

# 11-1197-CV

---

---

## United States Court of Appeals for the Second Circuit

---

PATRICK CARIOU,

*Plaintiff-Appellee,*

– v. –

RICHARD PRINCE,

*Defendant-Appellant,*

GAGOSIAN GALLERY, INC., LAWRENCE GAGOSIAN,

*Defendants-Appellants.*

---

ON APPEAL FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

---

---

### JOINT REPLY BRIEF FOR DEFENDANTS-APPELLANTS

---

---

HOLLIS ANNE GONERKA BART  
CHAYA WEINBERG-BRODT  
DARA G. HAMMERMAN  
AZMINA N. JASANI  
WITHERS BERGMAN LLP  
430 Park Avenue, 10<sup>th</sup> Floor  
New York, New York 10022  
(212) 848-9800

*Attorneys for Defendants-Appellants  
Gagosian Gallery, Inc. and  
Lawrence Gagosian*

JONATHAN D. SCHILLER  
JOSHUA I. SCHILLER  
BOIES, SCHILLER & FLEXNER LLP  
575 Lexington Avenue, 7<sup>th</sup> Floor  
New York, New York 10022  
(212) 446-2300

– and –

GEORGE F. CARPINELLO  
BOIES, SCHILLER & FLEXNER LLP  
10 North Pearl Street, 4<sup>th</sup> Floor  
Albany, New York 12207  
(518) 434-0600

*Attorneys for Defendant-Appellant  
Richard Prince*

---

---

**TABLE OF CONTENTS**

PRELIMINARY STATEMENT .....1

ARGUMENT .....6

    I.    Cariou Misstates the Standard For Fair Use .....6

    II.   Prince’s Statements About Motivation Are Not Determinative  
          of Whether There is Fair Use in This Case .....9

        A.    The Objective Indicia of Fair Use Far Outweigh the  
              Relevance of Statements of Intent .....10

        B.    Cariou Misstates Prince’s Testimony .....14

    III.  Cariou Confuses Derivative Works With Fair Use.....16

    IV.  Cariou’s Attempt To Buttress The District Court’s Erroneous  
          Factual Finding On Market Effect Fails.....18

    V.   Appellants Did Not Waive Their Argument That The District  
          Court Erred by Failing To Examine Each Painting Individually.....22

    VI.  The Gagosian Defendants Are Not Liable For Contributory or  
          Vicarious Infringement .....24

        A.    There Was No Contributory Infringement.....24

        B.    There Was No Vicarious Infringement.....25

    VII. Reversal is Required Because The District Court Failed To  
          Follow This Court’s Previous Directive To Apply The *Ebay*  
          Test .....26

CONCLUSION .....27

## TABLE OF AUTHORITIES

	<b>Page(s)</b>
<b>CASES</b>	
<i>Blanch v. Koons</i> , 467 F.3d 244 (2d Cir. 2006) .....	passim
<i>Bleistein v. Donaldson Lithographing Co.</i> , 188 U.S. 239 (1903).....	9
<i>Campbell v. Acuff-Rose Music, Inc.</i> , 510 U.S. 569, 114 S. Ct. 1164, 127 L. Ed. 2d 500 (1994) .....	passim
<i>Castle Rock Entm't Inc. v. Carol Publ'g Group. Inc.</i> , 150 F.3d 132 .....	passim
<i>eBay, Inc. v. MercExchange</i> , 547 U.S. 388 (2006).....	5, 26
<i>Eldred v. Ashcroft</i> , 537 U.S. 186 (2003).....	2
<i>Elvis Presley Enters., Inc. v. Passport Video</i> , 349 F.3d 622 (9th Cir. 2003) .....	17
<i>Faulkner v. Nat'l Geographic Soc.</i> , 211 F. Supp. 2d 450 (S.D.N.Y. 2002) .....	24
<i>Gaylord v. United States</i> , 595 F.3d 1364 (Fed. Cir. 2010) .....	17
<i>Golan v. Holder</i> , 132 S. Ct. 873 (2012).....	2
<i>Harper &amp; Row Publishers, Inc. v. Nation Enterprises</i> , 471 U.S. 539 (1985).....	20
<i>Heliotrope Gen., Inc. v. Ford Motor Co.</i> , 189 F.3d 971 (9th Cir. 1999) .....	12

<i>Hotel Employees &amp; Restaurant Employees Union v. City of New York Dep't of Parks &amp; Recreation,</i> 311 F.3d 534 (2d Cir. 2002) .....	12
<i>In re Indian Palms Assocs.,</i> 61 F.3d 197 (3d Cir. 1995) .....	12
<i>In re Merrill Lynch &amp; Co Research Reports Sec. Litig.,</i> 273 F. Supp. 2d 351 (S.D.N.Y. 2003) .....	12
<i>Mattel, Inc. v. Walking Mountain Prods.,</i> 353 F.3d 792 (9th Cir. 2003) .....	9
<i>Nihon Keizai Shinbun, Inc. v. Comline Business Data, Inc.,</i> 166 F.3d 65 (2d Cir. 1999) .....	24
<i>On Davis v. The Gap, Inc.,</i> 246 F.3d 152 (2d Cir. 2001) .....	7
<i>Ringold v. Black Entm't Television, Inc.,</i> 126 F.3d 70 (2d Cir. 1977) .....	17
<i>Rogers v. Koons,</i> 960 F.2d 301 (2d Cir. 1992) .....	6, 7
<i>Salinger v. Colting,</i> 607 F.3d 68 (2d Cir. 2010) .....	5, 26
<i>Shapiro, Bernstein &amp; Co., Inc. v. H.L. Green Co., Inc.,</i> 316 F.2d 304 (2d Cir. 1963) .....	25
<i>Von Saher v. Norton Simon Museum of Art at Pasadena,</i> 592 F.3d 954 (9th Cir. 2010) .....	12
<i>Wainwright Securities, Inc. v. Wall Street Transcript Corp.,</i> 558 F.2d 91 (2d Cir. 1977) .....	23
<i>Yankee Publ'g Inc. v. News Am. Publ'g, Inc.,</i> 809 F.Supp. 267 (S.D.N.Y. 1992) .....	11
<b>STATUTES</b>	
17 U.S.C.A. § 106A .....	5

Copyright Act, 17 U.S.C. § 101 .....16

**OTHER AUTHORITIES**

D. Eklund, *The Pictures Generation* (2009).....8

J. Halperin, “Is Prince v. Cariou Already Having a Chilling Effect?  
Contemporary Artists Speak.” ARTINFO, Feb. 1,.....5

## PRELIMINARY STATEMENT

Appellee Patrick Cariou (“Cariou”) makes little attempt to defend the reasoning of the District Court because he recognizes that the Court erred in at least three critical respects.

First, the District Court made the critical holding that Prince’s paintings are “transformative only to the extent that they comment on the Photos.” (SPA-18.) Recognizing that this was an error, Cariou concedes “appellants are correct that a second work need not invariably comment on or criticize the original work in order to constitute fair use.” (Opp. 46.) Indeed, the settled law, which the District Court failed to apply and which Cariou ignores, is articulated in *Blanch v. Koons*, 467 F.3d 244, 251 (2d Cir. 2006) applying *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994). In determining whether a second work is transformative and fair use, a court examines whether the second work “adds something new, with a further purpose and different character, altering the first with new expression, meaning or message”, and whether the second work “usurps the market of the original work.” *Blanch*, 467 F.3d at 253, 258 (internal quotations omitted). This is the limiting principle which distinguishes use that is fair use from use that infringes.

The *Campbell / Blanch* test is consistent with the underlying purpose of the Copyright Act because it protects the original creator’s incentive to produce, while

encouraging the creation of new works; it provides the right balance between the original and second creator. *See Golan v. Holder*, 132 S. Ct. 873 (2012) (fair use is a necessary balance against the monopoly grant of copyright); *see also Eldred v. Ashcroft*, 537 U.S. 186, 212 (2003) (same).

Because Prince's paintings have a different purpose and character than Cariou's photographs and do not in any way diminish Cariou's economic incentive to produce works, Prince's paintings are transformative and not infringing under the *Campbell / Blanch* test. Both Cariou and the District Court recognize that Prince's goal was to create something creative and new (SPA-20; Opp. 20.)<sup>1</sup> Cariou also concedes that Prince's paintings "may have had different potential end-users" (Opp. 63) and there was no evidence that Prince's paintings "usurped the market" for Cariou's photographs.

Recognizing that the District Court's comment or criticism test is wrong, Cariou expressly disavows the *Blanch* test (Opp. 2) and tries to erect a new test requiring some additional "justification" for using Cariou's works and concluding that there is no such justification here because (1) Prince did not ask Cariou for

---

<sup>1</sup> In this brief, "Opp." Refers to the Brief for Plaintiff-Appellee; "Br." Refers to the Brief for Defendants-Appellants; "Photographer Br." Refers to the Brief of *Amici Curiae* American Society of Media Photographers, Inc. et al.; "Google Br." Refers to the Brief of *Amicus Curiae* Google, Inc.; "Museum Br." Refers to the Brief for *Amici Curiae* the Association of Art Museum Directors et al.; and "Warhol Br." Refers to the brief of *Amicus Curiae* Andy Warhol Foundation for the Visual Arts.

permission; and (2) Prince could have acquired equivalent royalty-free photographs from the Internet. (Opp. 1, 2.)

Not surprisingly, Cariou cites no authority for his additional “justification” test. The case law is clear that failure to seek permission is not a factor to be considered in a fair use analysis. Further, as this Court explained in *Blanch*, the issue is not whether Prince should have used someone else’s photographs or whether he had a message about Cariou’s works. Instead the test is whether he had a “genuine creative rationale” for using Cariou’s photographs and that such use “advanced his artistic purposes.” 467 F.3d at 255.

Cariou erroneously argues that “justification” must come from Prince’s testimony and that Prince’s purported refusal to describe a particular motivation for his works is fatal to a finding of fair use. This statement is both factually and legally wrong. Factually, Cariou misrepresents Prince’s testimony, where in detail Prince explains how his purpose in creating paintings was different from the purpose of Cariou’s photographs. Legally, as this Court explained in *Blanch* and the Supreme Court explained in *Campbell*, the author of the second work “need not label” his work nor is it necessary for the author to “state the obvious.” *See Blanch* at 467 F.3d at 255 n.5; *Campbell* at 583 n.17. The most reliable indicia of the different character and purpose of the two works are the objective ones, *i.e.*, the works themselves and how they are perceived by the public. Again, the District

Court ignored this objective evidence, relied only on Prince's statements taken out of context, construing all the evidence in favor of Cariou.

Second, the District Court, without factual support, without a trial, and after drawing all inferences in favor of Cariou rather than Prince, found that "the market for Cariou's Photos was usurped by Defendants." (SPA-30.) Although this factual finding was critical to the District Court's decision, Cariou, however, does not try to defend this finding either. To the contrary, he concedes, as he must, that Prince's paintings "may have had different potential end-users" (Opp. 63). As Appellants initial brief showed, the objective market facts in the record demonstrate that the paintings and photographs appealed to and were marketed to entirely different markets. At the very least, it was error for the court to conclude the contrary as a matter of law without a trial.

Recognizing that the District Court's factual finding on the market factor was unsupportable, Cariou attempts to set up an entirely new standard arguing that there was harm in the "intermediate market," *i.e.*, the galleries. (Opp. 63.) That concept has no precedent in copyright law and makes no economic sense. It is not the channel through which the works travel to reach the marketplace that is relevant, it is the market demand that the particular work is intended to satisfy. If the second work does not usurp the market for the works of the original creator, then there is no basis to find a copyright violation.

Third, Cariou concedes that the District Court failed to do a proper analysis under *eBay*. Without any analysis or even reference to *eBay* or this Court's decision in *Salinger*, the District Court enjoined the "displaying, publishing, advertising, promoting, selling, offering for sale, marketing, distributing or otherwise disposing of" any of the paintings and ordered defendants to "deliver up" all of Prince's paintings (not merely the allegedly infringing portions) for "impounding, destruction or other disposition, as Plaintiff determines." (SPA-37.) This Draconian order illustrates, better than any legal brief, the First Amendment consequences of the District Court's decision.<sup>2</sup> Destroying valuable works of art by court order cannot be in the public interest. *See* 17 U.S.C.A. § 106A (West) (Congress passed the Visual Artists Rights Act for the express purpose to "prevent any destruction of a work of recognized stature"). Nor is there any legal or factual justification for the court to permit Cariou to sell Prince's paintings and pocket the proceeds.

Finally, the Court also should reject Cariou's view that, without additional "justification", transformative works are nothing more than derivative works which only the copyright owner may exploit. Again, Cariou misstates the law.

---

<sup>2</sup> The District Court's summary judgment decision, if not reversed, will have a dramatic chilling effect on contemporary art. Indeed, the chilling has already begun. J. Halperin, "Is Prince v. Cariou Already Having a Chilling Effect? Contemporary Artists Speak." ARTINFO, Feb. 1, 2012.

<http://artinfo.com/news/story/758352/is-prince-v-cariou-already-having-a-chilling-effect-contemporary-artists-speak>

Derivative works are not “transformative,” as that term is used in *Campbell* and *Blanch*. Derivative works are nothing more than the original work in a different form, such as a translation or an adaptation. A fair use, in contrast, has a different character and purpose and does not usurp the copyright holder’s reasonably expected markets. The market that Prince exploited was never the market that Cariou occupied, nor was it one that, under any objective standard, could be considered to be part of the “traditional” or “reasonable” markets occupied by derivative works. *Castle Rock Entm’t Inc. v. Carol Publ’g Group. Inc.*, 150 F.3d 132, 145 n.11. Again, whether Prince’s paintings are “derivative” or “transformative” is at least a question of fact that would preclude summary judgment for Cariou.

## ARGUMENT

### **I. Cariou Misstates the Standard For Fair Use**

Cariou concedes that “appellants are correct that a second work need not invariably comment on or criticize the original work in order to constitute fair use.” (Opp. 46.<sup>3</sup>) This error alone requires reversal and remand.<sup>4</sup>

---

<sup>3</sup> See also *Warhol* Br.26-34; *Google* Br.4-9.

<sup>4</sup> In this regard, Cariou’s reliance on the pre-*Campbell* decision in *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992) is clearly misplaced. Cariou reads the *Rogers* decision inconsistently with *Blanch* and *Campbell*. To the extent there is any inconsistency, obviously *Blanch* and *Campbell* control. Moreover, in *Rogers* the Court did not view *Koons* sculpture as “adding something new with a

Although conceding as he must under *Blanch* and *Campbell* that the second work need not “comment on or criticize” the original work, Cariou attempts to nullify the holding in *Blanch* and *Campbell* by arguing that the second work is justified only if a second work conveys some message relating to the original work. (Opp. 41; 69-70.<sup>5</sup>)

Cariou’s argument is directly contrary to *Blanch* and *Campbell* (and contrary to the policies and intentions underlying the Copyright Act and fair use). As this Court emphasized in *Blanch*, a second artist’s “justification for the very act of his borrowing” was satisfied by the second artist’s “statement that the use of an existing image advanced his artistic purposes.” 467 F.3d at 255 (internal brackets omitted). Cariou accepts, as did the District Court below, that Prince’s purpose was for the “overall work to be creative and new.” (SPA-20.)

Like Koons in *Blanch* (*Id.* at 255), Prince appears to have had a “genuine creative rationale” for using Cariou’s photographs and such use advanced his artistic purpose:

- In creating the paintings, Prince took “images that fit into [his] artistic vision” for each work. (A-750 ¶ 25.)<sup>6</sup>

---

further purpose and different character”, but merely as a copy of Rogers photo of the same nice puppies.

<sup>5</sup> Similarly, Photographer *Amici* make the same assertion.

<sup>6</sup> As one commentator wrote in 2009:

In 1980, [Prince] described his working method as a kind of “playing” of photography as “8-track,” meaning that as with a mixing board he could move

- In the *Canal Zone* series, Prince looked at “pre-existing images of all types” to make something new, distinctive and beautiful as found in the work by the viewer. (A-753-54 ¶ 13.)
- “Absent from this painting is any architecture or buildings to create a sense that nothing has survived after the apocalypse, except this man and his guitar and music.” (A-753-54 ¶ 34.)
- Prince used images of Rastas from *Yes Rasta* because they looked “like the type of man that might appear in [his] post-apocalyptic screenplay.” (A-750 ¶ 23.)
- In making the *Canal Zone* series, Prince sought to make a new work of art using what he called “ingredients.” (A-751 ¶ 26.)

It is sufficient to find fair use that Prince have a “genuine creative rationale” for his work, that the work has a “new expression, meaning or message” and that Prince’s work does not “usurp the market” (*i.e.*, a substitution) for Cariou’s work. This standard as enunciated by this Court, provides artists with a “practical” boundary. Prince meets that standard. In any event, any suggestion that the artist must seek the court’s approval of his motives as sufficient justification adds a dangerous and unprecedented value judgment to the fair use determination. That is a judgment that the courts are ill-equipped to make.

Cariou also claims that this court should not find fair use because Prince should have substituted other images for the ones he used in creating this work.

---

from effect to effect, from “original copy, “ to “cropped copy,” “out-of-focus copy,” and so on.

D. Eklund, *The Pictures Generation*, 1974-84 (2009).

The Ninth Circuit directly rejected a claim that the defendant could have used another image to make his point. The Court explained, “We do not make judgments about what objects an artist should choose for their art.” *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 802 n.7 (9th Cir. 2003). Indeed, as this Court said in *Blanch*, “It is not, of course, our job to judge the merits of ‘Niagara,’ or of Koons's approach to art.” *Blanch* at 255<sup>7</sup>; *see also Campbell* at 582 (“It would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of pictorial illustrations, outside of the narrowest and most obvious limits.” (quoting *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 25 (1903)))

## **II. Prince’s Statements About Motivation Are Not Determinative of Whether There is Fair Use in This Case**

Cariou argues that Prince’s paintings are not fair use of Cariou’s images because Prince admitted he had no “message” he wanted to convey and could have utilized stock photographs on the Internet. Cariou’s assertions are factually incorrect because they are based upon a misrepresentation of Prince’s testimony. They are also legally wrong both because, as discussed above, it is not necessary for Prince to be seeking to convey a “message” concerning Cariou’s work and in

---

<sup>7</sup> In describing the legs he used in *Blanch*, Koons admitted, “Images almost identical to them can be found in almost any glossy magazine, as well as other media.” 467 F.3d at 255.

any event transformative purpose and character do not need to be articulated by the artist.

**A. The Objective Indicia of Fair Use Far Outweigh the Relevance of Statements of Intent**

The question of whether a work is transformative depends on an objective investigation of the work itself, not on an artist’s ability to speak about the work or verbalize its meaning. Cariou’s assertion that it would be unprecedented to take this objective approach when an artist purportedly disavowed a transformative purpose is flatly contradicted by the Supreme Court in *Campbell*.

Moreover, this Court emphasized in *Blanch* that an artist’s articulation of his reasons for a work is not the “*sine qua non* for finding of fair use – as to satire *or more generally*.” *Id.* At 255 n.5 (emphasis added). While an artist’s statements of subjective purpose may assist a court in evaluating the nature of the new work, the ultimate and most reliable test is what can “reasonably be perceived” in the work itself (*Campbell* at 582) and how it is perceived in the relevant market.

This objective approach is well founded. Prince is a visual artist, not an artist whose medium is words. In evaluating his expression, a Court should consider first and foremost the actual speech that is on trial—in this case, his paintings, not his testimony. To foreclose a finding of fair use based on a visual artist’s inability to sufficiently verbalize the transformative character of his paintings in response to a lawyer’s confusing questions, especially when that transformative character is so

readily apparent, would be a perversion of the policies underlying fair use. As the Supreme Court reminded us in *Campbell*, quoting Judge Leval: “First Amendment protections do not apply only to those who speak clearly.” *Campbell* at 583, quoting *Yankee Publ’g Inc. v. News Am.Publ’g, Inc.*, 809 F.Supp. 267, 280 (S.D.N.Y. 1992).

If Cariou’s standard were adopted, fair use would be determined solely by how carefully an artist was counseled by his lawyers before he revealed his work to the public, or even began his creative effort, rather than by how the transformative nature of the work was “reasonably perceived.” (*See* Warhol Br. 38 (“Artists should not need to hire lawyers to make art”).) How, for example, under Cariou’s test, would museums and galleries protect themselves from copyright infringement? Should they interview artists about their “purpose” before showing their work?

Here, it is undisputed that the works themselves make a very different statement to the viewer. Cariou’s *Yes Rasta* goal was to make the “ultimate” photography book depicting Rastafarians in their native habitat. (Opp. 8.) In contrast, in *Canal Zone*, Prince transforms Cariou’s idealized photographs, plunging them into his vision of a post-apocalyptic realm of fantasy. Prince is not “interested in what’s actually there.” (A-165 at 358:14-15.)

Moreover, there is overwhelming objective evidence in the record – which the District Court ignored – and much more that could be established at trial, to show that the works were perceived *in the marketplace* as being very different.<sup>8</sup> (Br. 8-23, 29-37, 70-71.) Given these facts, Prince’s purported refusal to ascribe any particular message to these works cannot possibly be determinative. At the very least, there was sufficient market evidence to at least create a question of fact as to whether Prince’s works were transformative.

The Photographer Amici argue, contrary to *Blanch* and *Campbell*, that an objective standard based on how the works are perceived in the marketplace would

---

<sup>8</sup> Recognizing the significance of the public reaction to Prince’s works, Cariou seeks to exclude these public reactions from the Court’s consideration arguing that they are not part of the record below; that they are hearsay; and that they are expert testimony that should have been introduced below. (Opp. 64-69.) Cariou is wrong on all three points. First, the statements made in the public record about Prince’s work are not hearsay. The statements are not being introduced for the truth of the statements, but because the statements were made. Second, they are not expert testimony subject to cross-examination. The issue is not whether numerous art critics are “correct” in their appraisal of Prince, but whether the appraisals represent public reaction to Prince’s work. The public statements stand, in and of themselves, as evidence of how the public has reacted to Prince’s work. Finally, this Court can take judicial notice of statements made in the public record at any time, including on appeal. *Hotel Employees & Restaurant Employees Union v. City of New York Dep’t of Parks & Recreation*, 311 F.3d 534, 540 n.1 (2d Cir. 2002) (taking notice of facts presented for the first time on appeal); *In re Indian Palms Assocs.*, 61 F.3d 197, 205 (3d Cir. 1995) (noting that a court may judicially notice facts at any stage of the proceeding).

Indeed, courts often take judicial notice of information and statements in the public realm where, as here, those statements are not offered for their truth but instead simply as evidence of existence of the statements. *See Von Saher v. Norton Simon Museum of Art at Pasadena*, 592 F.3d 954, 960 (9th Cir. 2010) (Ninth Circuit expressly took judicial notice of “various newspapers, magazines, and books” that were introduced to “indicate what was in the public realm at the time, not whether the contents of those articles were in fact true”); *Heliotrope Gen., Inc. v. Ford Motor Co.*, 189 F.3d 971, 981 n.18 (9th Cir. 1999) (taking judicial notice of news articles that demonstrated market knowledge of certain information); *In re Merrill Lynch & Co Research Reports Sec. Litig.*, 273 F. Supp. 2d 351, 383, n.3 (S.D.N.Y. 2003) (taking judicial notice, on a motion to dismiss, of newspaper articles for the fact of their publication).

require surveys or expert testimony concerning the public perception of the work. (Photographer Br. 4.) But this case amply illustrates that such surveys and expert evidence are unnecessary because readily available public sources evidence market perceptions of Prince’s work. (*See, e.g.*, Br. 12, 15, 29, 31, 46, 50.) This is not to suggest, as the Photographer Amici do (Photographer Br. 5), that Prince believes that Cariou’s work is of “lesser importance” than Prince’s. That is not the issue at all. Such value judgments are beyond the concerns of the Copyright Act or of this Court. The question is whether Prince’s works are reasonably perceived as adding “something new, with a further purpose and different character, altering the first with new expression, meaning or message”.

It is ironic that the Photographer Amici rely so heavily on *Campbell* to assert that the “justification” for the fair use must come from the mouth of the artist, as opposed to the reaction from the market. (Photographer Br. 14-15.) A reading of *Campbell* demonstrates that the Court based its decision upon the fact that the 2 Live Crew recording, by its *very nature*, could be reasonably perceived to be a parody of the Roy Orbison original, and that the Court did not rely upon the self-serving statements in the defendants’ affidavit about the purported purpose of the song. *See Campbell* at 581-83.

Finally, Cariou suggests that it is necessary that the justification for fair use come from testimony of the artist “in order to prevent *post hoc* rationalizations of

the type attempted on this appeal.” (Opp. 72.) This argument is also ironic because in every case that Cariou cites, in which the artist attempts to provide an articulation on this purpose, that articulation is *always post hoc*, either in the form of affidavits or deposition testimony. What is not *post hoc* is the work itself.

### **B. Cariou Misstates Prince’s Testimony**

Like the District Court, Cariou takes Prince’s statements out of context to create a false impression of Prince’s intentions in creating his paintings. For example, Cariou suggests that Prince took his images solely because he did not want to take his own Rastafarian photos. (Opp. 9.) But this distorts Prince’s artistic philosophy and the artistic genre of which he is a prime example. As shown above and in Appellants’ main brief (Br. 8-20, 61-63.), Prince’s feels that an essential feature of his art is using existing images to which he gives new meaning and expression.

Furthermore, the District Court ignored Prince’s clear statements indicating that he did have a transformative purpose in using Cariou’s imagery. For example, the District Court relied heavily on its conclusion that Prince had “no interest in the original meaning of the photographs he uses.” (SPA-18.) But in fact, Prince repeatedly spoke of how ignoring the original artist’s intent was part of his strategy of transforming the work: “there’s many interpretations about any particular image. But this just happens to be mine. I know that that’s not the original intent of the

image, but I don't have any-I don't have any really interest in what the original intent is because my-because what I do is I completely try to change it into something that's completely different." (A-496 at 337:24-338:8.) Taken in context, Prince's statement becomes evidence that his reuse of the original images "adds something new, with a further purpose or different character, altering the first with a new expression, meaning, or message." *Campbell* at 579.<sup>9</sup>

Cariou also denigrates Prince's work by quoting out of context statements that the paintings were done very quickly. It is certainly true that Prince executes his works quickly, and that he believes that results in a superior product. (A-150-51 at 273:20-274:10.) But Prince had been thinking about the work for at least three years. The "starting point" for the paintings was Prince's idea for the Eden Rock screenplay and a 2005 visit that Prince took to Panama. (A-747 ¶ 16, 748 ¶ 19.) Thereafter, as Prince testified, he experimented with different items concerning the Rastafarians for two or three years. (A-129 at 150:25-151:13; A-748 ¶ 18.)

---

<sup>9</sup> Cariou urges that Prince "admitted that he could have instead have used royalty-free stock photos." (Opp. 12.) That misrepresent's Prince's testimony. In fact, Prince was asked whether he was aware that royalty-free stock photos were on the Internet, and he testified that he was not. Cariou's attorney asked, over Defendants' attorney's objections as speculative, whether he would have used them if he was aware of them, and he simply said, it was "possible." (A-154 at 286:2-10; A-155 at 290:13-292:9.) But, in any event, as noted above, Prince does not have to "justify" using Cariou's photographs rather than someone else's photographs as long as he "adds something new, with a further purpose and different character, altering the first with new expression, meaning or message".

### III. Cariou Confuses Derivative Works With Fair Use

Cariou seeks to equate transformative works with derivative works and then to argue that because the first artist has the exclusive right to exploit all derivative works subsequent transformative works do not constitute fair use. This argument obviously proves too much, because it would, if followed, logically eliminate transformative works as a category of fair use. Moreover, Cariou’s argument, like the error of the District Court (Opp. 45 (quoting SPA-15-16)) misinterprets this Court’s holding in *Castle Rock Entertainment, Inc. v. Carol Publishing Group, Inc.*, 150 F.3d 132 (2d Cir. 1998). In *Castle Rock*, this Court explained that the term “transformed” in the definition of a derivative work in the Copyright Act, 17 U.S.C. § 101 means something very different from the term “transformative” when applied to fair use. As this Court explained:

Although 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.”

*Id.* at 143. As the examples given in the Copyright Act demonstrate, a derivative work is one that replaces the original work using a new mode of presentation such as a translation, dramatization, fictionalization or motion picture. *See* 17 U.S.C. § 101 (noting that works “consisting of editorial revisions [and] annotations” are derivative works). The derivative work serves the same purpose and the same market as the original work, but in a different form. For such works, the copyright

holder is entitled to a license because those derivative works constitute the “traditional, reasonable, or likely to be developed markets” that would be expected to belong to the copyright holder. *Castle Rock* at 145 n.11. In contrast, a copyright holder is not entitled to demand a license for those works that constitute something new, with a different character and purpose.

In *Castle Rock*, the trivia book based upon the show *Seinfeld* was clearly a derivative work and not fair use because its purpose was to “sate” the exact same market as the *Seinfeld* television program. The defendant claimed that his work was designed to critique, expose and comment on the *Seinfeld* show. But that rationale was rejected by this Court because the work, on its face, fulfilled the same function as the original show, *i.e.*, to entertain aficionados of the *Seinfeld* program. *Id.* at 144. Here, in contrast, the works appeal to entirely different markets and artistic tastes.<sup>10</sup>

Finally, Cariou and the Photographer Amici argue that Prince deprived Cariou of a derivative-works royalty. But this Court expressly warned against this circular reasoning; in every fair use case, the original creator is deprived of a theoretical royalty from the second creator. *Castle Rock* at 145, n.11. Thus, the test for fair use and the boundary line between fair use and derivative works is a

---

<sup>10</sup> For this same reason, the other precedents Cariou relies on are also inapposite. In each of these cases, the court found that the second use was not transformative because the work was not used for a different purpose or character. *See Ringold v. Black Entm’t Television, Inc.*, 126 F.3d 70 (2d Cir. 1977); *Elvis Presley Enters., Inc. v. Passport Video*, 349 F.3d 622 (9th Cir. 2003); *Gaylord v. United States*, 595 F.3d 1364, 1374 (Fed. Cir. 2010).

practical one: is the second work occupying the market that would be one that's "traditional, reasonable or likely to be developed" by the original work? *Id.* If not, there is no actionable damage suffered by the original creator.

#### **IV. Cariou's Attempt To Buttress The District Court's Erroneous Factual Finding On Market Effect Fails**

The District Court, ignoring substantial objective evidence in the record (Br. at 8-23, 29-37 and 70-71) and relying upon the *post hac* rationale of one gallery owner, concluded that Prince's paintings "unfairly damaged both the actual and potential markets for Cariou's original work and the potential market for derivative use licenses for Cariou's original work." (SPA-30.) The Court made this finding of fact construing all the evidence in favor of Cariou and without a trial. This finding is clearly erroneous as to both the actual and the potential markets for Cariou's work. At the very least, there was sufficient evidence in the record for the issue of market usurpation to go to trial. *Id.*

As this Court enunciated in *Blanch*, in determining fair use, the court looks at whether the second work "usurps the market of the original work." *Blanch* at 258 (quoting *NXIVM Corp.* at 481-82). Abandoning any attempt to defend the District Court's market effect finding, Cariou expressly concedes that his work and Prince's work appeal to different markets. (Opp. 63.) He argues, however, that there was market harm here because there was harm in the "intermediate market," *i.e.*, art galleries. (*Id.*) But the criteria for determining fair use has never been

based upon whether the two works occupy the same channel of distribution. Unequivocally, 2 Live Crew's parody and Orbison's song both were available for sale in record stores and, undoubtedly, are both available on the Internet through online music services. Yet, like Koons's and Blanch's images, they clearly fill different market niches; one does not "usurp" demand, or provide a substitute, for the other.

Cariou concedes as much when he acknowledges that the two works may have "different potential end-users." (Opp. 63). Indeed, even if they had the same end users, they would still serve different markets. Prince's paintings did not supplant Cariou's photographs. (Br. 8-23, 29-37, 70-71.) Cariou sold only four reprints, to friends for €1,500 – €2,000 each depending on size (A-583. at 158:8-19), and his book was out of print at the time Prince's paintings came on the market. (Br. 20-21.) Prince's paintings commanded immediate attention and substantial purchase prices. (Br. 31, 37, 70-71.) The two works simply were not competing in the same market and did not effect each others' value.

The District Court and Cariou rest their entire position on the testimony of one person – Christiane Celle, whose testimony is contradictory and inconclusive and therefore certainly not enough to find no material question of fact on the market usurpation prong. Even if Celle is to be entirely believed, her testimony shows nothing more than the fact that she, one soon-to-open gallery proprietor, for

some period of time, had some interest in showing Cariou's work, and she felt uncomfortable doing so when she learned about Prince's show at a Gagorian Gallery. Celle and Cariou had never agreed to have a show, nor did either of them devote any significant effort to developing a show. Cariou did not even bother to return her communications until well *after* he commenced this litigation and needed Celle as a witness. Indeed, although Celle had expressed interest in doing a show of Cariou's work other than *Yes, Rasta*, neither she nor Cariou ever followed through and no such show was done. (Br. 21-23, 68-70.)

Such subjective testimony in which Celle describes her own motivations for her actions is highly unreliable, especially given her hostility towards Prince. More reliable evidence is the objective market evidence. Would the result in *Campbell* have been different if Roy Orbison produced the testimony of someone who asserted that she chose not to book Orbison for a concert because of the release of the 2 Live Crew parody? Of course not. The basic difference between the two works and their obviously different markets render such individual subjective testimony irrelevant. Yet, the testimony of one person is all that the District Court relied on to grant summary judgment on the market usurpation factor.

Cariou's reliance (Opp. 63.) on *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539 at 542-43, 567 (1985) is entirely misplaced. There,

President Ford suffered direct and immediate market harm because the *Nation's* premature publication of excerpts of his memoirs led to *Time* magazine's cancellation of its agreement to serialize his book. Ford suffered actual, demonstrable harm. 471 U.S. at 566-68. Here, in contrast, Cariou shows no impact on actual sales, which had ceased, before Prince's paintings entered the market.

At best, from Cariou's standpoint, there is a "silent record" (*Campbell* at 594) – of any economic effect on Cariou's potential market for derivative use licenses. The District Court draws its conclusion of adverse impact on this potential market out of whole cloth. (SPA-30.) As the Supreme Court found in *Campbell*, "there was no evidence that a potential rap market was harmed in any way by 2 Live Crew's parody" (*id.* at 593-94), and it rejected the Sixth Circuit's presumption of any such harm. The Supreme Court noted that "a silent record on an important factor bearing on fair use disentitled the proponent of the defense, 2 Live Crew, to summary judgment." *Id.* at 594. The Supreme Court therefore remanded the matter for an evidentiary determination on this important issue. Similarly here, there is nothing in the record to show that Prince's works in any way affected Cariou's potential market for derivative use licenses.

**V. Appellants Did Not Waive Their Argument That The District Court Erred by Failing To Examine Each Painting Individually.**

Cariou argues that Appellants waived their argument that the District Court should have examined Prince's works individually simply because they cross-moved for summary judgment, seeking a determination that all the works were fair use. But such a position is clearly not inconsistent with the argument that the Court should have made that determination, at a minimum, after examining Prince's actual works on a painting-by-painting basis. Indeed, Prince offered in evidence his view of the purpose and effect of each of the individual Paintings, through a 66-paragraph affidavit and composite exhibit, as well as a supplemental-paragraph affidavit, which described the creation of each of Prince's individual Paintings in detail and compared each Prince painting with the Cariou photograph from which it was borrowed. (A-773-811, 933-36.)

In addition, Appellants' counsel offered to have the Court view each of the individual Paintings, but the District Court declined that invitation. The District Court's refusal to view the actual paintings, some of which are massive in size,<sup>11</sup> in which Prince collaged various images, painted over and around others, and superimposed images over images, deprived the court the ability to reasonably perceive—as a jury will at trial—each of the paintings' transformative nature.

---

<sup>11</sup> For example, "Cheese and Crackers" (A-781) is over 7 ½ feet high and almost 12 feet wide. "Mr. Jones" (A-782) is over 7 feet high and more than 10 feet wide and "Zipping the System" (A-786) is almost 6 feet high and almost 10 feet wide.

Cariou paradoxically argues that it makes no difference whether the Court applied the fair use test to each of the Paintings individually because “appellants would be liable for copyright infringement if even *one* of the Paintings infringes Cariou’s copyright and is not fair use.” (Opp. 73.) It obviously makes a tremendous difference; if this Court finds that only a small subset of the Paintings are actual infringements, the District Court’s enjoining of the sale, distribution or display of *all* the works and its order that *all* the Paintings to be rendered up for destruction are clearly erroneous.

Finally, Cariou is simply wrong when he asserts that “in this Circuit, multiple similar acts of copying are viewed in the aggregate and a separate discussion of each infringing act is not necessary.” The cases he cites simply do not support that proposition and are factually inapt. For example, Cariou cites this Court’s discussion in *Castle Rock*, that dealt with the issue of substantial similarity for determining infringement, not fair use. Moreover, the issue in *Castle Rock* was whether one quiz book infringed on all the *Seinfeld* episodes. In *Wainwright Securities, Inc. v. Wall Street Transcript Corp.*, 558 F.2d 91 (2d Cir. 1977), the issue was whether a news service that consistently abstracted the plaintiff’s analysts’ reports was copyright infringement. There was no argument that the abstracts should have been reviewed individually because it was undisputed that each abstract summarized all salient facts in the plaintiff’s analytical reports. The

same was true in *Nihon Keizai Shinbun, Inc. v. Comline Business Data, Inc.*, 166 F.3d 65 (2d Cir. 1999).

**VI. The Gagosian Defendants Are Not Liable For Contributory or Vicarious Infringement**

**A. There Was No Contributory Infringement**

Cariou concedes that the Gagosian Defendants cannot be found liable for contributory infringement absent knowledge of Prince's (alleged) infringing activity. Thus, Cariou does not even try to defend the District Court's incorrect holding that Prince's mere reputation as an appropriation artist was a valid basis for finding contributory infringement. Instead, Cariou argues that Gagosian should have learned about the infringement soon after December 11, 2008, when Cariou sent a cease and desist letter to Gagosian. (Opp. 77.) Cariou's theory of contributory infringement is likewise invalid.

Mere receipt of a cease and desist letter is insufficient to create "knowledge" of a primary infringement, especially where the art in question is, or might be, a fair use. *Cf. Faulkner v. Nat'l Geographic Soc.*, 211 F. Supp. 2d 450, 475 (S.D.N.Y. 2002) *aff'd*, 409 F.3d 26 (2d Cir. 2005) (no knowledge can be imputed, where question of infringement by primary defendant turned on "complex analysis of contractual arrangements".) Otherwise, copyright holders would have absolute power to shut down any art show merely by *alleging* that a work is infringing. While galleries are commercial establishments, they serve an important public

purpose, because they are a critical channel for displaying and introducing new works. Holding a gallery liable because it incorrectly predicted the outcome of a fair use analysis would create an undue chilling effect on the creation of new art.

### **B. There Was No Vicarious Infringement.**

Cariou tacitly concedes that there can be no vicarious infringement absent a *respondeat superior* relationship, akin to employer/employee or principal/agent. Indeed, Cariou relies on *Shapiro, Bernstein & Co., Inc. v. H.L. Green Co., Inc.*, 316 F.2d 304, 307-08 (2d Cir. 1963), a piracy case, where the relationship between the parties was found to be similar to an employer/employee model. *Id.* at 308. Specifically, in *Shapiro*, the vicarious infringer (a store owner) had an express contractual right to supervise all activities of the primary infringer (a concessionaire), impose a code of conduct on it, and terminate its employees “in its unreviewable discretion.” *Id.* at 306.

No such facts exist in this record. The uncontroverted record instead shows that Prince operated and created his art outside Gagosian’s contractual or practical supervision or control. Cariou’s unsubstantiated argument that Gagosian nevertheless had a free-floating obligation to “police infringing conduct” (Opp. 76), even outside a *respondeat superior* relationship, finds no support in existing case law. From a practical perspective, it is unworkable, especially in a case involving original artwork and a credible argument of fair use, where it puts an

inappropriate burden on gallery owners, who have no control over the creation of works, to act as censors after a work is created, based solely on a possibility that a piece of art might later be found to be infringing.

**VII. Reversal is Required Because The District Court Failed To Follow This Court's Previous Directive To Apply The *Ebay* Test**

In *Salinger v. Colting*, 607 F.3d 68, 77-78 (2d Cir. 2010), this Court reversed and remanded this District Court's decision granting an injunction because the District Court did not follow the directives of the Supreme Court in *eBay, Inc. v. MercExchange*, 547 U.S. 388, 391 (2006). Appellants respectfully submit that, the District Court did not follow the *Salinger* directive in the present case as well. Indeed, the District Court gave so little consideration to the injunction that it applied the injunction to a painting that does not use any of Cariou's work. It also gave no consideration to the *de minimus* copying in several other paintings.

Careful consideration of the *eBay* factors is particularly important here, where the public has amply demonstrated its interest in, and the value it places on, Prince's paintings. Cariou cannot show imminent and irreparable harm, because his works have been in the marketplace for years and his book has been out of print for years. *See Warhol Br.* at 45-46. Ordering Prince's paintings delivered for destruction serves, and can serve, no purpose. It provides no benefit to the Plaintiff-Appellee, and it is clearly not in the public interest.

Cariou inexplicably states that, without an injunction, “appellants will be free to sell the 21 unsold Paintings for millions of dollars without compensating Cariou.” (Opp. 78.) This statement is inexplicable because, if infringement is found, the Copyright Act clearly provides Cariou with a monetary remedy, either in the form of statutory damages or compensation for that portion of the value of the paintings contributed by Cariou, an amount to be determined at trial. (If Prince’s works were found after trial not to be transformative and fair use, Cariou might be awarded the amount of a hypothetical reasonable royalty license. *See On Davis v. The Gap, Inc.*, 246 F.3d 152, 172 (2d Cir. 2001). Such an award would clearly provide Cariou with more benefit than a bonfire of the paintings. There is also no justification for permitting Cariou to sell Prince’s creations and pocket the proceeds.

### **CONCLUSION**

For all the foregoing reasons, the Decision and Order below should be vacated.

Dated:       New York, NY  
              February 22, 2012

Respectfully submitted,

\s\ Hollis Gonerka Bart  
Hollis Gonerka Bart  
Chaya Weinberg-Brodt  
Dara Hammerman  
Azmina N. Jasani  
WITHERS BERGMAN LLP  
430 Park Avenue, 10th Floor  
New York, NY 10022  
(212) 848-9800

*Attorneys for Appellants  
Gagosian Gallery, Inc. and  
Lawrence Gagosian*

/s/ Jonathan D. Schiller  
Jonathan D. Schiller  
Joshua I. Schiller  
BOIES, SCHILLER & FLEXNER LLP  
575 Lexington Avenue, 7th Floor  
New York, NY 10022  
(212) 446-2388  
-and-  
George F. Carpinello  
BOIES, SCHILLER & FLEXNER LLP  
10 North Pearl Street, 4th Floor  
Albany, NY 12207  
(518) 434-0600

*Attorneys for Appellant  
Richard Prince*

**CERTIFICATE OF COMPLIANCE**

Pursuant to Fed. R. App. P. 32(a)(7)(C), I hereby certify that this brief was produced in Times New Roman (a proportionately spaced typeface), 14-point type and contains 6,852 words (as calculated by the Microsoft Word word processing system's word count function).

Dated: February 22, 2011  
New York, NY

\s\ Hollis Gonerka Bart

Hollis Gonerka Bart  
Chaya Weinberg-Brodt  
Dara Hammerman  
Azmina N. Jasani  
WITHERS BERGMAN LLP  
430 Park Avenue, 10th Floor  
New York, NY 10022  
(212) 848-9800

*Attorneys for Appellants  
Gagosian Gallery, Inc. and  
Lawrence Gagosian*

/s/ Jonathan D. Schiller

Jonathan D. Schiller  
Joshua I. Schiller  
BOIES, SCHILLER & FLEXNER LLP  
575 Lexington Avenue, 7th Floor  
New York, NY 10022  
(212) 446-2388  
-and-  
George F. Carpinello  
BOIES, SCHILLER & FLEXNER LLP  
10 North Pearl Street, 4th Floor  
Albany, NY 12207  
(518) 434-0600

*Attorneys for Appellant  
Richard Prince*

STATE OF NEW YORK )  
 )  
COUNTY OF NEW YORK )

ss.:

**AFFIDAVIT OF SERVICE  
BY OVERNIGHT EXPRESS  
MAIL**

I, \_\_\_\_\_, being duly sworn, depose and say that deponent is not a party to the action, is over 18 years of age and resides at the address shown above or at

**On February 22, 2012**

deponent served the within: **Joint Reply Brief for Defendants-Appellants**

**upon:**

**Daniel J. Brooks  
Eric A. Boden  
Schnader Harrison Segal & Lewis, LLP  
Attorneys for Plaintiff-Appellee  
140 Broadway, Suite 3100  
New York, New York 10005  
(212) 973-8000**

the address(es) designated by said attorney(s) for that purpose by depositing **2** true copy(ies) of same, enclosed in a postpaid properly addressed wrapper in a Post Office Official Overnight Express Mail Depository, under the exclusive custody and care of the United States Postal Service, within the State of New York.

This document was also submitted via the CM/ECF Case Filing System. All counsel of record in this case are registered CM/ECF users. Filing and service were performed by direction of counsel.

**Sworn to before me on February 22, 2012**

***Maryna Sapyelkina***  
Notary Public State of New York  
No. 01SA6177490  
Qualified in Kings County  
Commission Expires Nov. 13, 2015

---

Job # 240641