

## LEGAL MATTERS FOR THE ARTIST

17<sup>th</sup> National Caricaturist Network Convention

November 3, 2008

Meaghan Hemmings Kent, Esq.



# Legal Matters for the Artist

- **Intellectual Property Overview**
- Artists' Rights
- Copyrights
- Right of Publicity
- Royalty Arrangements
- Orphan Works Act of 2008
- Question and Answer



# Intellectual Property Overview

- Copyrights
- Trademarks
- Utility Patents
- Design Patents
- Trade Secrets



# Copyrights

- A copyright protects an original work of authorship.
- Something is copyrightable if it is:
  - (1) a work of authorship;
    - Books, music, photos, drawings, sculptures
  - (2) original;
    - Requires independent creation and some minimal creativity
  - (3) fixed in a tangible medium of expression
    - paper, audiotape, video tape, CD, DVD, canvas, clay, etc.



# Copyrights

- The copyright exists as soon as the work is fixed in a tangible medium of expression.
- Only the expression is covered by copyright.
- Copyrights last for predetermined amount of time:
  - Life of the author +70 years (individual)
  - 95 years from publication or 120 years from creation (corporation or anonymous work)



# Copyrights

- Copyright law is covered by Federal Statute.  
17 U.S.C. § 101 et seq.
- U.S. is a signatory to the Berne Convention
- A copyright owner has the *exclusive* rights to:
  - Reproduce the work
  - To make derivative works of the work
  - To distribute copies of the work to the public  
(sale, rental, lease, lending)
  - To perform the work publicly
  - To display the work publicly



# Trademarks

- A trademark is a distinctive word, phrase, logo, symbol, or other device (color, sound) that is used to identify the source of a product or service and to distinguish it from competitors. Includes trade dress: the configuration of a product or packaging
- The goal is to prevent consumer confusion.
- A trademark lasts as long as it is used.
- Trademark law is covered by Federal Statute. Lanham Act; 15 U.S.C. § 1051 et seq.



## Trademarks



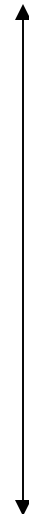
- Examples of trademarks:
  - Company names (McDonald's, Venable)
  - Organization names (NCN or ISCA)
  - Product names (McNuggets)
  - Magazine names (*Exaggerated Features*)
  - Logos (Nike swoosh, NCN logo)
  - Colors (UPS brown)
  - Sounds (MGM lion roar)
  - Trade dress (restaurant décor; bottle shape)





## Strength of Trademark

Strongest



Fanciful – Exxon; Verizon

Arbitrary – Apple

Suggestive – Ray Ban

Descriptive – AT&T; California Pizza Kitchen

Generic – Escalator

Weakest

Trademarks become stronger with use.

But you do not want them to become generic with use – consider Kleenex; Xerox



# Trademarks

- Registration of a Trademark with the USPTO
  - Not required, but gives the trademark owner:
    - right to use the ® symbol (versus <sup>TM</sup> symbol)
    - presumption of validity (must still show use though),
    - nationwide priority (versus only have priority in geographic area where use it)



# Utility Patents

- Utility patents cover inventions and grant the inventor a monopoly for a specific period of time.
- The invention must be
  - Novel (new)
  - Non-obvious (cannot be an obvious improvement; must be clever, unexpected)
  - Useful



## Utility Patents

- Patents must be applied for with the USPTO within one year of public use, sale or description
- Utility patents last for 20 years from the application date



## Example of a Utility Patent

- “Automatic Photograph Booth For Forming Sketches” (Patent No. 5,897,220)
- “Computer program and process which make it possible to transform any digital image into a free-hand fine art painting” (Patent No. 7,205,995)



## Patent No. 7,401,410



# “Presentation apparatus for artwork”

Patent No. 7,392,609

Fig. 1

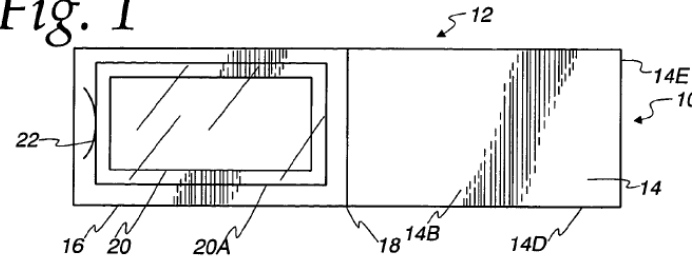


Fig. 2

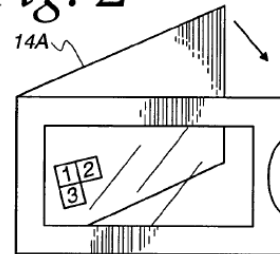


Fig. 3

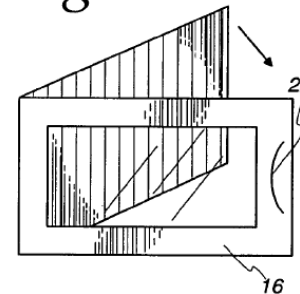


Fig. 4

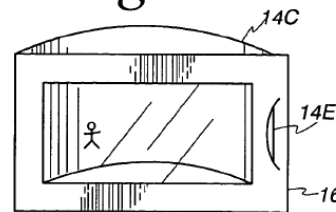
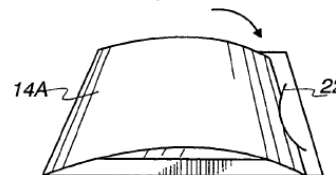


Fig. 5



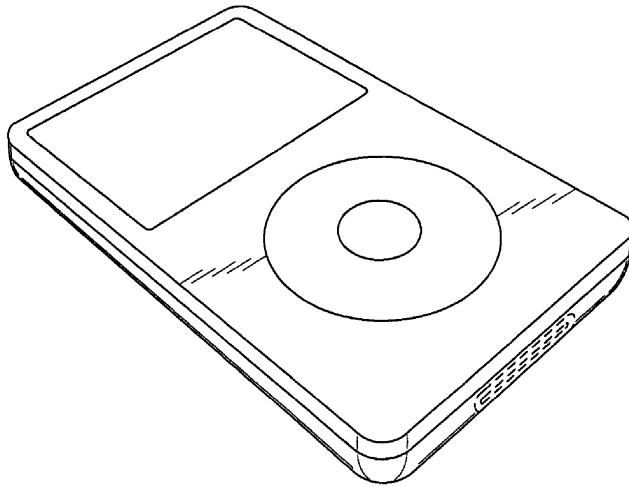
# Design Patents

- Design patents cover new, original and ornamental designs (non-useful)
- Patents must be obtained from the USPTO within one year of public use, sale or description
- Design patents last for 14 years from the date they are issued.

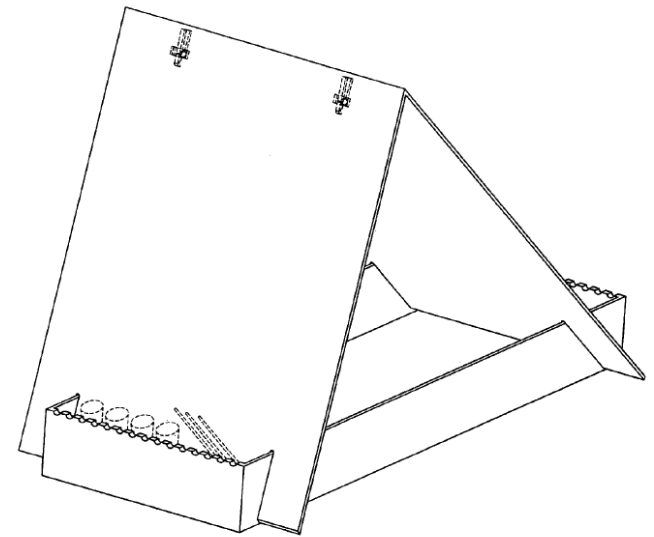




## Example of a Design Patent



Apple's iPod, Patent No. D548,744



Easel Patent, No. D557,904



## Other Intellectual Property

- Trade Secrets
  - Must keep secret
  - Last as long as they are secret
  - i.e., Coca-Cola recipe
  
- Domain Names
  - Covered by the Anti-Cybersquatting Protection Act and International regulations



# Legal Matters for the Artist

- Intellectual Property Overview
- **Artists' Rights**
- Copyrights
- Right of Publicity
- Royalty Arrangements
- Orphan Works Act of 2008
- Question and Answer



## “Artists’ Rights”

- Copyrights
- Trademarks
- Moral Rights (droit morale)
  - Stronger in Europe
  - Applies to original works and limited editions
  - Right to prevent defacing, right to destroy if changed, right to attribution
- Resale Royalty Rights (droit de suite)
  - Percentage of the resale of the work
  - Europe; California but not really enforced



# Legal Matters for the Artist

- Intellectual Property Overview
- Artists' Rights
- **Copyrights**
- Right of Publicity
- Royalty Arrangements
- Orphan Works Act of 2008
- Question and Answer



# Copyrights

- A copyright protects:
  - 1. original
  - 2. work of authorship
  - 3. fixed in a tangible medium of expression
  
- The copyright exists as soon as the work is fixed in a tangible medium of expression.
  
- Only the expression is covered by copyright.



# Copyright Ownership

- The creator of the work (the “author”) owns the copyright in the work.
- Except if:
  - Employee
    - created the work within their scope of employment – then the employer owns the copyright
  - “Work for hire”
    - An independent contractor commissioned to create a specific work – then the commissioner owns the copyright



# Work For Hire

17 U.S.C. § 101(2)

- A work commissioned and created by an independent contractor is a “work for hire” only if:
  - There is a written agreement signed by both parties, and
  - The work is one of the following:
    1. a work specially ordered or commissioned for use as a contribution to a collective work,
    2. a part of a motion picture or other audiovisual work,
    3. a translation,
    4. a supplementary work,
    5. a compilation,
    6. an instructional text,
    7. a test,
    8. answer material for a test, or
    9. as an atlas





## Transfer of a Copyright

- Transfer (sale, lease, loan) of the work or a copy of the work does not transfer the copyright.
- Transfer of copyright ownership must be through an agreement:
  - Assignment
  - License
  - Will or intestate succession
  - Note that employment agreements and work for hire agreements determine the original ownership; they are not technically “transfers”



## Copyright Assignments

- By default, the artist/author owns the copyright
- If not an employee, and not a work for hire situation, may seek an assignment of the copyright.
- An assignment transfers the copyright.
- It must be:
  1. in writing
  2. signed by the party transferring their rights



# Copyright Licenses

- Exclusive license
  - Gives the exclusive rights to any of the copyright rights
  - A copyright owner has the *exclusive* rights to:
    - Reproduce the work
    - To make derivative works of the work
    - To distribute copies of the work to the public (sale, rental, lease, lending)
    - To perform the work publicly
    - To display the work publicly
- Like an assignment, must be in writing and signed by the transferring party.



# Copyright Licenses

- Non-exclusive license
  - Gives nonexclusive rights
    - i.e., right to perform music is given to various radio stations
  - Can be oral and even implied; better if written and signed
  
- Implied licenses
  - Conduct or situation implied a right
  - Often a defense to infringement claim



# Copyright Licenses

- Common considerations
  - Geographical scope
  - Time limitation
  - Media limitation (electronic included?)
  - One time use versus multi-use license
  - Rights licensed



# Copyright Term

- Individual:
  - US: Life of the author plus 70 years.
  - EU: Life + 70 years
  - Japan: Life + 50 years (considering extension)
  - Australia: Life + 70 years
  - New Zealand: Life + 50 years
  - Canada: Life + 50 years
  - Korea: Life + 50 years
  - China: Life + 50 years
  
- Work made for Hire (employee or independent contractor) or anonymous work (US):
  - 95 years from its first date of publication or
  - 120 years from its date of creation (whichever expires first).



# Copyright Notice

- Copyright Notice is not required, but is recommended
  - Prevents claim of innocent infringement
  - Decreases likelihood of Orphan Work claim
- Before March 1, 1989, notice required or the work became public domain
- Form of the Notice:
  1. ©, “Copyright,” “Copr.”
  2. Year of publication
  3. Owner’s name

i.e.: © 2008 Venable LLP

Note: the work does not need to be registered to use the © symbol.



# Copyright Registration

- A copyright can be registered with the Copyright Office.
  - Not required, but numerous benefits
- The Copyright Office charges \$35 per application if completed through its website.
  - It is recommended that you have an attorney assist with application for an additional fee.
- It typically takes up to 8 months to obtain the certificate.





# Benefits of Copyright Registration

## 1. Additional damages

- If registered then can seek statutory damages and attorneys' fees.
  - Statutory damages = \$750-\$30,000; up to \$150,000 if willful
- If unregistered, can seek only actual damages (and no attorneys' fees).
  - Actual damages = harm to copyright owner or infringer's profits linked to the infringement.

## 2. Copyright presumed valid.

## 3. Allows recordation with U.S. Customs.



# Copyright Enforcement

- Enforcement
  - Cease and desist letters
  - Litigation (registration required)
- Fair Use (17 U.S.C. § 107)
  - Defense to use a work for “criticism, comment, news reporting, teaching ..., scholarship, or research”
  - Consider whether commercial use, amount of the work used, and how it affects the potential market for the work.



# Legal Matters for the Artist

- Intellectual Property Overview
- Artists' Rights
- Copyrights
- **Right of Publicity**
- Royalty Arrangements
- Orphan Works Act of 2008
- Question and Answer



## Right of Publicity

- The right of an individual to profit from the commercial use of their name, likeness or persona.
  - The person that is pictured in the artwork can prevent you from using their image and can sue for damages



## Right of Publicity

- No Federal Statute (unlike © and trademark)
- Some states have statute; some states based on common law (case law)
  - Some are broad, some are narrow
  - Some only cover celebrities, some are broader
  - Some cover dead people, some do not



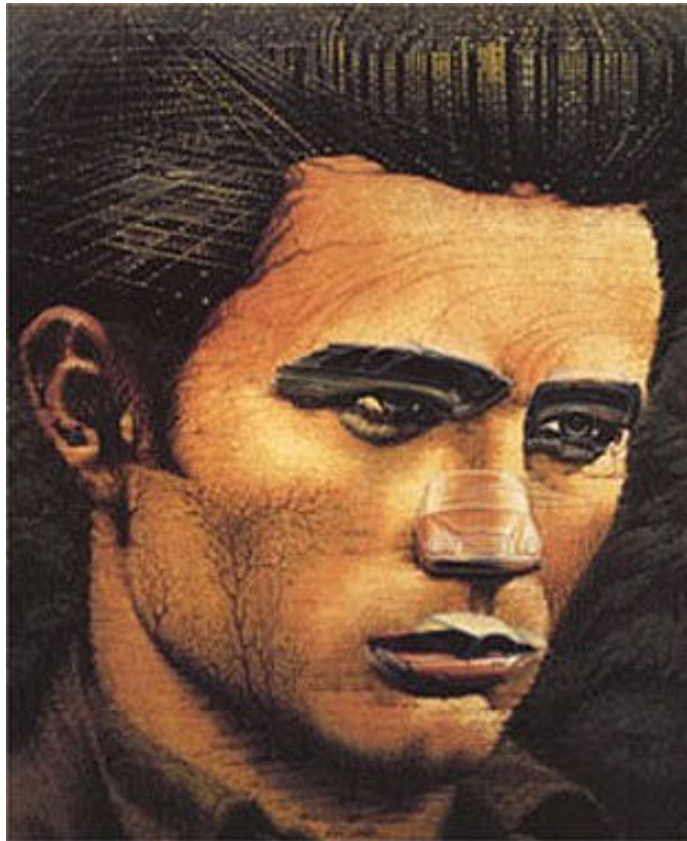
# Right of Publicity

- Do you need to get permission? No bright line rules.
  - Commercial use: usually yes
    - Drawings, paintings
    - Posters, t-shirts, cards
    - However, consider metamorphic art, Andy Warhol (purchase for the art, not the image), and practicalities
  - Editorial Use: usually no
    - Newspaper
    - 1<sup>st</sup> Amendment Speech: Political or social commentary, parody
    - However, consider commercial use of such speech (Schwarzenegger bobble head)



## Metamorphic Art

James Dean



Jane Fonda



**Octavio Ocampo. Hidden Image Artwork.**

# Legal Matters for the Artist

- Intellectual Property Overview
- Artists' Rights
- Contracts, Licenses, Work for Hire
- Right of Publicity
- **Royalty Arrangements**
- Orphan Works Act of 2008
- Question and Answer





## Royalty Arrangements

- Ways to make money:
  - Sell your artwork
  - Reproduction royalties
- Royalty basis:
  - Fixed rate (i.e., \$3 per copy)
  - Percentage (i.e., 6% per copy)



## Royalty Arrangements

- Types of royalty rates
  - Typically fairly standard rates based on what is standard in the industry.
    - Based on survey in “Licensing Royalty Rates” (G. Battersby and C. Grimes) book for artwork, it typically ranges from 4-10% and the reproduction royalty is typically 10%.
- Typically based on “net sales”
  - Want to define that term the agreement
- Another consideration is “direct sales” versus “wholesale sales”



## Royalty Arrangements

- Aside from the actual royalty rate, other possible points of negotiation include:
  - Advances
    - i.e., \$2000 advance while you are working on the work.
  - Guarantees (Guaranteed Minimal Royalty)
    - i.e., within the first year, you will make \$5000; you can seek a guarantee.



# Legal Matters for the Artist

- Intellectual Property Overview
- Artists' Rights
- Right of Publicity
- Contracts, Licenses, Work for Hire
- Royalty Arrangements
- **Orphan Works Act of 2008**
- Question and Answer



# Orphan Works Act of 2008

- What is an “Orphan Work”?
  - copyrighted works whose owners may be impossible to identify and locate
- What is the problem with “orphan works”?
  - If a user cannot find the owner, they cannot use the work. Documentaries, museums.
  - At the same time, cannot simply allow users to use any copyrighted work.
- What does the Orphan Works Act do?
  - Goal is to reduce, but not eliminate, the exposure of good faith users of Orphan Works



## Orphan Works Act of 2008

- What does the Orphan Works Act do?
  - Requires that a user search for the copyright owner using “diligent effort”
    - Must use all reasonable steps and technology, including search of the Copyright Office records.
    - Copyright Office to provide a “best practice” guide on its website.
  - Copyright Office to set up a database of all registered pictorial, graphic and sculptural works.



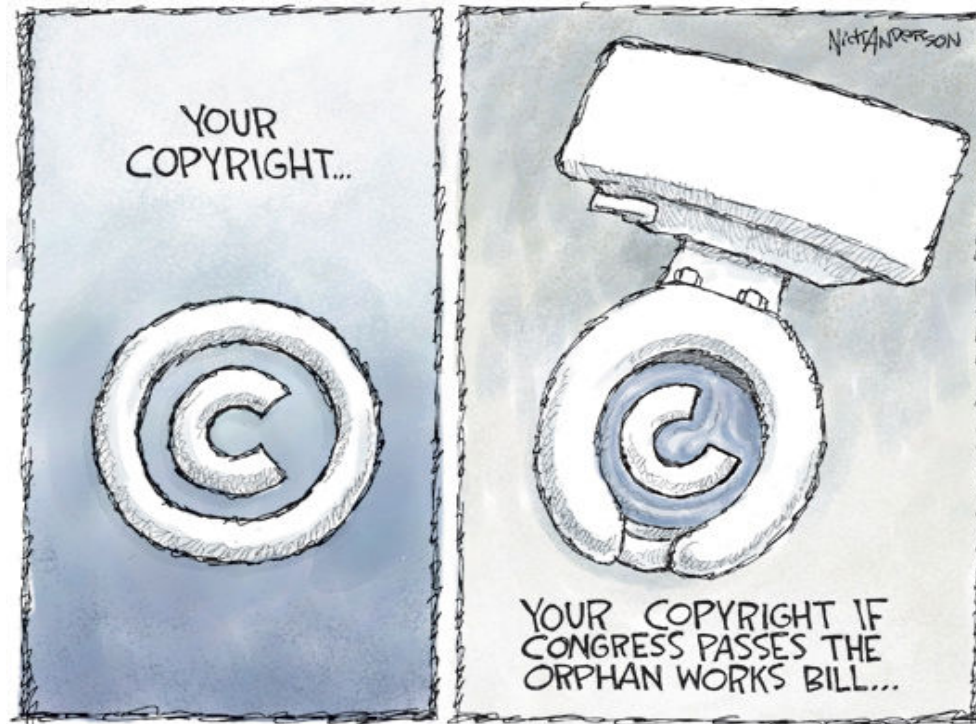
## Orphan Works Act of 2008

- What does the Orphan Works Bill do?
  - If the owner cannot be found after a diligent search, the user may use the work and must attach the orphan symbol to the work.
  - If the owner appears, the user must pay the owner “reasonable compensation” or face liability.
    - Mutually agreed by user and owner; or court
    - Must reflect objective market standards



# Orphan Works Act of 2008

- Critics say the Act will deprive copyright owners of their right to injunctive relief and damages and creates a “forced license”



Nick Anderson

[http://blogs.chron.com/nickanderson/archives/2008/05/orphan\\_works.html](http://blogs.chron.com/nickanderson/archives/2008/05/orphan_works.html)



# Orphan Works Act of 2008

- Supporters respond:
  - It only applies if the owner cannot be found after a diligent search
    - Put a © notice on the work.
    - Register the work.
  - Injunctive relief is still possible except where the user has invested significant new authorship and acted in good faith.
  - Statutory damages are only available where the work was registered, and registered works can be found through the Copyright Office
  - Actual damages are covered by the required “reasonable compensation”



# Orphan Works Act of 2008

- What is the status of the Orphan Works Bill?
  - Passed Senate on September 26, 2008
  - Referred to the House Committee on the Judiciary
  
- If passed, the effective date will be:
  - January 1, 2009
  - Except pictorial, graphic and sculptural works, the earlier of:
    - When the Copyright Office sets up the searchable database, or
    - January 1, 2013



# Legal Matters for the Artist

- Intellectual Property Overview
- Artists' Rights
- Right of Publicity
- Contracts, Licenses, Work for Hire
- Royalty Arrangements
- Orphan Works Act of 2008
- **Question and Answer**



## Question and Answer

- Find out more about copyrights at:  
[www.copyright.gov](http://www.copyright.gov)
- Find out more about trademarks and patents at:  
[www.uspto.gov](http://www.uspto.gov)
- Find out more about orphan works at:  
[www.copyright.gov/orphan/](http://www.copyright.gov/orphan/)



**Thank You!**

**Meaghan Hemmings Kent, Esq.**

**Venable LLP**

**[mhkent@venable.com](mailto:mhkent@venable.com)**

**202.344.4481**

