Art or Artifice: The Second Circuit's Misapplication of the Fair Use Factors in Cariou v. Prince in Light of Kienitz v. Sconnie Nation

Jacey Norris

Follow this and additional works at: https://via.library.depaul.edu/jatip

Recommended Citation
Available at: https://via.library.depaul.edu/jatip/vol25/iss2/6

This Case Notes and Comments is brought to you for free and open access by the College of Law at Via Sapientiae. It has been accepted for inclusion in DePaul Journal of Art, Technology & Intellectual Property Law by an authorized editor of Via Sapientiae. For more information, please contact wsulliv6@depaul.edu, c.mcclure@depaul.edu.
ART OR ARTIFICE: THE SECOND CIRCUIT'S MISAPPLICATION OF THE FAIR USE FACTORS IN CARIOU V. PRINCE IN LIGHT OF KIENITZ V. SCONNIE NATION

I. INTRODUCTION

Fair use exists to prevent inequity. It creates a liability exception to ensure the greatest benefit to society in situations where upholding the rights of the copyright holder causes more harm than good. There is an inherent tension in fair use decisions between the desire to uphold the rights of copyright holders and the desire to let artists build off of each other’s work. Both are central to the purpose of copyright law and it is difficult to determine how to balance those interests to further the Congressional goal of promoting the progress of science and the useful arts. When a use is fair and when it is infringing is not easy to decide and it makes sense for the courts to apply a flexible standard, looking to the facts of each case and applying more than one factor to determine the overall fairness of a use. However, where there is no predictability in the application of the fair use doctrine, there is no reliable protection for artists on either side of the equation.

Through a series of decisions, the Second Circuit has placed increasing significance on the “transformativeness” of a work, gradually allowing appropriation artists to borrow more and more freely from other artists’ works without any legal consequences. The Second Circuit’s approach to fair use recognizes the importance of providing artists with access to past works and emphasizes the importance of free expression; but it fails to place a

---

1 U.S. Const., Art. 1, § 8, cl. 8 (2014).
2 See Blanch v. Koons, 467 F.3d 244 (2nd Cir. 2006); see also Castle Rock Entertainment v. Carol Publ’g Group, 150 F.3d 132 (2d Cir. 1998).
limit upon how far art appropriation can go before it becomes infringement.\(^3\)

The Second Circuit’s recent art appropriation cases fail to draw a distinction between “fair” uses that borrow from original works for the sake of commentary or the evolution of art and infringing uses that constitute copying merely for the sake of commercial gain. The Second Circuit no longer requires appropriation artists to assert a particular purpose.\(^4\) Instead, it places ever-increasing weight on whether the secondary work is “transformative,” practically excluding the other statutory factors and underestimating the negative commercial impact appropriation art can have upon original works.\(^5\) The Supreme Court asserts that fair use must be applied on a case-by-case basis and that there are no bright line rules.\(^6\) However, requiring that courts avoid “bright line rules” is different than telling courts to use no rules at all. There is no way for litigants to predict which secondary works constitute a fair use and which infringe when courts rely on judges’ personal artistic tastes. Under such a standard, parties cannot rely on due diligence to determine their chances of winning; they can only bring suit and hope that a judge’s aesthetic taste works in their favor.

In *Kienitz v. Sconnie Nation*, the Seventh Circuit criticized the Second Circuit’s approach to fair use, particularly the *Cariou v. Prince* decision.\(^7\) Judge Frank Easterbrook of the Seventh Circuit disparaged the Second Circuit’s focus on the transformative purpose of a secondary work and reasserted the Seventh Circuit’s commitment to a more traditional approach to the fair use analysis, which involves weighing the four of the factors listed in \S\ 107 of the Copyright Act.\(^8\)

Part II of this article gives an overview of the copyright statute and the fair use exception. Part III discusses the Supreme

\(^3\) Id.

\(^4\) *See Cariou v. Prince*, 714 F.3d 694, 712 (2d Cir. 2013).

\(^5\) Id.


\(^7\) *Kienitz v. Sconnie Nation LLC*, 766 F.3d 756, 758 (7th Cir. 2014).

\(^8\) Id.

II. THE COPYRIGHT STATUTE AND FAIR USE

The United States Constitution grants Congress the right "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writing and Discoveries." This right is exercised in part by § 106 of the Copyright Act, which gives the owners of copyrights the exclusive rights to reproduce, distribute, perform, and publicly display their works, as well as the exclusive right to create derivatives based upon the original copyrighted work.  

---

10 "§ 106. Exclusive rights in copyrighted works.
Subject to sections 107 through 122 [17 USCS §§ 107 through 122], the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;
(2) to prepare derivative works based upon the copyrighted work;
(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;
(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculp-
The balance between copyright protections and the First Amendment are preserved by two key safeguards: the idea/expression dichotomy\(^1\) and the doctrine of fair use.\(^2\) The fair use exception is important because, as Justice Story explained:

\[\text{[I]n truth, in literature, in science and in art, there are, and can be, few, if any, things, which in an abstract sense, are strictly new and original throughout. Every book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before.}\(^3\)

Fair use is codified in 17 U.S.C. § 107, which delineates four factors to be considered to determine when a use is fair: (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount and substantiality of the portion used, and (4) the effect of the use upon the potential market for or value of the copyrighted work.\(^4\) The Supreme Court stresses a case-by-

\(^1\) The idea-expression dichotomy is based in the § 102(b) of the Copyright Act and was developed by common law. Under the idea-expression dichotomy, only the creative expression of an author is protectable, not the underlying idea or any facts used in creating the work. See 17 U.S.C. § 102(b); see also Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991).


\(^3\) Campbell v. Acuff-Rose Music, 510 U.S. 569, 575 (1994) (quoting Emerson v. Davies, 8 F. Cas. 615, 619 (No. 4,436) (CCD Mass. 1845)).

\(^4\) "[T]he the fair use of a copyrighted work, including such use by reproduction in copies . . . 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
case analysis is necessary and that the task should not be simplified with bright-line rules.\textsuperscript{15} All four factors are to be determined independently then weighed together while keeping the underlying purposes of copyright protection in mind.\textsuperscript{16}

III. THE SUPREME COURT’S APPLICATION OF FAIR USE FACTORS

While the immediate effect of copyright protection is to provide an economic benefit to the author, its end goal is to stimulate the creation of works for the public good.\textsuperscript{17} When a work is valuable to the public, the author is more likely to be compensated. As the public interest in the work increases, so does the artist’s ability to benefit from his or her property rights through sales and licensing. To allow the importance of dissemination to outweigh any harm to the artist deprives artists of the opportunity to profit from ownerships of their property at precisely the moment when society is prepared to pay for it.\textsuperscript{18} The First Amendment protects the right to speak freely and to refrain from speech altogether.\textsuperscript{19}

made of a work in any particular case is fair use the factors to be considered shall include—

The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; the nature of the copyrighted work; the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C. § 107 (2014).

\textsuperscript{15} Campbell, 510 U.S. at 577-78.
\textsuperscript{16} Id.
\textsuperscript{17}Harper & Row, Pubhhs. v. Nation Enters., 471 U.S. 539, 558 (1985) (quoting Twentieth Century Music Corp. v. Aiken, 422 U.S. at 156 (1975)).
\textsuperscript{18} Id. at 559 (citing Gordon, Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and its Predecessors, 82 COLUM. L. REV. 1600, 1615 (1982)).
\textsuperscript{19} Id. (quoting Wooley v. Maynard, 430 U.S. 705, 714 (1977)) (“We begin with the proposition that the right of freedom of thought protected by the First Amendment against state action includes both the right to speak freely and the right to refrain from speaking at all. A system which secures the right to prose-
Fair use is not meant to circumvent that right by forcing artists to disseminate works at a specified time or to eliminate artists' access to compensation

A. The Purpose and Character of the Use

The first factor of the fair use test is the purpose and character of the use of the copyrighted work. Today, courts look to three elements to determine which party this factor favors: whether the purpose of the use was commercial or not-for-profit, whether the character of the use was transformative, and whether the defendant acted in good faith. Section 107 lists criticism, comment, news reporting, teaching, scholarship, and research as uses that are commonly found to be fair. However, the list of enumerated purposes acts a guideline, not a complete list of uses that are fair.

1. Commercial or Nonprofit Use

Congress has resisted attempts to narrow the traditional fair use inquiry, refusing to adopt categories that presumptively decide the question of fair use without weighing all of the statutory factors. Accordingly, whether a use is for a commercial or nonprofit purpose is just one element of the first factor inquiry that must
be weighed in light of all of the other elements.\textsuperscript{24} So, the fact that a work is for a nonprofit educational use does not totally insulate it from a finding of infringement, nor does a commercial use demand a finding against fair use.\textsuperscript{25} The important inquiry is not whether the secondary work is created solely for monetary gain, but whether the creator of the secondary work unfairly profits from the use of someone else’s work.\textsuperscript{26} Where a use is \textit{de minimis}, or does not meaningfully damage the value of the copyrighted work, the use may be fair even when the secondary work is sold for a profit when enough elements weigh in the secondary artist’s favor.

\textbf{2. Transformative Use}

A work is transformative when, instead of supplanting the original work, it has a different character or purpose and alters the original work by with new expression, meaning, or message.\textsuperscript{27} Where the original work is used as “raw material” to create “new information, new aesthetics, new insights and understandings,” the secondary work is transformative.\textsuperscript{28} Where the original work is merely quoted to repackaging or republish the original, the secondary work is not transformative and therefore unlikely to pass the fair use test.\textsuperscript{29} Transformative use is not absolutely necessary for a finding of fair use, but transformative uses lie at the heart of the fair use doctrine. The more transformative a work is, the less significance the court places on other factors, including commercialism, that normally weigh against a finding of fair use.\textsuperscript{30}

\begin{footnotesize}
\textsuperscript{24} \textit{Campbell}, 510 U.S. at 584.

\textsuperscript{25} \textit{id.} “[T]he mere fact that a use is educational and not for profit does not insulate it from a finding of infringement, any more than the commercial character of a use bars a finding of fairness.” \textit{id.} Such a presumption “would swallow nearly all of the illustrative uses listed in the preamble paragraph of §107 . . . since these activities are generally conducted for profit in this country.” (quoting \textit{Harper & Row, supra}, at 592) (Brennan, J., dissenting).

\textsuperscript{26} \textit{Harper}, 471 U.S. at 562.

\textsuperscript{27} \textit{id.}

\textsuperscript{28} \textit{id.}

\textsuperscript{29} \textit{id.}

\textsuperscript{30} \textit{id.}
\end{footnotesize}
In *Campbell v. Acuff-Rose Music*, Supreme Court held that the commercial nature of a parody was only one element to be weighed when conducting the fair use enquiry. It determined that the central purpose of the first fair use factor is to determine whether and to what extent a new work is transformative. It found that the threshold question for the fair use defense was whether the parodic character, or the comment on the original work, could reasonably be perceived. Under the Court’s reasoning, where the commentary of the secondary work has no critical bearing on the original work and the secondary artist used the elements of the original work to avoid the necessity of coming up with something original, the claim to fair use is diminished and other factors including commercialism are given more weight.

### 3. Good Faith

In addition to the commerciality and transformative elements, courts look to whether the defendant acted in good or bad faith. In *Harper*, “[f]air use presupposes ‘good faith’ and ‘fair dealing’” and distinguishes between “a true scholar and a chiseler who infringes a work for personal profit.” The good faith factor may seem simple, but it is important for analyzing the purpose and character of the secondary work. 

At first glance, one may categorize any unauthorized taking as a "bad faith" taking, but there are different motivations for borrowing from a copyrighted work. For instance, a secondary artist who expresses indifference towards the rights of the copyright

---

31 *Campbell*, 510 U.S. at 572 (where the Supreme Court decided that rap group 2 Live Crew’s commercial parody of Rob Orbison’s song *Oh, Pretty Woman* qualified for the fair use defense).
32 *Id.* at 579.
33 *Id.* at 582.
34 *Id.* at 580.
36 *Id.* (quoting *Wainwright Securities Inc. v. Wall Street Transcript Corp.*, 558 F.2d at 94 (2d Cir. 1978)).
holder and copies from an original solely for the sake of profit lacks any sign of good faith. An artist who makes an honest attempt to license a copyrighted work or misunderstood what the rights of the copyright holder were, on the other hand, might have a good faith argument and, by extension, an argument for fair use.37

B. The Nature of the Copyrighted Work

The second factor, the nature of the copyrighted work, distinguishes between those works that lie at the heart of copyright protection and those that receive a thinner shield from infringement. Two types of distinctions have emerged for evaluating this factor: (1) whether the work is expressive or creative rather than predominantly factual; and (2) whether the work is published or unpublished.38 Works of fiction or great creativity generally receive more protection than factual or information works because the law conceptualizes facts as public property but recognizes that individuals have a property interest in their original expressions.39 Unpublished works receive greater protection than published works due to concerns about authors' right to privacy and right to first sale.40

C. The Amount and Substantiality of the Portion Used

"[N]o plagiarist can excuse the wrong by showing how much of his work he did not pirate."41 The third factor urges courts to look to the amount and substantiality taken from the original copyrighted work, and not whether the copyrighted elements make up a substantial part of the new work.42

37 Id.
38 Blanch v. Koons, 467 F.3d 244, 256 (2d Cir. 2006).
39 Id.
40 Harper, 471 U.S. at 597-98.
41 Id. at 565 (citing Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 56 (2d 1936)).
42 Id.
While courts do not always give this factor much weight, a work that borrows substantially from another may run into trouble under the first and fourth factors, the character of use and the effect upon market value. A secondary work that consists predominantly of unoriginal elements is less likely to be sufficiently transformative and is more likely to cause economic harm by superseding the original. Additionally, where a substantial portion of the new work is directly copied from the original, there is evidence of the qualitative value of the copied material both to the copyright holder and to the infringer.

However, excessive copying alone is not sufficient to establish infringement; context matters and requires courts to ask what the secondary artist did in addition to copying the original. Campbell recognized that a parodist must be able to copy enough to make its reference to the original work recognizable. The amount a secondary artist may reasonably copy beyond what he needs to identify the original work depends on the purpose and character of the work and the degree of likelihood that the new work will serve as a market substitute for the original.

---

43 “A work composed primarily of an original, particularly its heart, with little added or changed, is more likely to be a merely superseding use, fulfilling demand for the original.” Id. at 588.

44 The Supreme Court quoted Judge Learned Hand, who remarked that “no plagiarist can excuse the wrong by showing how much of his work he did not pirate.” It found that, conversely, a verbatim taking from an original work served to show the value of what the plagiarist did take. Id. at 565.

45 Campbell, 510 U.S. at 589.

46 The Supreme Court recognized that a parodist must often copy the most distinctive features of an original work to make sure an audience knows what the parodist is commenting upon. The Court found that the amount that is reasonable for a parodist to take beyond that which is necessary for identification of the original work must be judged on a case-by-case basis. Id. at 588.

47 Id.
D. Effect upon the Potential Market for the Value of the Copyrighted Work

In *Harper*, the Court said that the fourth factor, the effect of the use upon the potential market for the value of copyrighted work, is "undoubtedly the single most important element of fair use."\(^{48}\) The Court held that fair use was limited to copying that does not materially impair the marketability of the original work. An infringer who combines infringing and noninfringing elements "must abide by the consequences" unless he can show that his profits stem from his original creative elements, not the infringing portions of the work.\(^ {49}\) Under *Harper*, once a copyright holder establishes a reasonable causal connection between the infringement and a loss of revenue, the burden shifts to the infringer to show that the damage would have occurred even without the taking of the copyrighted expression.\(^ {50}\)

The fourth factor considers both actual and potential harm to the market for the original work and derivatives, which the copyright holder has the exclusive rights to.\(^ {51}\) Courts must consider not just the alleged harm caused, but also whether widespread use of the copyrighted material would cause substantial harm to the original market because minor infringements add up.\(^ {52}\) An isolated infringement may not cause much harm, but many small infringements taken in the aggregate cause serious damage to the market for a work, which copyright law seeks to prevent.\(^ {53}\)

In *Campbell*, the Court distinguished between "potentially remediable displacement" and "irremediable disparagement" by looking to whether the infringing use effected a market copyright holders would generally develop or license others to develop.\(^ {54}\) The *Campbell* Court backed away from the language of *Sony Cor-

---

\(^{48}\) *Harper*, 471 U.S. at 566 (citing 3 Nimmer § 13.05[A] and cases cited therein).
\(^{49}\) Id. at 567.
\(^{50}\) Id.
\(^{51}\) See generally *Campbell*, 510 U.S. at 569; see also *Harper*, 471 U.S. at 539.
\(^{52}\) *Campbell*, 510 U.S. at 589.
\(^{54}\) *Campbell*, 510 U.S. at 592.
poration of America v. Universal City Studios, Inc., which held that every commercial use of copyrighted material is presumptively unfair because it unfairly violates the monopoly privilege of the copyright owner.\textsuperscript{55} Instead, \textit{Campbell} held that where there is complete duplication of a work, the secondary work clearly supersedes the original, serving as a market replacement and making it likely that market harm will occur.\textsuperscript{56} Where the second use is transformative, market substitution is less certain and harm may not be so readily inferred.\textsuperscript{57}

\textbf{E. Weighing the Factors}

In both \textit{Harper} and \textit{Campbell}, the Supreme Court reiterates that the fair use factors are weighed together and analyzed on a case-by-case basis.\textsuperscript{58} The standard is intended to be flexible, and the fair use doctrine requires courts to avoid the rigid application of the copyright statute where it would stifle creativity.\textsuperscript{59} However, it is important to remember that fair use is an affirmative defense. An infringer must have a legitimate reason for copying to qualify for the fair use defense and must meet the burden of proving that he or she did not unjustly usurp the copyright holder’s market.\textsuperscript{60} Unfortunately, determining whose motives for copying are “good” and whose motives are “bad” is difficult business, which is why copyright issues arise for appropriation artists.

\textsuperscript{55} In \textit{Sony}, the Supreme Court held that the sale of video tape recorders to the public did not constitute copyright infringement because the recorders were capable of non-infringing uses. The Court held that every commercial use is presumptively unfair but determined that the practice of “time shifting” to watch live TV at a later time did not constitute a commercial use. \textit{Sony Corp. of Am. v. Universal City Studios, Inc.}, 464 U.S. 417, 451 (1984).

\textsuperscript{56} \textit{Campbell}, 510 U.S. at 591.

\textsuperscript{57} \textit{Id.} The Supreme Court explained that some secondary uses, such as the criticism used in a bad movie review, may diminish the demand for the original work. However, the Court found that it is the purpose of the court to distinguish between biting criticism that suppressed demand and infringement that usurps it.

\textsuperscript{58} \textit{Id.} at 577 (citing \textit{Harper}, 471 U.S. at 560).

\textsuperscript{59} \textit{Id.}

\textsuperscript{60} \textit{Harper}, 471 at 566.
IV. APPROPRIATION ART

According to the Tate Glossary, "[a]ppropriation in art and art history refers to the practice of artists using pre-existing objects or images in their art with little transformation of the original."\(^{61}\) It is hotly debated whether appropriation art is art in and of itself with enough social value to qualify for fair use or whether appropriation art is artistic theft that allows secondary artists to piggyback off of the work of original artists without paying for the privilege of doing so.

§107 of the Copyright Act lists "purposes such as criticism, comment, news reporting, teaching . . . scholarship, or research" as likely to be considered fair uses.\(^{62}\) It is argued that appropriation art serves as commentary because it criticizes society's consumption and the oversaturation of images related to consumption in everyday life. Some appropriation artists take consumer-related images and place them in different context to comment critically on the consumer values that are advanced by popular images, especially those in advertising.\(^{63}\) Yet, many pieces of appropriation art only comment on larger societal issues rather than the works which they copy, as required by law.\(^{64}\)

Thus far, the Supreme Court has not directly addressed appropriation art and whether commenting on society rather than upon the particular work appropriated or the artist of that work is sufficient to raise the fair use defense. *Campbell* indicates that general social commentary is not enough: a parodist's right to quote from existing works exists because, by definition, parodies comment upon the original work.\(^{65}\) Where a secondary work borrows from an original work not to comment on that work but instead to avoid the effort required to come up with something new,

---

\(^{61}\) Tate, *Glossary: Appropriation*, Tate (Nov. 8, 2014), http://www.tate.org.uk/learn/online-resources/glossary/a/appropriation.


\(^{64}\) *Rogers v. Koons*, 960 F.2d 301, 305 (2d Cir. 1992).

\(^{65}\) *Campbell*, 510 U.S. at 580.
the secondary artist’s claim that the borrowing was fair “diminishes accordingly (if it does not vanish), and other factors, like the extent of its commerciality, loom larger.” So, while failing to comment upon an original work does not necessarily doom a claim to fair use, it makes that the potential infringer’s assertion of the defense far more difficult.

A. Rogers v. Koons

In Rogers v. Koons, the Second Circuit found that famous appropriation artist Jeff Koons was not entitled to a fair use defense. The court found that Koons’ work was not immunized under a parody claim because, while the work parodied modern society, it failed to comment upon the original work Koons copied. To use the parody defense, a parody must be able to conjure up at least enough of the original work for a viewer to recognize what is commented upon. The Second Circuit maintained a rule requiring some comment upon the original work because, without such a rule, there would be no practical limit to the fair use defense.

B. Castle Rock

Since Rogers v. Koons, the Second Circuit has backed away from rigidly requiring commentary upon the particular original work rather than larger societal issues. Notably, Castle Rock Entertainment v. Carol Publishing Group shifted the focus to whether or not the work was transformative, particularly in its pur-

---

66 Id.
68 Koons’ created sculpture called “String of Puppies” based off of artist Art Rogers’ photograph, “Puppies.” The sculpture was a faithful copy of the original, which Koons told his staff “must be just like the photo.” Koons asserted that his secondary work was fair social criticism of society as a whole, commenting on the political and economic system created by the mass production of commodities and media images. Id. at 309.
69 Campbell, 510 U.S. at 588.
70 Rogers, 960 F.2d at 310.
pose.\textsuperscript{71} The court attempted to address the confusion surrounding the term "transformation" stating that "[a]lthough derivative works that are subject to the author's copyright transform an original work into a new mode of presentation, such works—unlike works of fair use—take expression for purposes that are not 'transformative.'\textsuperscript{72} This explanation is not particularly edifying. The implication that "transformation" depends on the intent or "purpose" of the author rather than the actual substance of the secondary work makes for a difficult standard. Under this reasoning secondary works could be nearly identical to the original and still be considered "transformative" as long as the secondary artist alleged a different purpose than the original artist. This is problematic because it is easy to come up with some post-hoc reason for copying another artist's work whenever an infringement suit arises. Almost no secondary artist would intend to send the exact same message as an original artist, and, while some purposes might tend to make a work transformative, \textit{Castle Rock} fails to differentiate between fair use and possible infringement.

\textbf{C. Blanch v. Koons}

The reasoning in \textit{Castle Rock} was continued in \textit{Blanch v. Koons}, where the Second Circuit ruled in Jeff Koons' favor.\textsuperscript{73} The

\textsuperscript{71} The \textit{Castle Rock} case involved a trivia book based on the television show \textit{Seinfeld}. The defendant creators of the trivia book tried to argue that the book was transformative and critically commented upon the original work. The court found that the first factor, the purpose and character of use, weighed against the defendants because creating the trivia book only required minimal creativity and had little or no transformative purpose. The point of the book was to provide \textit{Seinfeld} fans with more access to \textit{Seinfeld} content, not to comment upon the "nothingness" of the show, which the defendants attempted to assert as a purpose. \textit{Castle Rock Entertainment v. Carol Publ'g Group}, 150 F.3d 132 (2d Cir. 1998).

\textsuperscript{72} \textit{Id.} at 143.

\textsuperscript{73} In \textit{Blanch v. Koons}, Jeff Koons based a painting on a photograph from a commercial magazine. He had a series of paintings that superimposed advertising images against pastoral backgrounds. Koons asserted that his purpose for using the photograph was different than Blanch's purpose for creating it. Koons wanted the viewer to think about his or her personal experiences with objects,
court cited *Castle Rock*, finding that where the secondary work used copyrightable expression as raw material to create new information, aesthetics, insights, and understandings it is the type of activity allowed by the fair use doctrine.\(^\text{74}\) Under this standard, Koons merely needed to have some new meaning, message, or aesthetic for the first fair use factor to weigh in his favor.\(^\text{75}\) Simply articulating the work’s purpose of social commentary was sufficient against infringement in the eyes of the court.\(^\text{76}\)

However, because *Blanch* is a circuit court decision, all courts need not follow it. When a secondary artist is able to claim any original purpose, however minimal, is embodied in a work that copies protection for the original work ceases to exist. There must be some practical boundary to fair use, but the Second Circuit has yet to articulate one. Instead, *Blanch*’s standard simply allows appropriation artists to ignore copyright protections and hide under the broad shield of “transformation.”

V. SUMMARIES OF CARIOU AND KIENITZ

*Cariou v. Prince* is the latest in a series of Second Circuit decisions regarding the fair use defense for appropriation art. In *Cariou*, the Second Circuit moved further away from the traditional statutory test for fair use, relying heavily upon the concept of transformative use to decide that an appropriation artist’s use of original works was fair. *Kienitz v. Sconnie Nation* is a recent Sev-
enth Circuit opinion that directly criticizes the Second Circuit’s approach in *Cariou* and provides the court’s reasoning for its continued reliance on the fair use factors laid out in § 107.

**A. Cariou Facts**

Professional photographer Patrick Cariou spent six years living among the Rastafarians in Jamaica, taking photographs that he published in a book, *Yes, Rasta*.\(^{77}\) Cariou is the sole copyright holder in the images in the book.\(^{78}\) Richard Prince, a famous appropriation artist, purchased a copy of *Yes, Rasta* and used the images in his own works. Prince admits to using at least 41 photos from Cariou’s book.\(^{79}\)

Prior to Prince’s unlicensed use, the photos from *Yes, Rasta* had only been sold to individuals Cariou knew and had never been licensed for use other than in the *Yes, Rasta* book.\(^{80}\) Cariou was in negotiation with a gallery in New York to show and sell the prints, but the gallery cancelled the show after Prince showed his work.\(^{81}\) The gallery canceled because the owner did not wish to be seen as capitalizing on the fame of Prince’s paintings and did not want to show work that had been “done already.”\(^{82}\)

\(^{78}\) Id.
\(^{79}\) Prince used images from *Yes, Rasta* to create a collection called *Canal Zone*. The collection included a collage consisting of 35 photographs from *Yes, Rasta* attached to a wooden board. It also included 28 paintings that incorporated images from *Yes, Rasta*. Some of Prince’s paintings consisted almost entirely of images from *Yes, Rasta* that were collaged, enlarged, cropped, tinted, or painted over. Other paintings used photos from *Yes, Rasta* had more substantial original painting and combined photos from *Yes, Rasta* with other appropriated photos as part of a collage. *Id.* at 343-44.
\(^{80}\) *Id.* at 344.
\(^{81}\) *Id.*
\(^{82}\) Gagosian Gallery sold eight of Prince’s *Canal Zone* paintings for a total of $10,480,000. Prince received 60 percent of the purchase price, and Gagosian received the other 40 percent. Cariou received nothing. A number of other *Canal Zone* paintings were traded for art with a value between $6 million and $8 million. The gallery also made $6,784 in exhibition catalog sales. *Id.* at 344, 350-51.
1. District Court Holding

The District Court for the Southern District of New York held that Prince was not entitled to a fair use defense. After determining that Cariou's photos were worthy of copyright protection, the court turned to a fair use analysis and found that all four factors of the fair use test weighed against a finding of fair use. It granted an injunction against Prince's use of the photos and required that the defendants deliver all of the infringing works to Cariou for impound or destruction.

The court found that the determination of the first factor, purpose and character of use, is composed of two factors: transformativeness and commerciality. It found that Prince's works were only transformative to the extent that they commented upon Cariou's original works and that to the extent Prince's works only recast, transformed, or adapted the photos absent comment, they were infringing. It also determined that, under the second prong, Prince's use of the photos was substantially commercial, which
This related to the court’s determination that the fourth factor, the effect on the potential market for the copyrighted work, weighed against Prince because his secondary works unfairly damaged the original market for Cariou’s works, ruining his plans for exhibition, and would destroy the potential licensing market for derivative use. The second and third factor were also found to favor Cariou.

a. Second Circuit Reversal

The Second Circuit reversed the lower court’s judgment with regard to twenty-five of Prince’s artworks, vacated the injunction, and remanded the case for further proceedings regarding the five remaining artworks that were potentially infringing. Unlike the district court, the Second Circuit found every factor weighed in favor of Prince. Under the first factor, the court found that Prince’s work was transformative and that the commerciality of the use was relatively unimportant because “[t]he more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.” The court found that twenty-five of Prince’s works were transformative as a matter of law and remanded five to the district court to determine whether they were sufficiently

---

88 Id. at 351.
89 Id. at 353.
90 Id. at 352.
91 Cariou v. Prince, 714 F.3d 694, 712 (2nd Cir. 2013).
92 See generally, Cariou, 714 F.3d at 694.
93 Cariou, 714 F.3d at 708 (quoting Campbell, 510 U.S. at 579).
94 The court said its focus was on Prince’s works, not Prince’s message. Id. at 707. It found that the twenty-five works it classified as transformative had a “different character” giving Cariou’s photographs a new expression and using a new aesthetic for distinct creative and communicative results. Id. at 708. The court went on to say that its conclusion should not be taken to suggest that cosmetic changes alone would necessarily constitute a transformation for the purposes of fair use, but it did not greatly elaborate. Id.
transformative. The court gave little weight to the remaining three factors because of the transformative nature of the work.

B. Kienitz Case Summary

In Kienitz v. Sconnie Nation LLC, photographer Michael Kienitz sued Sconnie Nation for making t-shirts and tank tops that used a photo of Madison, Wisconsin mayor Paul Soglin that Kienitz took at the mayor’s inauguration. Sconnie Nation admitted to downloading the photo from the city’s website for use on its shirts. The photo was posterized, the background behind the mayor was removed, and Soglin’s face was colored lime green and surrounded by multi-color lettering on the shirts. A magistrate judge granted summary judgment for the defendants, holding that Sconnie Nation was entitled to a fair use defense. The Seventh Circuit affirmed the holding based on its application of the four factor fair use test.

95 Id. at 712.
96 The court found that the second factor, nature of the copyrighted work, was “of limited usefulness” because the creative copyrighted work was used transformatively. Cariou, 714 F.3d at 710. The court found that the third factor, amount and substantiality of the portion used, weighed in favor of Prince because it did not believe the amount taken was greater than necessary, “the law does not require that the secondary artist take no more than is necessary,” and the secondary use must be allowed to take enough to “fulfill its transformative purpose.” Id. The court found that the fourth factor, effect upon the potential market for the copyrighted work, also weighed in favor of Prince. It said the factor did not look to whether the secondary use “suppresses or even destroys the market for the original work or its potential derivatives, but whether the secondary use usurps the market of the original work.” Id. at 708 (emphasis original) (quoting Blanch, 467 F.3d at 258). It found that Prince’s work had not usurped the market from the original. Id.
97 Kienitz v. Sconnie Nation LLC, 766 F.3d 756 (7th Cir. 2014).
98 Id. at 757.
99 Id.
100 Id. at 758.
101 The Seventh Circuit found that only the third and fourth statutory factors had any bite in this litigation because the character of the secondary work was political commentary and the nature of the copyrighted work was irrelevant because Kienitz failed to argue that there was any harm to the value of his copyright.
VI. COMPETING USES TO FAIR USE

The fair use analysis of the Second Circuit in *Cariou* and the Seventh Circuit in *Sconnie Nation* are at odds. The Second Circuit weighs transformative use so heavily that it effectively dismisses all of the other factors. In contrast, the Seventh Circuit refuses to look directly to transformative use as a factor at all, instead sticking to the traditional statutory scheme. While both cases find fair use, the two courts take nearly opposite approaches to the application of the fair use doctrine and the reasoning of the two courts have vastly different implications for future cases.

A. What Constitutes Transformative Use?

In *Cariou*, the Second Circuit found 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 statute.” The court cites to *Campbell* and *Harper* for support, but it is not clear that either of those cases supports the Second Circuit’s proposition. Both *Campbell* and *Harper* support that a use may be fair even when it serves some purpose other than those enumerated in §107, but *Campbell* treats commentary on the original work is the key to winning the first factor of the fair use test.

A new work must generally alter the original with “new expression, meaning, or message.” Prince testified that he “do[es]n’t really have a message” and that he was not “trying to

The court determined that the third factor weighed in favor of the defendants because only a small portion of the original work remained clearly visible; the rest was dramatically altered. It also decided that the fourth factor weighed in favor of the defendants because the secondary work, satirical t-shirts, did not serve as a substitute for the original photograph. *Id.* at 758-60.

See generally *Cariou*, 714 F.3d at 708; see also *Kienitz*, 766 F.3d at 756.

*Id.*

*Cariou*, 714 F.3d at 706.

*Campbell*, 510 U.S. at 580.

*Id.* at 579.
create anything with a new meaning or message." Yet, the Car-riou court found that all but five of Prince’s works were transforma-
tive because they “manifest an entirely different aesthetic.” If the artist does not assert any new meaning or message, the court must rely on the new expression in the work. Judging whether art has new expression is a dangerous task for judges because it is a subjective, aesthetic valuation that judges are not trained to make. Yet, the court did not hesitate to find that Prince’s justifications did not matter and focused instead on the question of how the secondary works appeared to reasonable observers.

The court in Cariou looks to Campbell for support in this assertion but misses the mark because Campbell’s reasonable ob-
server requirement was related to the amount and substantiality of the copyrighted work taken. Campbell held that a parodist must be able to take enough from the original work for the reasonable observer to perceive what the secondary work is commenting on, not that a reasonable observer must find that a work is trans-
formed. The leeway granted to the secondary artist in Campbell was only granted because of the unique nature of parodies. Under Campbell, the Court allows secondary artists to borrow enough from an original work for audiences to understand the commentary of the parody and to identify what the secondary work is parodiz-
ing. The Court does not explicitly state whether its permission to borrow is limited to parodies, but it certainly does not extend to circumstances like those in Cariou where there is no comment upon the original work at all.

---

107 Cariou, 714 F.3d at 707 (quoting Cariou, 748 F.Supp.2d at 349).
108 Id. at 706.
109 Id. at 705.
110 Id. at 707.
111 Campbell found that the amount and substantiality a parodist may borrow depends on how much is necessary for a reasonable observer to recognize the original work that is being parodied. Campbell, 510 U.S. at 588.
112 “The threshold question when fair use is raised in defense of parody is whether a parodic character may reasonably be perceived.” Campbell, 510 U.S. at 582.
113 Id. at 588.
114 Id. at 582.
B. Cariou’s Transformative Use Analysis

Once a transformative use is found, there is still the question of how heavily this element must be weighed in the overall analysis for fair use. In Cariou the Second Circuit rested its finding of fair use based almost entirely upon this factor. Once the court determined that the work was transformative, it held that all four statutory factors weighed in favor of the defendant.

Though transformative use is just one of the elements to be considered under the purpose and character factor of the fair use test, the court found that the transformative nature of Prince’s work outweighed his commercial purpose and his bad faith in copying. The court used similar reasoning in its analysis of the other three factors. When looking to the effect on potential market for the copyrighted work, the court followed Castle Rock, finding that “[t]he more transformative the secondary use, the less likelihood that the secondary use substitutes for the original [even though] the fair use, being transformative, might well harm, or even destroy, the market for the original.” The court found that the second factor, the nature of the copyrighted work, was of “limited usefulness” where the copyrighted work is used for a transformative purpose.

Lastly, under the third factor, amount and substantiality taken, the court found that while the use of entire work does not favor fair use, the law does not require a secondary artist take no more of a copyrighted work than is “necessary” to complete their new work. Because a secondary use must be permitted to borrow enough of an original work to fulfill its transformative purpose, and because Prince’s use was transformative, the court held

115 See generally Cariou, 714 F.3d at 694.
116 Id. at 708-10.
117 “Although there is no question that Prince's artworks are commercial, we do not place much significance on that fact due to the transformative nature of the work.” Id. at 708.
118 Id. at 709 (quoting Castle Rock, 150 F.3d at 145).
119 Cariou, 714 F.3d. at 694.
120 Id.
that the third factor weighed heavily in Prince’s favor. When the court looked to the factors as a whole, all weighed in favor of Prince, entitling him to a fair use defense.

C. Kienitz’s Transformative Use Analysis

In the Kienitz opinion, Judge Easterbrook was highly critical of the Second Circuit’s approach to fair use. The Seventh Circuit pointed out that “transformative use” is not one of the statutory factors of § 107. Instead, it noted that it was a suggested sub-factor the Supreme Court mentioned in Campbell. The Seventh Circuit was skeptical of Cariou’s approach because it effectively replaces the factors of § 107. By focusing exclusively on whether a work is transformative rather than applying the factors and the Second Circuit’s approach could potentially override 17 U.S.C. § 106(2). The Seventh Circuit instead chose to stick to the statutory scheme, and focus on the fourth factor, potential market harm.

This is not to say that the transformative nature of a work does not come into play in the Seventh Circuit. Though the court did not explicitly say so, it considered transformativeness in its analysis of both the first and third factors. Under the third factor, the amount and substantiality taken from the original work was minimal and these extensive changes created a transformation. The court noted that the defendants removed so much of the original work that the creative elements of original work’s

121 Id.
122 Id. at 712.
123 Kienitz, 766 F.3d at 758.
124 Id.
125 Id. “The Second Circuit has run with the suggestion [from Campbell] and concluded that ‘transformative use’ is enough to bring a modified copy within the scope of § 107.”
126 Id.
127 See generally Kienitz, 766 F.3d. at 756; See also Brownmark Films, LLC v. Comedy Partners, 682 F.3d 687, 693 (7th Cir. 2012).
128 See generally Kienitz, 766 F.3d. at 756.
129 Id.
author were nearly extinguished, leaving only the outline of the mayor’s face and a hint of his smile, which cannot be copyrighted because it does not contain sufficient originality.\textsuperscript{130}

The secondary artists at Sconnie Nation also made significant changes to the original expression of the photograph by posterizing it, removing the background, changing the colors, and surrounding the photo with multi-colored writing.\textsuperscript{131} Additionally, under the first factor, purpose and character of the work, the court discussed the different, or transformative, purpose of the secondary work – political commentary.\textsuperscript{132} The court found the first factor to be of little use because the statutorily favored purpose of commentary and the commerciality of the defendants’ products kept the factor from weighing strongly in favor of either party.\textsuperscript{133}

\textit{D. Potential Market Harm}

\textit{1. Cariou’s Approach}

The Second Circuit found that Prince’s use did not cause significant harm to the potential market for Cariou’s work for three reasons: (1) there were significant differences between the works; (2) the focus should be on primary, rather than derivative, markets; and (3) Cariou had not aggressively marketed his works and was unlikely to develop a market that overlapped with Prince’s.\textsuperscript{134} The first finding is problematic because the differences between the works are subjective. This relates to the issue of Cariou and Prince’s works appealing to different markets. The court notes that Prince’s sales attracted high-profile buyers, whereas Cariou made a modest $8,000 profit from his book.\textsuperscript{135}

\begin{footnotesize}
\begin{enumerate}
\item Id.
\item See generally, \textit{Kienitz}, 766 F.3d. at 756.
\item \textit{Id}.
\item \textit{Kienitz}. at 759. “The other statutory factors don't do much in this case. Consider (1), for example. Defendants sold their products in the hope of profit, and made a small one, but they chose the design as a form of political commentary.”
\item See generally \textit{Cariou}, 714 F.3d at 709.
\item \textit{Id}. at 699.
\end{enumerate}
\end{footnotesize}
However, the fact that Prince has already captured a market should not deprive Cariou of a chance to try to enter that market. Prince might have been able to sell the secondary works to high-end buyers because of his reputation, but those buyers also may have made their purchases because they saw something unique about the art itself, namely Cariou’s photos. Cariou lost the opportunity to bring his works to those buyers because Prince did so first by creating unauthorized derivatives.

2. Kienitz’s Approach

In Kienitz, the Seventh Circuit determined that the fourth factor, potential market harm, weighed in favor of the secondary artists because t-shirts and tank tops do not substitute for original photographs. The court also noted that Kienitz did not argue that he planned to license his work for apparel or that the secondary artists’ products had reduced the demand for the original work. The court implies that Kienitz could have had a good case, had he chosen to present it, because the defendants did not need to use his copyrighted work to achieve their goal and its use might injure Kienitz long-term commercial success by damaging his reputation. Kienitz worked with high-end clients who would not appreciate professional photos they paid for eventually being used in products that mock them. The defendants’ satirical use of Kienitz’s photo could have a potentially negative impact on Kienitz’s future business because important clients like political figures likely do not appreciated having photos they paid for used to make a mockery of them down the line. The defendants also had no excuse for using the Kienitz’s photo because they could have taken their own snapshot of the mayor to use in their t-shirt design. Kienitz’s failure to raise the argument about long-term reputational harm led to the court finding that the defendants need

---

136 Kienitz, 766 F.3d at 759.
137 Id.
138 Id.
139 Id.
140 Id.
not have used Kienitz’s photo insufficient to offset that hardly any of the original work remained in the finished secondary product.\textsuperscript{141}

E. Focusing on Market Substitution

It is important to note the contrast of the approaches of the Second and Seventh Circuits on this issue. The fourth factor, potential market harm, weighed against the copyright holder in *Kienitz*, but this was in large part because the copyright holder failed to present the right arguments.\textsuperscript{142} Had Kienitz argued that he planned to license his photographs for apparel and that the secondary artists’ use damaged his reputation and, as a consequence, the demand for his photographs, the Seventh Circuit likely would have weighed the fourth factor in his favor.\textsuperscript{143} The court even made some of the argument for him in dicta. In *Cariou*, the Second Circuit’s ruling against the copyright holder was not based on his failure to make arguments. Instead, it was based on the secondary artist’s “transformative use.”\textsuperscript{144}

In *Sony Corporation of America v. Universal City Studios, Inc.*, the Supreme Court found that commercial uses were presumptively unfair.\textsuperscript{145} The Court has since backed away from this reasoning, but that does not mean that the Court intended to back away from the full use of the factor.\textsuperscript{146} In *Harper*, the Supreme Court found that the fourth factor was the most important in the fair use inquiry.\textsuperscript{147} In *Campbell*, the Court affirmatively stated

\textsuperscript{141} *Kienitz*, at 759.
\textsuperscript{142} Id.
\textsuperscript{143} Id.
\textsuperscript{144} *Cariou*, 714 F.3d at 709.
\textsuperscript{145} In *Sony*, the Supreme Court ruled that the sale of videotape players that allowed customers to record live television did not constitute copyright infringement. The Court found that the devices were capable of substantial noninfringing uses, in particular recording shows whose copyright holders did not mind at-home recording and time shifting, which merely allowed viewers to watch live television broadcasts at a later time. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449 (1984).
\textsuperscript{146} *Campbell*, 510 U.S. at 584.
\textsuperscript{147} *Harper*, 471 U.S. at 566.
there was no presumption of infringement when a use was commercial and that transformative works made market substitution less certain.\(^{148}\)

However, the *Campbell* court went on to say that the distinction between remediable and unremediable displacement was whether the market that the secondary work uses is one that the creator of the original work would typically develop or license others to develop.\(^{149}\) The Second Circuit looks to this distinction in its *Cariou* reasoning but is unclear on the importance it plays.\(^{150}\) The court decided that Prince’s market was too different from Cariou’s for the use to constitute usurpation, but that is not obvious to the lay observer.\(^{151}\) As *Campbell* points out, fair use is an affirmative defense.\(^{152}\) The burden is on the potential infringer to show that they did not cause market harm to the original author.\(^{153}\) Yet, the Second Circuit decided that Prince did not harm Cariou’s market without requiring Prince to carry that burden of proof.

**VII. THE FAIR USE PROBLEM CREATED BY CARIOU**

While the Second Circuit standard for fair use addresses some of Congress’ concerns regarding copyright law, it fails to provide a clear distinction between fair borrowing and infringement in cases of art appropriation. The standard lacks predictabil-

---

\(^{148}\) *Campbell*, 510 U.S. at 591.

\(^{149}\) *Campbell*, 510 U.S. at 592. In *Campbell*, the Court provides the example of criticism. The Court states that the market for potential derivatives only includes the types of works that original creators would generally develop or license others to develop. There is no derivative market for criticism because it is highly unlikely that authors would license others to make negative reviews. Authors do not want criticism; they want praise. So, pure criticism is not considered a derivative work. However, more complex secondary works may venture beyond criticism and into other protectable derivative markets. In that case, courts must look beyond the criticism to the other elements of the work to determine its fairness.

\(^{150}\) *Cariou*, 714 F.3d at 709.

\(^{151}\) *Id.*

\(^{152}\) *Campbell*, 510 U.S. at 590.

\(^{153}\) *Id.*
ity and creates confusion among copyright holders and potential infringers alike because the concept of “transformativeness” is too nebulous to predict the outcome of litigation.

The Seventh Circuit provides a more workable standard. It applies the statutory factors required by § 107, weighing all four to reach a reasonably predictable outcome. The Second Circuit, in contrast, really just looks at whether the secondary work is “transformative.” Transformative use is not required by the Copyright Statute and has never been expressly mandated as a new factor by the Supreme Court. It is just one element of one of the four statutorily required factors. Determining what is transformative is highly subjective. A court must use other factors to counterbalance transformativeness in order to create outcomes that rely on more than judges’ subjective opinions about which works are derivative and which works are “transformed.” Failing to apply the additional statutorily mandated factors ignores the importance of the nature of the copyrighted work, the amount and substantiality taken, and the potential commercial harm caused by the unauthorized use, all of which Congress found important enough to include in the Copyright Statute. The four-factor standard required by § 107 is not easy for courts to apply in cases with complex facts, but brushing that test aside for a “transformative use” test is not the right answer.

A. Subjective Determinations Are Properly Made by the Trial Court

It is impossible to have any type of transformative use legal standard without applying some level of subjective judgment in deciding whether the art has been “transformed enough” to merit a fair use defense. However, as a subjective and factual judgment, this is best left to the trial courts, which are meant to address questions of fact. Under the Federal Rules of Civil Procedure Rule 52(a), trials courts are to find facts specially and state conclusions of law separately.\(^{154}\) So, appellate courts are not a proper forum

\(^{154}\) Fed. Rule Civ. Proc. 52(a)(1)
for overriding the aesthetic judgments of the lower courts unless there is an egregious misapplication of the law.

The Second Circuit granted Prince a fair use defense for twenty-five of Prince’s artworks because the works had “an entirely different aesthetic” from Cariou’s photographs but sent five artworks back to the district court on remand to determine whether or not the minimal changes made to Cariou’s photographs were sufficient to constitute fair use. The Second Circuit said these five works, while different from Cariou’s work, remained similar in “key aesthetic ways” and determined that the district court was the appropriate forum for determining whether the minimal alterations to the works created enough of a transformation to render the works a fair use.

Why then did the Second Circuit think the appellate court is the appropriate place to decide whether the other twenty-five works are transformative? Even if the Second Circuit disagreed with the lower court’s requirement that the secondary works in some way comment on the original, it should have remanded all of Prince’s works for a determination of fair use in light of the Second Circuit’s finding that no commentary requirement was imposed by the law.

The majority’s distinction between the works it deemed transformative and those it remanded was understandable. Subjectively, five of Prince’s works remained aesthetically similar to Cariou’s original photographs while the other twenty-five involved greater alterations.

Making a final determination at the appel-
late level for the twenty-five photos the Second Circuit found transformative promoted judicial efficiency by preventing the need for further proceedings. It also prevented the need for expert testimony, which is expensive and still leads to a subjective determination of which pieces of art are aesthetically different enough to be transformed. On some level, all fair use determinations are subjective because judges weigh the statutory factors based on their own values and observations about the works at hand. However, the fact that courts will likely never completely eliminate subjectivity from fair use determinations does not mean that they should stop trying to eliminate it where they can.

In his dissenting opinion Cariou, Justice Clifford Wallace points out that the usual process for correcting an erroneous legal standard used by a trial court is to remand the case. Wallace suggests that a remand was appropriate in Cariou because factual determinations needed to be reevaluated and new evidence or expert opinions may have been necessary to determine whether any of Prince’s works were transformative. Wallace did not see how the appellate court’s majority could “confidently” draw a distinction between the twenty-five works it identified as fair uses and the five works it remanded to the trial court. He failed to see the line because it does not, from an objective legal standpoint, exist. If a court is to make an aesthetic evaluation that is best done through the use of experts, not by using judges’ personal taste. After all, “it would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits.”

\[^{158}\] Cariou, 714 F.3d at 712 (Wallace, dissent).
\[^{159}\] Id. at 712-13.
\[^{160}\] Id. at 713.
\[^{161}\] Id. at 714 (Wallace, dissent) (quoting Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 251 (1903).
B. The Difficulty of Predicting Whether a Work Is “Transformative”

Even if the appellate court were the appropriate place to determine whether a work is transformative, there is no apparent line between what the Second Circuit finds transformative and non-transformative. The court notes that its conclusion “should not be taken to suggest . . . that any cosmetic changes to the photographs would necessarily constitute a fair use,” and that “[a] secondary work may modify the original without being transformative.” Yet, the court gives little explanation for how twenty-five of Prince’s works “add[ed] something new” and “presented images with a fundamentally different aesthetic” while five did not. The court recognizes that works that “merely present the same material but in a new form” the way that book synopses of televisions shows do are not transformative but does not explain how to distinguish between what is classified as an unauthorized derivative and what constitutes a transformative work that qualifies for fair use.

The Seventh Circuit cautioned against the reasoning in Cariou precisely because of this lack of clarity. According to the court in Kienitz, a transformative work is a derivative work which the original author has the exclusive right to create. The Second Circuit fails to explain how “transformative uses” can be a “fair uses” when they extinguish the original author’s exclusive rights under § 106(2). By sticking to the traditional statutory test, the Seventh Circuit avoids the ambiguity of “transformative use,” instead weighing the factors that Congress found important.

---

162 Cariou, 714 F.3d at 708.
163 Id. (citing Leibowitz v. Paramount Pictures Corp., 137 F.3d 109, 114 (1998)).
164 Id. at 709 (citing Castle Rock, 150 F.3d at 143).
165 Kienitz, 766 F.3d. at 758.
166 Id.
167 Id.
C. Commerciality Matters When Determining Fair Use

The Second Circuit’s finding that the focus should be on primary rather than potential derivative markets in regard to commerciality is directly at odds with the Supreme Court. The Second Circuit found that nothing in the record suggested that Cariou planned to develop or license secondary uses of his works in the same market as Prince’s artworks. While it is unlikely that Cariou, a traditional photographer, would create works like those of Prince, it is completely conceivable that he would like to obtain licensing fees from artists in Prince’s market who wished to create derivatives. Regardless, any artist using Cariou’s works without paying diminishes the value of his copyright. Why should other artists license Cariou’s works when appropriation artists like Prince, who do not specifically intend to comment on Cariou’s works, use them for free?

The Second Circuit also minimizes the importance of a gallery show Cariou booked being cancelled as a result of Prince’s works, causing harm to Cariou’s primary market for the original works. The Second Circuit chalked up the cancellation to a misunderstanding, but the gallery owner directly stated that she cancelled because she did not wish to show work that had been “done already.” As the original artist, Cariou should have the right to show his work when he sees fit. There was a considerable length of time between the publication of Cariou’s book and his intended gallery exhibition, but such an exhibition is foreseeable for a professional photographer. The law does not place a time limit on how long an artist may wait to show his work before another artist is authorized to swoop in and claim it as his own, and relatively unknown artists may have to wait longer to find good opportunities to exhibit. In this respect, the Second Circuit’s reasoning punished Cariou for his relative anonymity. It essentially gave better known artists like Prince the right to take little known

168 Campbell, 510 U.S. at 590; Harper & Roe, 471 U.S. at 568.
169 Cariou, 714 F.3d at 709.
170 Cariou, 714 F.3d at 704.
art, make derivatives of it, then sell it in markets that emerging artists have yet to reach, claiming that the emerging artists cannot be harmed by sales that would have been out of their reach. If artists like Prince, who are a position to pay for licenses, are not required to do so, artists like Cariou have little chance of success for two reasons: first, the lesser known artist will not receive any licensing revenue and, secondly, if the lesser known artist finally breaks into a higher priced market, the appropriation artists already in that market may have already saturated it with the lesser known artist’s works.

As noted above, the Cariou majority noted derivative works that merely present the original material in a new format do not qualify as transformative, using the example of book synopses of television shows. David Nimmer, a legal authority in the copyright field, points out that this rule would likely apply to motion pictures based on novels and that it is difficult to know what metric the court applied to determine that art appropriation was a transformative use while the dramatization of a novel was not. After all, a film must incorporate “composition, presentation, scale, color palette, and media [that] are fundamentally different and new compared to the’ book . . . but those consideration, in the

---

171 “Prince’s work appeals to an entirely different sort of collector than Cariou’s. Certain of the Canal Zone artworks have sold for two million or more dollars. The invitation list for a dinner that Gagosian hosted in conjunction with the opening of the Canal Zone show included a number of the wealthy and famous such as the musicians Jay-Z and Beyonce Knowles, artists Damien Hirst and Jeff Koons, professional football player Tom Brady, model Gisele Bundchen, Vanity Fair editor Graydon Carter, Vogue editor Anna Wintour, authors Jonathan Franzen and Candace Bushnell, and actors Robert DeNiro, Angelina Jolie, and Brad Pitt. Prince sold eight artworks for a total of $10,480,000, and exchanged seven others for works by painter Larry Rivers and by sculptor Richard Serra. Cariou on the other hand has not actively marketed his work or sold work for significant sums, and nothing in the record suggests that anyone will not now purchase Cariou’s work, or derivative non-transformative works (whether Cariou’s own or licensed by him) as a result of the market space that Prince’s work has taken up.” 4-13 Nimmer on Copyright § 13.05 (2014), (quoting Cariou, 714 F.3d at 709).

172 4-13 Nimmer on Copyright § 13.05

173 Id.
past, have never led to the blanket conclusion that it is fair use to produce an unauthorized film” based on a literary composition.\textsuperscript{174} It seems that here the \textit{Cariou} court carved out a special exception for appropriation art without explaining why.

In \textit{Kienitz}, the Seventh Circuit considered potential commercial harm to both direct and derivative markets.\textsuperscript{175} It determined that the secondary work, a printed t-shirt parodying the mayor, did not create a substitute for the original photograph.\textsuperscript{176} It pointed out that Kienitz failed to argue that the defendant’s products reduced the demand for the original work or any contemplated use.\textsuperscript{177} Kienitz also failed to argue that he had any plan to license the work for apparel.\textsuperscript{178} Thus, Kienitz may have ultimately lost the case because he failed to allege the appropriate types of injury. What is important is that that Seventh Circuit went out of its way to point out those potential injuries, creating a useable roadmap for future litigants. Under the Seventh Circuit’s approach, potential market harm to the copyright holder likely weighs strongly in his or her favor.\textsuperscript{179} This stands in stark contrast to the Second Circuit’s approach in \textit{Cariou}, which considered Prince’s use fair even though the copyright holder alleged legitimate market damage.\textsuperscript{180}

\textbf{D. Conflicts with the Copyright Statute}

In \textit{Kienitz}, the Seventh Circuit is skeptical about using “transformativeness” as the core of its fair use analysis because it is not one of the factors from § 107 and the Second Circuit’s use of it effectively replaces those factors with a single, unclear element.\textsuperscript{181} There is also a concern that the Second Circuit’s use of

\begin{itemize}
\item \textsuperscript{174} \textit{Id.}
\item \textsuperscript{175} \textit{Kienitz}, 766 F.3d. at 759.
\item \textsuperscript{176} \textit{Id.}
\item \textsuperscript{177} \textit{Id.}
\item \textsuperscript{178} \textit{Id.}
\item \textsuperscript{179} \textit{Id.}
\item \textsuperscript{180} \textit{Cariou}, 714 F.3d. at 708
\item \textsuperscript{181} \textit{Kienitz}, 766 F.3d. at 758.
\end{itemize}
transformativeness eviscerates the author’s exclusive right to derivative works under § 106.\textsuperscript{182}

*Carriou’s* standard is not without some merit, depending upon what the court thinks the goals of copyright are. The *Carriou* court’s stance seems to be that allowing as many new works as possible to be created, regardless of any copyright protection that exists for the underlying work, is the best way to advance Congress’ goal of promoting science and useful arts.

In contrast, allowing rampant copying with no clear purpose and no repercussions for failing to obtain a license may very well undercut the goals of copyright by discouraging original artists from creating new works because of the decreased value of their copyrights. Licensing gives artists the ability to access one another’s works for a fair price. *Carriou* incentivizes appropriation artists to skip paying for a license because there is no penalty for taking from an original work as long as the court deems the secondary work “transformative.” Even if Congress’ goals are the same as the *Carriou* courts, the Second Circuit’s current application of the transformative use standard causes a problem because it is at odds with the language of the statute, making the fair use defense highly unpredictable for all parties.

\section*{VIII. Conclusion}

The Second Circuit has not explained how transformativeness can be used as a factor without nullifying the Copyright statute, nullifying authors’ rights, and destroying the licensing market for original works. It fails to create any useable test to determine what is transformative enough to fall under fair use and what is infringing, which creates uncertainty for artists and attorneys. A certain amount of subjectivity is unavoidable when determining fair use, but transformativeness is the least measurable element courts use. It is highly unpredictable and, therefore, inappropriate to use as the sole factor for determining fair use. Where transformativeness is used as a factor, determinations of which works are trans-

\textsuperscript{182} *Id.*
formative are properly left to the trial court and should receive deference from courts of appeals absent abuse of discretion. Due to these problems, the Seventh Circuit standard is the better standard to follow until either Congress or the Supreme Court endorses change.

What modern copyright needs is some clarity. To solve the problems presented by these cases, the Supreme Court needs to overturn a case following the *Cariou* line of reasoning and adopt a clearer standard for the application of the fair use doctrine. The Supreme Court should clarify how to apply the factors and whether any of the factors receive more weight. The Court needs to decide how to determine transformative use and the appropriate forum for doing so. The Court, or Congress, should also clarify the goals of copyright when it comes to situations like appropriation art. The standard needs to remain flexible, but more guidance is needed for the Circuits to rule in a manner that is predictable both for copyright holders and persons interested in using copyrighted works. Whether that clarification should be in favor of the original copyright holders or appropriation artists making new works is a matter for Congress to decide, but, without a mandate from that level, the Second Circuit’s reasoning cannot be supported.

*Jacey Norris*  

---

* J.D. Candidate 2016, DePaul University College of Law; B.A. 2011, University of North Florida. Many thanks to my faculty advisor, Professor Patty Gerstenblith, for enhancing my understanding of art and law and for providing helpful insights during the writing process. Also, thank you to my editor, Mariam Hai, for her patience, kindness, and thoughtful use of a red pen while this was still a work in progress.