is a second problem with the assertion that the first fair use factor favors Goldsmith simply because both the silk screen painting and the original photograph are competitors in the market for illustrations to magazine articles. Congress has listed four factors for the Court to consider, and the fourth factor requires accounting for “the effect of the use upon the potential market for or value of the copyrighted work.”⁷¹ This factor focuses on whether the allegedly infringing work serves “as a market replacement” for a copyrighted work.⁷² The Court’s analysis seems to conflate the two inquiries, because once one concludes that both the earlier and later work have the purpose of operating in the same market, it necessarily follows that the effect of such use would be detrimental to the copyright owner’s interests. Justice Kagan’s dissent is correct that the majority

⁶⁸ *Id.* at 572.

⁶⁹ *Id.* at 573.

⁷⁰ *Id.* at 583.

⁷¹ 17 U.S.C. § 107(4).

⁷² See *Campbell*, 510 U.S. at 591.

is essentially “double[] count[ing]” the economic impact of the new work against the alleged infringer.⁷³

None of this is to say that Justice Kagan is correct in her dissent. Justice Kagan’s opinion is long on invective and baseless worries regarding the future of artistic expression, but short on rooting itself in copyright law. The dissent made two main objections to the majority’s conclusion. First, it argued that the painting is a genuine work of art, instantly recognizable as a “Warhol,” and that it presents Prince in a different light than the original photograph.⁷⁴ (In doing so, Justice Kagan also accused the majority of being philistines, who just “don’t understand” art.)⁷⁵ The true artistic nature of the painting, according to the dissent, serves as a clear sign that Warhol’s work is indeed transformational.⁷⁶ Second, Justice Kagan argued that under the majority’s view, all sorts of works of art (had the Copyright Act been in effect at the time of their creation) would not have been produced, thus impoverishing the world.⁷⁷ Neither of the arguments is particularly convincing.

For starters, no one actually disputes that Warhol’s paintings are works of art. (That is not to say that everyone does or has to love this particular artistic expression, but without question it is artistic). But as I have already discussed, the mere fact that a movie is a work of art does not mean that it is not (absent a proper license) infringing.⁷⁸ Or consider a musical performance. A good artist often puts his own creativity and skill to work in interpreting a musical composition. That is why it matters who conducts an orchestra—conductors don’t just wave their arms until the music stops; they are interpreting the composition. But it doesn’t follow that because conductors put their own gloss on pre-existing works, they are free to use such works without compensating the original creator. One can therefore concede that Warhol changed, perhaps even in quite significant ways, Goldsmith’s photograph, without concluding that he should avoid

⁷³ *Warhol III*, 143 S. Ct. at 1303 (Kagan, J., dissenting).

⁷⁴ *Id.* at 1300 (noting Warhol’s “dazzling creativity.”).

⁷⁵ *Id.* at 1300–01.

⁷⁶ *Id.* at 1300.

⁷⁷ *Id.* at 1306–11.

⁷⁸ See *supra* note 38 and accompanying text.

paying licensing fees for using that photograph as a starting point for his creation.

Justice Kagan's second argument fared no better. She argued that had the majority's rule applied in Renaissance Italy or 19th century France (a fanciful proposition in and of itself), humanity would not have been blessed with Titian's *Venus of Urbino*, which is similar to his teacher Giorgione's *Sleeping Venus* painted about quarter century earlier, or Manet's *Olympia*, which was inspired by the former two paintings. But that argument doesn't hold. As any observer can tell by looking at the three paintings (which the dissent helpfully embeds in the opinion), they illustrate the same subject, but they are not copies or mere variations on one another, any more than Romeo and Juliet is a "mere variation" on Tristan and Isolde.

What Justice Kagan ignores is a long-standing distinction in copyright law, the distinction between an *idea*, which is not protectable, and an *expression* of the idea, which is.⁷⁹ The idea of a reclining nude is open to anyone. Velasquez's *Rokeby Venus* or Goya's *La Maja Desnuda* both illustrate a reclining nude female, as do dozens of other classical works. But even if all these works were subject to the 21st-century American copyright law, none of them would necessarily infringe on any preceding work, because they are all different *expressions* of the same *idea*. But the same is not true about Warhol's painting. Warhol was not simply painting Prince. If he were, then any similarity with a pre-existing photograph would be inevitable, expected, and non-infringing. Instead, Warhol was painting a *photograph of Prince*, and because that photograph enjoys its own copyright protection, Warhol had to get a license to use it.

Thus the question (unlike in the copyright context with Campbell's soup cans) is not whether consumers of art would recognize the painting as a "Warhol," but whether in creating the painting Warhol used (and was not merely "inspired by") a work copyrighted by another. In the trademark context, the inquiry is consumer-focused, because the goal is to help consumers identify the source of goods.⁸⁰

⁷⁹ See *Google LLC v. Oracle Am., Inc.*, 141 S. Ct. 1183, 1196 (2021) ("[C]opyrights protect 'expression' but not the 'ideas' that lie behind it.").

⁸⁰ See, e.g., *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062, 1067 (9th Cir. 2006).

But in the copyright context the inquiry is focused on the artist and artwork itself, because the goal is to encourage the creation of *new* (rather than imitation or derivative) art by providing artists with exclusive rights.⁸¹

Fortunately, a better and easier way to resolve this case exists. Unfortunately, neither the majority nor dissent took that route, although Justice Neil Gorsuch, in a concurring opinion joined by Justice Ketanji Brown Jackson, sketched out a better argument.⁸² The key to resolving this case and making it fit with *Jack Daniel's*, which was decided a few weeks prior, is to look at the preamble of Section 107 of the Copyright Act.⁸³ That clause limits “fair use” to uses “for purposes such as criticism, comment, news reporting, teaching . . . scholarship, or research.”⁸⁴ Although not an exhaustive list, it does limit the use of underlying work to circumstances where such use is *necessary* to create subsequent work. For example, one can hardly write a competent critical review of a book without either quoting from it or discussing its plot and structure. One *needs* to use these copyrighted aspects of the book in order to create a subsequent work. Similarly, in writing a scholarly dissertation one often needs to quote and summarize prior sources. And one needs to use preexisting works if one wishes to conduct research into them. For instance, if one wishes to see whether a romantic comedy and a horror movie produce same or different brain activity in those viewing the films, one needs to actually show those films to the subjects of the experiment. What all of these examples have in common is that “fair use” involves commenting on, critiquing, or researching the *underlying work*, rather than the *subject of that work*.

Think back to the First Amendment issue in trademark law discussed in the preceding part. One retains the right to criticize particular marks or mark-holders, and in so doing may be privileged to use protected marks. But one may not imitate the marks for the purposes of creating one’s own product. And so too here. If the new

⁸¹ See W. Michael Schuster, *Public Choice Theory, the Constitution, and Public Understanding of the Copyright System*, 51 U.C. DAVIS L. REV. 2247, 2274 n.173 (2018).

⁸² See *Warhol III*, 143 S. Ct. at 1288–91 (Gorsuch, J., concurring).

⁸³ 17 U.S.C. § 107

⁸⁴ *Id.*

work is providing a new take on the underlying work, it is protected. If it merely uses an underlying work to provide a new take on the outside world, it is infringing.

Applying this framework can make sense of both *Campbell* and *Warhol III*. In *Campbell*, 2 Live Crew had a new take on the original “Pretty Woman” song. The new version of the song imitated the original “in such a way as to make [it] appear ridiculous.”⁸⁵ The new song was “a comment on the naivete of the original of an earlier day, as a rejection of its sentiment that ignores the ugliness of street life and the debasement that it signifies.”⁸⁶ In contrast (even accepting the dissent’s claim “that Warhol transformed Prince from a ‘vulnerable, uncomfortable person to an iconic, larger-than-life figure’”⁸⁷), Andy Warhol was commenting on Prince’s role in the world, not on Goldsmith’s photograph. Warhol was not making a comment on how the photograph did or did not capture the true essence of Prince. Instead, he was simply using and manipulating the photograph to showcase his own version of reality.

But if Warhol has to pay for the use of Goldsmith’s photograph, then what of Justice Kagan’s claim that such a requirement would stunt the creation of new artworks which may resemble those that came before? How will any artist be able to paint Prince again? The answer to that question isn’t hard. Indeed, the Court gave it 120 years ago. In *Bleistein v. Donaldson Lithographing Co.*,⁸⁸ the Court was faced with a very similar question. There, the alleged infringers copied several chromolithographs of posters advertising a circus.⁸⁹ The Court, while holding this action to be infringement, cautioned that defendants would remain free to make their own drawing of circus groups, even if these drawings ended up looking very similar to the original work. But they could not simply copy the original works. As Justice Oliver Wendell Holmes put it, “The opposite proposition would mean that a portrait by

⁸⁵ *Campbell*, 510 U.S. at 580.

⁸⁶ *Id.* at 583.

⁸⁷ *Warhol III*, 143 S. Ct. at 1301 (Kagan, J., dissenting) (quoting *Warhol I*, 382 F. Supp. 3d at 326).

⁸⁸ 188 U.S. 239 (1903).

⁸⁹ *Id.* at 248.

Velasquez or Whistler was common property because others might try their hand on the same face. Others are free to copy the original. They are not free to copy the copy.”⁹⁰ This means that everyone is free to paint a portrait of Prince (or for that matter, a reclining Venus), because in doing so, they would be copying the original. But no one is free to copy the photograph of Prince without a license, because that would be copying not nature, but “the personal reaction of an individual [photographer] upon nature.”⁹¹ And it is that personal reaction that is meant to be protected by the Copyright Act. This doctrine, along with the idea/expression dichotomy discussed above, ought to be enough to alleviate Justice Kagan’s concerns about any detrimental effect that the majority opinion may have on the art world.

So recast, *Warhol III* perfectly complements *Jack Daniel’s*. The First Amendment concerns in both cases are real, but they are best dealt with by allowing broad commentary on, criticism of, teaching of, parodying of, and research in preexisting intellectual property items, without sapping those items of their value as property. This view would also align with patent law, where the definition of infringement explicitly excludes testing and research in, for example, pharmaceutical arts to ensure that your product is comparable to someone else’s patented product.

Additionally, this view does not require one to decide whether Warhol’s Orange Prince or Campbell’s soup cans are really “art.” It leaves that question to critics and consumers. Instead, judges would do what they are qualified to do—ask whether the alleged infringer is primarily making commentary on the underlying work (even if such commentary enjoys commercial success) or primarily using the underlying work for the alleged infringer’s own commercial purposes (even if such uses also add something new to the underlying work). The former category of uses is protected by the First Amendment and the fair use doctrine, whereas the latter is not and constitutes infringing activity.

⁹⁰ *Id.* at 249–50.

⁹¹ *Id.* at 250.

Conclusion

What is heartening about the Supreme Court's opinions in *Jack Daniel's* and *Warhol III* is that they, though without explicitly saying so, treat trademarks and copyright as *property*, which can only be trespassed upon in very limited circumstances.

One can make sense of both decisions by considering the First Amendment's limitation on the rights of real property and then analogizing those limits to the intellectual property regimes. On one hand, ownership of real property obviously does not insulate its owner from protests or criticisms about his use of that property. But usually, such criticisms and protests must take place somewhere other than the private property being protested. Of course a protest has an expressive component, whether conducted on the private property in question or elsewhere. But the mere fact that someone is engaged in an expressive activity is not a blanket abrogation of the property owner's right to exclude. Similarly, a fan can pay homage to someone else's style and set up his living room in the same fashion as that of the person he admires. But what he cannot do is to simply move into the living room that is the subject of his admiration.

By anchoring intellectual property in *property*, the legal rules become more clear, stable, predictable, and consistent across the various regimes. There are of course differences between trademarks, patents, copyrights, trade secrets, personal property, and real property. Though these differences need to be taken into account when devising rules of decisions, they are not so vast as to obscure the basic proposition that all of these things are indeed property.

This Term's alignment of rights in trademarks and copyright with traditional rights in real property is a welcome baby step (indeed, two steps) forward for the Court, which in recent years has refused to put other intellectual property rights on par with real property. One can only hope that the Court will soon explicitly tie the intellectual property rights to the law of real property. One also hopes that while doing so, the Court will take a third step in the right direction by again treating patent rights on par with real property. Whether or not these steps are on the horizon, we can celebrate the Court's OT 2022 decisions which protect owners of intellectual property, while leaving plenty of room for others to create, comment, critique, teach, and research.