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IP TrendMonitor

The Criminal Law of the People's Republic of China: the crime of counterfeiting a registered trademark

Zhenkun Fu, Senior Partner at Corner Stone & Partners, details the penalties infringers face for illegal turnover in the case of counterfeiting registered trademarks, with fines and imprisonment a possibility for concurrent and multiple crimes.

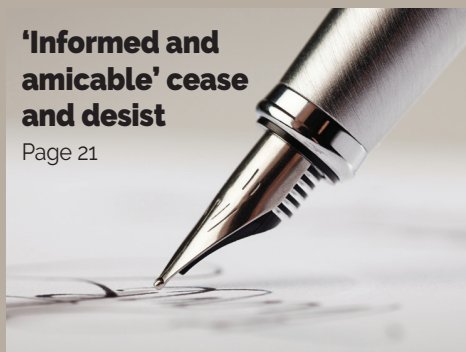
Evolving trademark landscape

Page 12



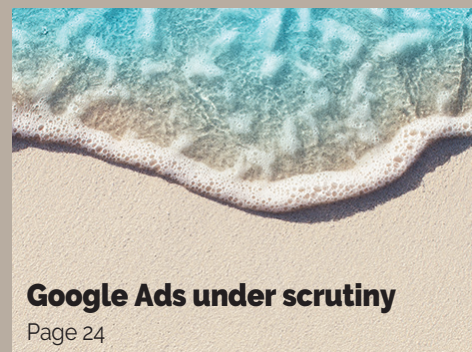
'Informed and amicable' cease and desist

Page 21



Google Ads under scrutiny

Page 24



Jurisdictional Briefing, US: awaiting clarity in fair use

Michelle Ciotola, Partner at Cantor Colburn, reflects on the split in the circuits in relation to the surprising copyright case of *Andy Warhol Foundation v. Goldsmith, Lynn, et. al.* which may alter the boundaries of fair use and transformative use in the US.

The U.S. Supreme Court granted cert in *Andy Warhol Foundation v. Goldsmith, Lynn, et. al.* to review a Second Circuit decision that effectively created a split in the circuits. In holding Warhol's use of a photograph taken by Goldsmith to create an image was not fair use, the Second Circuit raised significant questions about the role of transformative use in the fair use analysis, having deemed prior Second Circuit case law the "high-water mark of our court's recognition of transformative use," referring to the *Cariou v. Prince*¹ case.

In 1981, photographer Lynn Goldsmith created a portrait of the entertainer Prince. *Vanity Fair* licensed the photograph in 1982 "for use as an artist's reference" for artwork accompanying an article on Prince. That artist was Andy Warhol. In addition to the piece for the article, Warhol went on to create 15 additional works – The Prince Series. After Prince's death in 2016, *Vanity Fair* obtained a license from the Warhol Foundation to republish the works. Goldsmith contacted the Warhol Foundation claiming copyright infringement of her photograph. In response, the Warhol Foundation filed for declaratory judgment that the Prince Series constituted fair use. And as expected, the Southern District of New York ruled



Michelle Ciotola

the Prince Series was transformative use – the works transformed Prince from the portrayal in the photograph as "not a comfortable person" and "a vulnerable human being" to an iconic, larger-than-life figure in The Prince Series.

Based on prior case law out of the Second Circuit, the outcome of the case seemed certain – that the use would be considered fair. But the resulting decision came as a surprise.

Under U.S. Copyright Law, "[t]he fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching, scholarship, or research, is not an infringement of copyright..."

Copyright Law in the United States is intended to promote the progress of science and useful arts by granting a monopoly of protection for "original works of authorship." The objective of copyright to promote the advancement of knowledge and learning is met by giving authors economic incentives to create works. The fair use doctrine is considered necessary to fulfill this objective because few things, if any, are strictly new and original throughout. Without fair use, the creation of new works would be hindered.

Section 107 of the Copyright Act establishes factors to be considered in the determination of

¹ *Cariou v. Prince* 714 F.3d 694 (2d Cir. 2013) held use of photographer Patrick Cariou's photographs by artist Richard Prince in collages constituted fair use (for the majority of the photographs used).

whether use of a copyrighted work constitutes "fair use." These factors include:

- The purpose and character of the use, including whether such use is of commercial nature or is for nonprofit educational purposes.
- The nature of the copyrighted work.
- The proportion of the copyrighted work that the new work comprises.
- The effect of the new work on the potential market or value of the copyrighted work.

The first factor of the analysis considers whether the new work transforms the original copyrighted work by adding something new, of different character or purpose, that changes the message expressed. This is known as "transformative use." And before the Second Circuit's decision in *Warhol*, the touchstone of the fair use analysis became transformative use. Where transformative use was found in the first factor, it was almost certain that the work was considered fair use.

But this certainty has been thrown into question by the *Warhol* case. On appeal, the Second Circuit found that the district court improperly assessed the first fair use factor and compounded the analysis of the remaining three factors. The court noted that there is no bright line rule "that any secondary work that adds a new aesthetic or new expression to its source materials is necessarily transformative." Here, the changes "certainly imbued the original from which they derive with a 'new aesthetic.'" The court found that the changes were not sufficiently substantial to permit a determination of fair use as a matter of law. The second circuit cautioned that "an overly liberal standard of transformativeness," such as that embraced by the district court in this case, risks "crowding out statutory protections for derivative works."

Practitioners are looking to the upcoming Supreme Court's decision in the *Warhol* case to provide clarity to the murky analysis of fair use and the role of transformative use.

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Résumé

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Michelle Ciotola counsels clients on protecting and enforcing their trademark, trade dress, copyright, and related IP rights, including unfair competition, Internet, advertising, and promotions law. She counsels clients in developing and exploiting their trademark and copyright portfolios, including clearance; prosecution; and identifying important overseas jurisdiction and filing or coordinating with local counsel overseas. Michelle develops strategies for the enforcement of her clients' IP rights. She also develops strategies for enforcement of her clients' intellectual property rights online, including handling Uniform Domain Name Dispute Resolution Policy proceedings. Michelle attends and speaks at International Trademark Association (INTA), MARQUES, European Communities Trade Mark Association (ECTA) and the Asociación InterAmericana de la Propiedad Intelectual (ASIPI). She is an Adjunct Professor teaching copyright law at Western New England University School of Law.

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