Copyright Infringement

As the art market and art licensing business have grown so has the problems of infringement. This development is not surprising as crooks go wherever the money is to be found. An additional problem for those in the arts is the fragmented nature of the industry. Often when infringements are discovered they are not pursued because it is not cost effective or the infringers are far afield.

To remedy the situation industry leaders have come together and formed the Art Copyright Coalition (ACC). The ACC will unite disparate community members to go after infringers as a cohesive group; lowering costs and increasing likelihood of economically rewarding results. (www.artcc.org)

The ACC’s mission is to stop copyright infringement. What actions constitute copyright infringement? Let us examine several versions:

**How Different is Different Enough:** “All art is derivative” may be a true statement, but there is a line between inspiration and copyright infringement. Let us look for the point of demarcation.

One is held liable for verbatim copying, not only where work is duplicated in whole but also in part. It is impermissible to take parts of a work and incorporate them into a second work. Even if the resulting second work is very different and does not appear to be similar in an overall sense, if it incorporates parts of another work it might still be infringing. Modifying the medium does not insulate the copyist. Changing an artist presentation from one medium to another, if the works still are visually substantially similar, will be an infringement. For example making a sculpture out of painting will be an infringement.

It has also been held to be an infringement when copying the overall pattern and arrangement of a work, the “look and feel” of the work. In the related area of trademark law, “look and feel” would be considered “trade dress,” and there are a few cases which do protect an artist’s rights under “trade dress.” In the literary field, paraphrasing has been held to be infringing. It is an open question as how paraphrasing would be interpreted in the context of an artwork.

Copyright law protects the expression of an idea, not the underlying idea. As such, one
can look at someone else’s artwork, explore the concepts and ideas in it, be inspired, and
create their own work, without infringing on the original party’s copyright.

Although an idea can be appropriated and reused, the expression of the idea by the
originator or creator is protected. The area of controversy between similar works
therefore becomes, whether the second work appropriated the expression, which is not
permissible, or merely the unprotected idea. There is no simple or firm guideline as to
how much has to be changed from one work to another to avoid infringement. There are
many old wives’ tales out there that have no basis in the law. People claim, “all you have
to do is change a little bit”, “a few lines here and there”, “five percent”, “ten percent”,
“twenty percent”, “eight measures of music”, “250 words in a literary work”, all of these
supposed guidelines are without support in the law. Ignore them, forget you ever heard
them. The test for copyright infringement is whether or not the two works are
“substantially similar”.

The term “substantially similar” by its very nature is ambiguous and lends itself to
interpretation on a case-by-case basis. Therefore, before anyone can determine if there is
an infringement, an examination of both the allegedly infringing work and the original
underlying work must be made to see if they are “substantially similar.” Cases have
generally held that there must be a substantial material taking in order for there to be
infringement. Substantial can be looked at both quantitatively and qualitatively. Not
only do we look at the amount of material copied, but we also consider the importance of
the portions copied. The more important the copied elements are to the underlying work,
the less the court will look to in terms of amount.

**On-Line Art:** A new breed of art gallery has appeared on the scene - the “Virtual
Gallery.” It is an art gallery that has no terrestrial presence, one that exists only on the
Internet. The virtual galleries often have little or no inventory yet present an image of an
established business and frequently sell their wares at deeply discounted prices. When a
customer views the site they see a list of “featured artists”. When they click on an artist’s
name they are taken to a page with a description of the artist and digital images
representing the artist’s work. Often there is text describing the artist and perhaps a bio.
A virtual gallery that does not have a relationship with the artist or publisher and sets up
its gallery without seeking permission may be violating numerous laws. Simply because
one operates on the Internet does not mean that the copyright and trademark laws do not
apply. They apply the exact same to Virtual Galleries and virtual entities as they do to
brick and mortar companies. For whatever reasons there seems to be a misconception
that if one is operating online different standards apply. Not so, copyright and trademark
laws apply no matter the format or medium.

The first step an unaffiliated Virtual Gallery undertakes is to acquire copies of the artist’s
works. They can be from a book, calendar, tear sheets, catalogs, greeting cards, prints,
posters, etc. These images are generally scanned and a digital file is created. In the act of
scanning and creating a digital file a copy is made. If it is done without the artist’s
permission it is a copyright infringement. In transferring the copy from the PC attached to
the scanner to the server which houses the web site another infringing copy is made, a
separate violation of copyright law. Virtual Galleries make images available for viewing, a public display of the artwork. Public display is also the right of the copyright owner. As such, having a work displayed on the web site without permission is a third copyright infringement. The law also has supported the premise that viewing an infringing image causes each individual who is viewing the infringing image to be violating the artist’s copyright. By facilitating the “infringing actions” of viewers, the Virtual Gallery owner is what is known as a “Contributory Infringer” and perhaps also a “Vicarious Infringer.” When one views a web site, a temporary copy is made in the viewer’s computer. The courts have held that even though the copy is only in RAM, and maybe transitory, it is enough of a copy for copyright infringement purposes.

Therefore, by scanning an artwork, posting it to web site, displaying it and allowing viewers to view the images at least four separate copyright infringements have occurred. Virtual Galleries also often incorporate text regarding the artist, and their careers, from books or the artist’s promotional materials. The unauthorized reproduction of such text is also copyright violation.

Artists’ names are often consider trademarks. Using the artist’s name to solicit business without their consent can also violate their trademark rights. Many Virtual Galleries give the impression that the artist is an affiliate with the gallery. Words such as, “Our featured artists” or “Representing” or similar phrases confuse the public as to what the relationship is between the artist and the gallery by implying that there is in fact a relationship. This sense of an affiliation provides the consumer with a sense of security when buying from a gallery. This is particularly true with artists who are known to deal only with authorized dealers. The impression created is if the work is available for sale that it is from an authorized dealer. Part of the trademark law (which is known as the Lanham Act Section 43(a)) states that creating a “likelihood of confusion” as to an association, affiliation or sponsorship is a violation of federal trademark law. Therefore by listing an artist’s name and creating the impression that they are affiliated with the Virtual Gallery results in federal trademark laws being violated.

Most states also have a “Right of Publicity” law, which forbids one from using the name or likeness of a person for commercial purposes without their permission. Therefore, the use of the artist’s name or picture on web site is likely to be a violation of the artist’s Right of Publicity.

What of online auctions? Scanning or using artist’s or publisher’s photo of the work or capturing an online image is not permissible. If one is selling a work they own and takes their own picture of the work and posts in on an online auction, that might be considered a fair use. However, the jury is still out on that question.

**Canvas Transfers:** Taking a print and transferring it (the technology does not matter) to canvas has been held by courts to be an infringement. Grass roots efforts by artists and publishers, as well as recent decisions by the courts have curtailed much of the damage done by those seeking to profit from the creation, sale or distribution of unlicensed canvas transfers. A relatively recent court decision is on point in this regard. The artist
Elya Peker sued a canvas transfer company in order to stop them from creating canvas transfers of his works. The company purchased posters of Peker’s artworks and treated each poster with a thin coat of acrylic paint. The acrylic caused the poster’s ink layer to separate from the paper without ruining the underlying image. The canvas company then mounted the acrylic layer onto canvas, and had people apply oil paint and brush strokes that matched the color and style of the original painting. After adding these brush strokes, the canvas company then applied a thin layer of protective varnish. The works were then framed and sold as “new” canvas works. In court, the canvas company argued that it was doing nothing more than selling framed posters. Since it had purchased the original posters, it had a right to do whatever it wished with the posters. The court rejected this argument, and reasoned that this was not merely reselling a poster. The court held that the use of the original artwork from the poster was just one ingredient. The court stated, while the “first sale doctrine” of the poster might give the poster owner the right to sell the poster, in whatever fancy frame it may choose, it does not allow for the transformation of the poster into an “original painting.” The court concluded that, “it is not a defense that one used a lawfully acquired object to achieve its unlawful goal of copying.” The court issued an injunction that barred the canvas transfer company from making hand painted canvas transfers of the artist’s artwork.

**Unauthorized Derivative Works:** A “derivative work” is a work based upon one or more pre-existing works. The original authorship in a derivative work consists of modifying the pre-existing work into a new work.

Therefore, taking an artwork without a license and using it to create another work or product is an infringement. For example, if you use an artwork and make a sculpture, snow globe, puzzle, bas-relief, scarf, tee-shirt, mouse pad, wine label, clock, box, knife handle, button, lunch box, greeting card, poster, fabric, CD cover, figurine, frame, etc. you are infringing by creating an unauthorized derivative work.

Like canvas transfers you can not use the actual paper art to create derivative works. In one case, a company, without the artist’s permission, recast copyrighted art cards (unique cards created and sold by the artist for $2.00 each) into ceramic tiles sold for $22.95 retail. The artist objected to this because she felt the ceramic tiles were an inappropriate presentation of her work, and that if this company’s infringing practice continued, it would lead to the recasting of her artwork in a variety of unauthorized products that she never intended for the display of her artwork. The company recasting the artist’s artwork argued in court that its practice of recasting was analogous to framing a picture, and that its practice of recasting was merely an alternative form of displaying the artist’s art cards. The court rejected this argument, holding that the company’s ceramic tiles bearing the artist’s artwork were unauthorized reproductions, and that the company did not meet the standard for originality required to support copyright protection.

In other cases along these lines artists and art publishers have been able to prevent the sale of cutouts or “mini prints.” Mini prints are where books, calendars, tear sheets, etc are cut up, matted, framed, and sold.
Liability and Damages: Who is liable and for how much? For better or worse copyright is what one would call a “strict liability offense,” where everybody in the chain is liable regardless of whether or not they knew the item at issue was an infringement. What that means is the actual infringer, the manufacturer, is liable and whoever they sell it to is liable, and whoever they sell it to is liable, all the way down the stream of commerce. An example would be, if someone in China makes a knock-off, they are liable; they sell it to an exporter, who is liable; they then sell it to an importer in the United States, who is liable; who sells it to a distributor, who is liable; who sells it to a gallery or retail store, which are also liable. Of course, everyone can make an indemnification claim against the person from whom they acquired the goods, but the copyright owner is entitled to go after any one or all of the parties in the chain at their discretion. Often, the only way that you can find out about an upstream party is by going after the people closest to you, i.e., either retailer or gallery, who after being pressured turn in the distributor, who turns in the importer, who turns in the factory. Some protest that it is not fair that, if they did not know that a product or print was an infringement they should be held to be liable. If that was the case it would be so easy to claim that, “I just didn’t know.” It would provide an incentive for one to bury their head in the sand and think by not asking questions, by not undertaking due diligence it would benefit them because they could claim they did not know and therefore be exempt from liability. This prevents ignorance from being a defense.

In the area of damages being an “innocent infringer” may provide some relief. While all infringers will be liable, an “innocent” one might be liable for less in certain circumstances.

Under Copyright Law, damages take two separate tracks. In all cases, a copyright owner is entitled to recover their losses and the profits of the infringer. (As long as they are not duplicative; a situation where they would be duplicative is if you lost a sale as a result of the infringer’s activities. Your lost profits would equal the profits they made, therefore you would only be entitled to collect once.) To compensate for lost profits, the artist might be able to collect the royalty that would have been due them and to collect the infringer’s profits. In a perverse sense, the greater the infringement, the better for an artist (financially speaking). The more profits the infringer makes, the more recovery there is for the copyright owner. This is intentional as it is meant to be a deterrent. If the copyright owner upon discovering an infringement was only entitled to recover the amount that they lost, i.e., lost royalty, then there would be no incentive for anyone to obtain a license. A party would just go ahead and create or sell knockoffs and pay royalties only if they get caught. Therefore, the law has a built in deterrent, the disgorgement all the net profits of the infringer that are attributable to the infringement. However, if one is a willful infringer, they are not allowed to deduct such things as overhead and other indirect expenses. If you are an innocent infringer, the court may allow such deductions.

If prior to the advent to an infringement the copyright owner or exclusive licensee had previously registered their copyright with the U.S. Copyright Office, then at their option, they are entitled to either actual damages (described above) or statutory damages.
Statutory damages are not based on the actual losses of the copyright owner or the profits of the infringer, but are instead based on how egregious the breach of copyright and infringement are in the eyes of the judge along with various other factors. A judge depending on the willful or non-willfulness of an infringement can assess up to $150,000 per infringement. That means that if someone infringes on four items, their liability can be up to $600,000. With 10 items, they can have a million and a half dollars in exposure.

In addition, if a copyright is registered prior to the infringement, the copyright owner is also entitled to have their attorney’s fees paid by the infringer. Thus, the longer the negotiation or litigation drags out, the greater the exposure the infringer will have. In a nutshell copyright law establishes damages in a manner to compensate the copyright owner for their losses and to penalize the infringer by ensuring that they do not profit from their ill-gotten gains. Damages are cumulative and can be separately obtained from the manufacturer, the exporter, the importer, the distributor and the retailer.

As the sale of art work and art licensing grows so do the instances of infringement. Copyright owner are becoming more aggressive in their enforcement efforts. The Art Copyright Coalition, Ltd. promises to take the fight for the rights of the copyright owner to new levels. The collective effort of the creative and legitimate forces in the art world will bring to bear all their concerted force in the protection of their rights. The efforts will be comprehensive, international and relentless.

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