

THE ART LAW  
REVIEW

SECOND EDITION

**Editors**

Lawrence M Kaye and Howard N Spiegel

THE LAWREVIEWS

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REVIEW

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# PREFACE

We are thrilled to present the second edition of *The Art Law Review*. The response from around the world to the first edition was extremely positive, for which we are very grateful. We have again invited leading practitioners in the art law field from around the world to update the key developments in their respective countries and the most significant issues in this important area of law. We trust that you will find them equally informative, instructive and interesting.

We thought that it would be appropriate in this edition to begin with a review of the effect of covid-19 on the art world during this past year and a half. The pandemic of course upended every aspect of life, and the art market was no exception. But there were some surprising developments in the midst of the difficult period we all experienced.

First some numbers. In 2020, global online sales reached a record high, but overall sales experienced a decline.<sup>1</sup> Online sales of art and antiquities accounted for 25 per cent of the market's value.<sup>2</sup> Overall ancillary spending was down, due mainly to the lack of art fairs, while funding went instead to IT resources of new online platforms. Of the various art sectors, auctions were most successful during this period, while galleries were hardest hit.<sup>3</sup>

In human terms, many galleries had to furlough or permanently lay off staff in 2020. Support came mostly from virtual programming and assistance from the federal government.<sup>4</sup> For example, Hauser & Wirth never held online shows before 2020 but quickly developed a platform with its own virtual reality technology.<sup>5</sup>

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1 Clare McAndrew, *The Art Market 2020*, Art Basel & UBS Report, at 28, available for download at [https://d2u3kfw92fzu7.cloudfront.net/The-Art-Market\\_2021.pdf](https://d2u3kfw92fzu7.cloudfront.net/The-Art-Market_2021.pdf).

2 id. at 331.

3 id. at 240–245.

4 Daniel Cassidy, 'US galleries survive: despite a stark decline in revenue in 2020, many galleries have a positive post-pandemic outlook, report says', *The Art Newspaper* (20 July 2020), [www.theartnewspaper.com/2021/07/20/us-galleries-survive-despite-a-stark-decline-in-revenue-in-2020-many-galleries-have-a-positive-post-pandemic-outlook-report-says](http://www.theartnewspaper.com/2021/07/20/us-galleries-survive-despite-a-stark-decline-in-revenue-in-2020-many-galleries-have-a-positive-post-pandemic-outlook-report-says).

5 Justin Kamo, 'Hauser & Wirth will launch a virtual-reality exhibition platform', *Artsy* (9 April 2020), [www.artsy.net/news/artsy-editorial-hauser-wirth-will-launch-virtual-reality-exhibition-platform](http://www.artsy.net/news/artsy-editorial-hauser-wirth-will-launch-virtual-reality-exhibition-platform).

Similarly, Sotheby's, Christie's and Phillips all enacted an accelerated digital shift, adding hundreds of online-only sales. They still suffered, however, with Sotheby's US\$5 billion in sales representing a 12 per cent drop from 2019. Sales at Christie's fell 22 per cent to US\$4.5 billion and at Phillips they were down 11 per cent to \$646 million.<sup>6</sup>

But prospects are vastly improving this year. Global sales in the first six months of 2021 have more than rebounded and exceeded pre-pandemic levels at all three auction houses. For example, Sotheby's and Phillips' 2021 sales have so far exceeded those in 2019 by 13 per cent and 8 per cent, respectively.<sup>7</sup>

From a global perspective, the pandemic effected a significant change in the prevalence of Asian collectors. For the first time in Christie's history, Asian collectors outspent US collectors in 2020. Similarly, Asian collectors accounted for more than a third of the buyers at Sotheby's worldwide auctions last year.<sup>8</sup>

Now let's dig down a little deeper to discover some interesting trends during the pandemic and a few far-reaching effects for the art market's future.

## I AUCTION HOUSES

The prevalence of online buying during the pandemic caused many collectors to spend large sums on works they had not seen in person, relying on condition reports, provenance and high-resolution photographs. Asian collectors seemed particularly interested in online purchases, sight unseen, and their interest in Western art grew accordingly.<sup>9</sup> Indeed, due largely to a shift to online sales brought on by pandemic lockdowns, the contemporary art market surged from June 2020 to June 2021, recording US\$2.7 billion in sales.<sup>10</sup> A portion of this increase was also due to the popularity of non-fungible tokens (NFTs) resulting from the surge of young crypto-millionaires suddenly eager to invest in art. The new generation of millennial collectors purchased art on an average of US\$378,000 per item, much higher than other generations.<sup>11</sup>

---

6 Kelly Crow, 'Millennial Buyers Help Global Art Market Survive the Covid Pandemic', *Wall Street Journal* (4 January 2021), [www.wsj.com/articles/millennial-buyers-help-global-art-market-survive-the-covid-pandemic-11609779511](http://www.wsj.com/articles/millennial-buyers-help-global-art-market-survive-the-covid-pandemic-11609779511).

7 Lindsay Dewar, 'The Art Market 2020 – A Year in Review', *ArtTactic*, available for download at <https://int.nyt.com/data/documenttools/20solowpdf2/5d9d84ff385ca83b/full.pdf>.

8 See Kelly Crow, footnote 6.

9 Naomi Rea, 'Art-Market Dynamos Amy Cappellazzo, Yuki Terase, and Adam Chinn Are Betting on Asia With a New Advisory Venture', *Artnet* (14 October 2021), <https://news.artnet.com/market/art-intelligence-global-2020377>.

10 'The Contemporary Art Market report in 2021', *artprice.com*, available for download at <https://imgpublic.artprice.com/pdf/the-contemporary-art-market-report-2021.pdf>.

11 Ollie A Williams, 'Art Market Goes Into Overdrive As Wealthy Up Their Spending By 42%', *Forbes* (9 September 2021), [www.forbes.com/sites/oliverwilliams1/2021/09/09/art-market-goes-into-overdrive-as-wealthy-up-theirspending-by-42/?sh=55adf4ea694c](http://www.forbes.com/sites/oliverwilliams1/2021/09/09/art-market-goes-into-overdrive-as-wealthy-up-theirspending-by-42/?sh=55adf4ea694c).

## II ART FAIRS

The attendance at recently renewed art fairs during the pandemic has become smaller, younger and more local. The number of exhibitors was one-third less than pre-pandemic, but the presence of local contemporary art galleries increased.<sup>12</sup> For example, sales at Art Basel in September 2021 were strong despite the absence of the usual US clientele.<sup>13</sup> As another example, at the Contemporary African Art Fair in London in October 2021, a record number of galleries from Africa – 20 out of a total of 47 – participated.<sup>14</sup> And the pace of sales at Basel in general demonstrated that the pandemic has done little to dissuade wealthy art collectors.

## III GALLERIES

For some galleries, the increase in online viewing rooms is an exciting development and may offer an alternative to time-consuming art fairs. Others are concerned that digitalisation may be undercutting the sheer physical power of art. While some attribute the recent resurgence of the market to super wealthy collectors, others contend that technology is saving the market. In any event, gallery sales are up 10 per cent globally in the first half of this year compared to last. While 23 per cent of galleries were forced to cut staff in 2020, 25 per cent hired new employees in the first half of this year and 50 per cent said sales had improved this year over last. On the other hand, this improvement is mostly due to larger galleries, while smaller and mid-size galleries suffered a slight dip in sales. And NFTs apparently adversely affected the profits of many brick-and-mortar galleries, with European galleries experiencing a sales reduction of 7 per cent.<sup>15</sup>

## IV CONCLUSION

In sum, while the pandemic has been devastating to all, the art market has demonstrated its resilience, as collectors, mostly young wealthy ones, have become accustomed to online purchases of artworks and new digital works, such as NFTs. Whether traditional modes of doing business will return in a significant way as the pandemic hopefully recedes remains to be seen. Perhaps the subject of an entry in the next edition!

Turning back to this Review, we again open the volume with substantive chapters that present an overview of current and significant issues in several important areas of art law:

- a* recent developments in the art market;
- b* art authentication;
- c* art and technology;

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12 Vivienne Chow, 'Fine Art Asia, Hong Kong's Homegrown Art Fair, Returns—a Third Smaller, More Local, and With NFTs', *Artnet* (7 October 2021), <https://news.artnet.com/market/fine-art-asia-opening-hong-kong-2018293>.

13 Eileen Kinsella and Naomi Rea, "'Now It's Just the Real People": Art Basel Opens Its First Fair in 18 Months With an Among-Friends Vibe (and Steady Sales, Too)', *Artnet* (21 September 2021), <https://news.artnet.com/market/art-baselsales-report-2021-2011301>.

14 Gareth Harris, 'Strong sales at 1-54 fair—with more African dealers than ever', *The Art Newspaper* (14 October 2021), [www.theartnewspaper.com/2021/10/14/1-54-fair-london-2021](http://www.theartnewspaper.com/2021/10/14/1-54-fair-london-2021).

15 Clare McAndrew, 'Resilience in the Dealer Sector: A Mid-Year Review 2021', Art Basel & UBS Report at 10, 12, 54, 113, available for download at [https://d2u3kfw92fzu7.cloudfront.net/The\\_Art\\_Market\\_Mid\\_Year\\_Review\\_2021.pdf](https://d2u3kfw92fzu7.cloudfront.net/The_Art_Market_Mid_Year_Review_2021.pdf).

- d* international copyright issues;
- e* moral rights;
- f* recent trends in art arbitration and mediation; and
- g* cultural property disputes.

We then present chapters on recent art law developments in 20 key countries. Each country's chapter gives a review of hot topics, trends and noteworthy cases and transactions during the past year, then examines in greater depth specific developments in the following areas: art disputes, fakes, forgeries and authentication, art transactions, artist rights, and trusts and foundations, and finally offers insights for the future.

We hope that you enjoy reading all of these excellent contributions.

**Lawrence M Kaye and Howard N Spiegler**

Kaye Spiegler PLLC

New York

December 2021

Part I

# GENERAL PAPERS

# APPLICATION OF COPYRIGHT TO ART

*Barry Werbin*<sup>1</sup>

Copyright is the primary source of legal protection for all forms of original works of art. While such protections have been engrained in US copyright law since 1909, the advent of the digital age in the 1990s, expansion of social media, growth in appropriation art, and the recent surge in popularity and market value for street art, have created multiple challenges for artists, the art market and those who seek to exploit works of art.

This chapter serves as an introduction to the law of copyright in the United States as it applies to works of art, reproductions and other derivative uses.

## I HISTORICAL CONTEXT

When enacted in 1787, the US Constitution empowered Congress ‘[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries . . .’. Thus was born the earliest US legal protections for copyright (authors) and patents (inventors).

Jumping ahead 233 years, the impact of copyright on art is ubiquitous. Copyright is the most significant means of protecting original works of art and incentivising others to create new art. But finding this balance has consistently been challenging, especially in the modern online, digital world. The intersection of art and copyright is now one of the most debated and controversial areas of intellectual property.

The US Copyright Act (the Act), which is the exclusive means of protecting and enforcing copyright under federal law, pre-empts all other laws and claims that implicate any of the exclusive rights granted to copyright owners under the Act. The first version of the Act, enacted in 1790, granted copyright protection only for ‘any map, chart, book or books already printed within these United States’.<sup>2</sup> In the late eighteenth century, photography of course did not exist, and there was no technological means to create and distribute reproductions of art outside of images included in printed books. That changed 119 years later with the next complete revision of the Act in 1909. The 1909 Act defined copyright-protectable works as ‘all the writings of an author’,<sup>3</sup> which expressly included works of art, models or designs for works of art, art reproductions, photographs, and prints and pictorial illustrations.

---

1 Barry Werbin is counsel at Herrick, Feinstein LLP.

2 Copyright Act of 1790, 1 Statutes At Large, 124.

3 Section 4.

Today's version of the Act was enacted in 1976 and extends protection to all forms of 'pictorial, graphic, and sculptural works'.<sup>4</sup> These broad categories, in turn, include 'two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, diagrams, models, and technical drawings, including architectural plans'.<sup>5</sup>

## II SCOPE AND LIMITATIONS OF COPYRIGHT

To be protected by copyright, a work of authorship must be original; that is, it cannot be in the public domain or so lacking in originality that it does not rise to the level of protected content. In a seminal 1991 opinion, the Supreme Court held that 'originality' requires only minimal creativity, irrespective of how much physical effort and time might go into a work.<sup>6</sup>

Nevertheless, common geometric shapes, and familiar symbols and designs are not subject to copyright protection. The Copyright Office provides the following examples.<sup>7</sup>

- a 'Gloria Grimwald paints a picture with a purple background and evenly spaced white circles.' This is not protectable because 'the combination of the purple rectangle and the standard symmetrical arrangement of the white circles does not contain a sufficient amount of creative expression to warrant registration'.
- b 'Gemma Grayson creates a wrapping paper design that includes circles, triangles, and stars arranged in an unusual pattern with each element portrayed in a different color.' This is protectable because 'it combines multiple types of geometric shapes in a variety of sizes and colors, culminating in a creative design that goes beyond the mere display of a few geometric shapes in a preordained or obvious arrangement'.

Similarly, '[c]ommon patterns, such as standard chevron, polka dot, checkerboard, or houndstooth designs' are not protectable; however, '[a] work that includes familiar symbols or designs may be registered if the registration specialist determines that the author used these elements in a creative manner and that the work as a whole is eligible for copyright protection'.<sup>8</sup> For example, a sketch of the standard fleur-de-lys design used by the French monarchy would not be protected in and of itself; however, if an artist painted an original silhouette of Marie Antoinette with a backdrop featuring multiple fleur-de-lys designs, the work would be protected because it incorporates an original, artistic drawing in addition to the standard fleur-de-lys designs.

Mere colouration or mere variations in colouring alone are not eligible for copyright protection.<sup>9</sup> If an artist merely adds just a few colours to a pre-existing design or creates multiple colourised versions of the same basic existing design, the work will not be protected. However, a work consisting of a digital image of the *Mona Lisa* to which different hair colour,

---

4 17 U.S.C. § 102(a).

5 17 U.S.C. § 101.

6 See *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991).

7 Copyright Office Compendium 3rd §906.1.

8 37 C.F.R. §202.1; Compendium 3rd, §906.2 and also § 313.4(J).

9 37 C.F.R. § 202.1(a).

nail polish, stylised clothing and darkened skin are applied, would be entitled to protection because the changes in colour and other attributes are sufficient to constitute a new work of authorship.<sup>10</sup>

### **i Merger doctrine/scènes à faire**

Two other important related principles limit copyright protectability. One is the idea/expression 'merger' doctrine and the other is scènes à faire.

Copyright does not protect any idea, procedure, process, system, method of operation, concept, principle or discovery.<sup>11</sup> Consistent with this premise, the merger doctrine bars copyrightability when an idea merges with the expression; that is, if an idea and the expression of the idea are so closely related that the idea and expression are one, such that there is only one way or an extremely limited number of ways to express and embody the idea in a work. For example, an infringement suit by a photographer, whose photograph captured a mother mountain lion holding a cub in her mouth perched on a cliff, against an artist who created a sculpture depicting a similar scene, was dismissed because the image of a mother mountain lion perched on a rock with a kitten in her mouth was a naturally occurring pose that was created and displayed by nature.<sup>12</sup>

The related principle of scènes à faire (or 'scenes that must be done'), applies where the expressive elements of a work are a product of the genre of the subject matter, which by its nature must include certain common elements. In a well-known case, a glass-in-glass sculpture depicting jellyfish swimming vertically was entitled only to a 'thin' copyright, which was protected only against virtually identical copying (combination of unprotected elements dictated by the glass-in-glass medium and by the jellyfish's natural physiology).<sup>13</sup>

### **ii Fixation**

Another fundamental requirement for protection is that a work be 'fixed' in some tangible medium of expression, so that it is more than of transitory duration (such as a sandcastle on a beach). A leading case denied copyright protection to a wild flower garden in Chicago because the court found the garden too transitory as it kept changing throughout the seasons.<sup>14</sup>

Consider prominent but temporary art installations, such as those by Christo, and whether they are too transitory to warrant protection, an issue that has not been addressed directly by US courts.<sup>15</sup> Christo, however, documented and preserved all of his projects with photographs and video, which thereby fixed the art itself in a tangible medium.

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10 See Compendium 3rd, §906.3.

11 17 U.S.C. §102(b).

12 *Dyer v. Napier*, 2006 WL 2730747 (D. Ariz. 2006).

13 *Satava v. Lowry*, 323 F. 3d 805 (9th Cir. 2003).

14 *Kelley v. Chicago Park Dist.*, 635 F. 3d 290 (7th Cir. 2011).

15 In 1985, Christo sued media companies in France after they attempted to reproduce and distribute photos of his *Pont Neuf* fabric wrap installation. In 1986, a Parisian court ruled for Christo, finding the installation was an original work of authorship that was entitled to copyright protection under French law; Paris Court of Appeal, 13 March 1986, *Gaz. Pal. JP*, p. 239.



### iii Functionality

Copyright precludes protection for ‘useful articles’ unless their incorporated artistic designs can be perceived separately from their functional elements and are independently copyrightable.<sup>16</sup> As an example, sculptured artistic belt buckles by the designer Barry Kieselstein-Cord were found to be separable and thus protectable apart from the utilitarian belts to which they were affixed.<sup>17</sup> In 2017, the Supreme Court held that two-dimensional designs (consisting of various lines, chevrons and colourful shapes) placed on cheerleader uniforms could be subject to copyright protection notwithstanding the utilitarian nature of the uniforms themselves, which are not otherwise subject to protection under the 1976 Act.<sup>18</sup>

### iv Human authorship

Works that are not created by human beings are not protected by copyright.<sup>19</sup> But with the advent of more sophisticated artificial intelligence, this fundamental principal is being challenged. In 2016, Dutch computer scientists, together with Microsoft and others, created a ‘new’ Rembrandt portrait painting, using complex algorithms and extensive data from numerous real Rembrandt portraits, and a 3D printer for texture and depth. The resulting portrait was startling in its authenticity.<sup>20</sup>

An *Edmond de Belamy* AI-created portrait, programmed by the Parisian group Obvious, sold at Christie’s in October 2018 for US\$432,500. It was signed with a section of the algorithm’s code: ‘min G max D x [log (D(x))] + z [log(1 – D (G(z)))]’. To ‘learn’, the algorithm was fed 15,000 images of portraits from different time periods.

## III COPYRIGHT EXCLUSIVE RIGHTS/FIRST SALE DOCTRINE AND DISPLAY RIGHT EXCEPTIONS

The Act provides copyright owners with a bundle of ‘exclusive’ rights, including reproduction, preparation of derivative works, adaptation, public distribution, public performance and public display.<sup>21</sup>

These exclusive rights, however, do not prevent the owner of a work of art from reselling it or transferring title under the ‘first sale doctrine’, which provides that anyone who lawfully owns a particular copy of a work ‘is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy’.<sup>22</sup> The owner of an original work of art, however, cannot grant to a gallery or auction house to which such work is consigned for sale any rights greater than the bare legal title that owner has, with no right to exercise any of the exclusive rights reserved to the copyright owner.

---

16 *Star Athletica, LLC v. Varsity Brands, Inc.*, 137 S. Ct. 1002 (2017).

17 *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980).

18 *Star Athletica, LLC* (footnote 16).

19 See Copyright Office Compendium (III) §306: ‘Because copyright law is limited to “original intellectual conceptions of the author,” the Office will refuse to register a claim if it determines that a human being did not create the work.’ *Naruto v. Slater*, 888 F.3d 418 (9th Cir. 2018) (self-portrait photograph taken by a monkey (represented by PETA as its surrogate) was not entitled to copyright protection and the monkey lacked standing to sue for infringement).

20 [www.nextrembrandt.com](http://www.nextrembrandt.com).

21 17 U.S.C. §106.

22 17 U.S.C. §109.

This also highlights the important distinction between the copyright in a work of art and legal title in the same work that is purchased or otherwise acquired. An artist (or any other author) who creates an original work and sells it does not transfer his or her copyright in the work absent a written agreement to do so.

There is another important statutory exception to the exclusive display right that permits owners of works of art, or anyone authorised by such owners, to display those works publicly, 'either directly or by the projection of no more than one image at a time, to viewers present at the place where the [work] is located'.<sup>23</sup> This provision is responsible for lawfully permitting all displays of copyright-protected art by galleries, auction houses and museums.

#### **IV TERM OF COPYRIGHT**

The term of copyright for an individual artist who created a work on or after 1 January 1978 is the life of that author plus another 70 years. Works created prior to that date are subject to a different term under the 1909 Act, which was an initial term of 28 years and a second renewal term of 28 years, but there are certain exceptions that are beyond the scope of this chapter.

Where an artist is commissioned to create a work to be used in conjunction with other original content in another work, such as a compilation or collective work, the artist's work will be deemed a 'work made for hire', which automatically places copyright ownership in the party that commissions the work, provided a written agreement with the author specifies it is a 'work made for hire'. The copyright term for a work made for hire under the 1976 Act is 95 years from the date of first publication or 120 years from the year of creation, whichever expires first.<sup>24</sup>

#### **V REGISTRATION AND INFRINGEMENT**

Under US copyright law, registration for an original work is optional, but provides significant benefits in connection with any claim for infringement. First, registration is a precondition to filing a copyright infringement action in the US, unless the work is a foreign work that was created by a non-US author.<sup>25</sup> This is required by the Berne Convention, a treaty to which the US and 178 other countries are parties.<sup>26</sup>

Second, a work that is registered is presumed to be valid as to its ownership and copyrightability. Third, the copyright owner of a work that is registered prior to commencement of an act of infringement is entitled to seek alternative economic relief in the form of statutory damages, which generally range from US\$750 to US\$30,000 per work infringed, but can be as high as US\$150,000 for a wilful infringement and as low as US\$250 for an innocent infringement.

Fourth, the copyright owner of a work that is registered before an infringement begins may, if successful in proving infringement, also seek an award of legal fees in the court's discretion.<sup>27</sup>

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23 17 U.S.C. §109(c).

24 17 U.S.C. § 302(c).

25 *Fourth Estate Public Benefit v. Wall-Street.com, LLC*, 139 S. Ct. 881 (S. Ct. 4 March 2019).

26 [www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=15](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=15).

27 The US follows the 'American rule', under which legal fees can only be awarded if authorised by statute or contract.

Although a foreign work under the Berne Convention need not be registered before an infringement action can be brought, it must still be timely registered for statutory damages and legal fees to be sought. The absence of registration also places the initial burden of proof on a foreign copyright owner to establish ownership and validity of the copyright.

While a detailed discussion on copyright infringement is beyond the scope of this chapter, in general, to establish infringement, a copyright owner must prove that (1) his or her work is original and protectable by copyright (which is presumed if a registration has been issued), and (2) an alleged infringing work is substantially similar to the protected work, as to those elements of the protected work that are entitled to protection. Some cases also examine whether an alleged infringing work has copied the overall 'look and feel' of a protected work.<sup>28</sup> In the case of art works, substantial similarity is assessed from the perspective of a hypothetical 'ordinary observer'.<sup>29</sup>

## VI IMPACT OF FAIR USE ON THE ARTS

Perhaps the most controversial issue impacting copyright and art today is the statutory defence of 'fair use', particularly as it applies to appropriation art.

Over 117 years ago, Supreme Court Justice Oliver Wendell Holmes Jr cautioned: '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.'<sup>30</sup> That caution still impacts fair use art decisions today.

Fair use is a defence to copyright infringement that was originally intended to protect certain types of uses of a copyright-protected work as 'fair'. Among the statutory uses that are generally permitted are news reporting, research, and criticism and commentary on an original work, including parody, where reproduction of the work is necessary for such purposes. Courts must consider four non-exclusive statutory factors in assessing a fair use:

- a* the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- b* the nature of the copyrighted work;
- c* the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- d* the effect of the use upon the potential market for or value of the copyrighted work.

In an important 1992 appellate case, Jeff Koons's sculpture of a couple holding a litter of puppies was held to have deliberately infringed photographer Art Rogers's copyright in a photo depicting the same scene, and was not a 'fair use' parody because Koons's sculpture was commercial and not a critique of the original, but merely a distortion of it.<sup>31</sup>

Subsequent to 1994, however, most federal courts have also assessed whether the challenged use is 'transformative' under the first fair use factor. Transformative use was first mentioned by the Supreme Court in a seminal 1994 fair use case involving a music parody.<sup>32</sup> The Court suggested that the transformative nature of a challenged work – 'whether the new

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28 *Peter F. Gaito Architecture, LLC v. Simone Dev. Corp.*, 602 F.3d 57, 66 (2d Cir. 2010).

29 *See Yurman Design, Inc. v. PAJ, Inc.*, 262 F.3d 101, 111 (2d Cir. 2001).

30 *Bleistein v. Donaldson Lithographing Company*, 188 U.S. 239, 251 (1903).

31 *Rogers v. Koons*, 960 F.2d 301 (2d Cir. 1992).

32 *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994).

work merely “supersede[s] the objects” of the original creation . . . or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message’ – was a useful construct in assessing the first fair use factor, and that ‘the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use’.<sup>33</sup>

The impact of transformative use on appropriation art was highlighted in a subsequent case where Koons was sued for adapting part of a photograph (depicting a woman’s legs, feet and shoes with ornate sandals) for use in a parodic collage that included three other sets of women’s legs and disparate elements. This time Koons won a fair use decision in his favour because the copying was deemed reasonably limited to conveying the fact of the photograph in a parody and was therefore found to be transformative.<sup>34</sup>

Application of transformative use has since expanded greatly and become a litmus test for fair use, particularly in addressing appropriation art. Nowhere is this expansion more prominent than in the Second Circuit’s controversial 2013 fair use decision in *Cariou v. Prince*.<sup>35</sup> There, the court found that 25 of 30 works created by the famous appropriation artist Richard Prince were entitled to a fair use defence as a matter of law because they were transformative, despite there being no commentary on the original photographs he copied. Commercialism was also relegated to a minor fair use factor because any work that is sold has a commercial element to it.

Prince altered photographer Cariou’s *Yes Rasta* photographs and incorporated them into a series of paintings and collages. Five of them displayed only minimal alterations or additions, and the rest were so ‘heavily obscured and altered to the point that Cariou’s original [was] barely recognizable’.<sup>36</sup> With respect to the latter group, the court found they were transformative and entitled to a fair use defence, but that the other five were a closer case where the court could not decide the fair use issue without further lower court proceedings. The case then settled confidentially.

Significantly, *Cariou* held that a work need not comment on the original copyrighted work to be entitled to a fair use defence. The 25 images found to be transformative, said the court, ‘have a different character, give Cariou’s photographs a new expression, and employ new aesthetics with creative and communicative results distinct from Cariou’s. Our conclusion should not be taken to suggest, however, that any cosmetic changes to the photographs would necessarily constitute fair use.’<sup>37</sup>

Most recently, a federal appeals court in New York found that commercial reproductions by The Andy Warhol Foundation of certain Warhol silkscreen paintings and drawings, which had utilised as an artist’s reference a portrait of the musician Prince by the famous rock music photographer Lynn Goldsmith, did not constitute fair use because they were not transformative and negatively impacted the market for Goldsmith’s works.<sup>38</sup> The court also took the opportunity to clarify its decision in *Cariou*, which had received meaningful criticism respecting the court’s application of ‘transformative use’. In *Warhol*, the court emphasised that

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33 id., at 579.

34 *Blanch v. Koons*, 467 F. 3d 244 (2d Cir. 2006).

35 *Cariou v. Prince*, 714 F. 3d 694 (2d Cir. 2013).

36 id., at 710.

37 id., at 708.

38 *The Andy Warhol Foundation v. Goldsmith*, 11 F.4th 26 (2d Cir. 2021). The author was counsel to the photographer, Lynn Goldsmith, in the district (trial) court proceedings.

‘transformative’ use will not be found ‘where a secondary work does not obviously comment on or relate back to the original or use the original for a purpose other than that for which it was created’, and in such case, ‘the bare assertion of a “higher or different artistic use” will not suffice . . . to render a work transformative. Rather, the secondary work itself must reasonably be perceived as embodying a distinct artistic purpose, one that conveys a new meaning or message separate from its source material.’<sup>39</sup> Thus, ‘works that simply alter or recast a single work with a new aesthetic’ will not qualify as ‘transformative’.<sup>40</sup>

## **VII MORAL RIGHTS**

Historically, moral rights, which protect the integrity and attribution of artists and authors, did not exist in the US. Currently, artists possess two limited forms of moral rights that have been codified under the Visual Artists Rights Act (VARA) and certain provisions of the Digital Millennium Copyright Act (DMCA), both part of the Act.

### **i VARA**

VARA, which was enacted in 1990, grants to authors of ‘visual art’ the rights of attribution and integrity.<sup>41</sup> ‘Visual art’, for purposes of VARA, includes only paintings, drawings, prints and sculptures that exist in a single copy or limited edition. VARA excludes ‘works made for hire’ and works of ‘applied art’. A recent example of applied art denied protection was the design of a sixteenth-century galleon ship constructed over the body of an old bus that was displayed at the Burning Man festival. When the sculptural work was destroyed, the artists sued under VARA, but the court held that because the work was ‘applied art’ affixed to a functional bus, it was not entitled to VARA protection.<sup>42</sup>

VARA also prevents the use of an artist’s name as the author of a work of visual art in the event of a distortion, mutilation or other modification of the work that would be prejudicial to his or her honour or reputation. Related to this right, VARA empowers an artist to (1) prevent any intentional distortion, mutilation or other modification of a work that would be prejudicial to his or her honour or reputation, and any intentional distortion, mutilation or modification of that work is a violation of that right, and (2) prevent any destruction of a work of ‘recognized stature’, and any intentional or grossly negligent destruction of that work is a violation of that right. VARA permits a property owner to remove a work of art affixed to a building without its destruction, distortion, mutilation or other modification, provided 90 days’ notice is first given to the artist, who is then given the right to either remove the art or pay for its removal.

Until recently, few courts had grappled with the VARA concept of ‘recognized stature’ and no case had applied VARA to street art. This all changed dramatically in 2018 when a court awarded a group of street aerosol artists US\$6.75 million after their high-profile 5Pointz curated murals and exterior building wall art were intentionally whitewashed over

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39 id., at 41.

40 ibid.

41 17 U.S.C. § 106A, generally.

42 *Cheffins v. Stewart*, 825 F.3d 588 (9th Cir. 2016).

and then destroyed by a developer.<sup>43</sup> Based on expert witness art market testimony, the court found that most of the aerosol artworks had achieved ‘recognized stature’. The decision was recently upheld on appeal and the Supreme Court declined to hear it.<sup>44</sup>

A very recent VARA case was filed in June 2021 as a class action, on behalf of other similarly situated street artists, by a prominent visual artist against the NYC Police Department and the City of New York for painting over a street mural that he had created with permission of the property owner, such that it was not illegal graffiti.<sup>45</sup>

## ii DMCA

The DMCA was added to the Act in 1998 to address various issues tied to digital technology and online use of copyright-protected works. One part of the DMCA addresses the integrity and removal of ‘copyright management information’, which is defined to include a copyright-protected work’s title, the name of its author and other identifying information about the copyright owner, including a notice of copyright.<sup>46</sup> The intentional removal or alternation of such information is a DMCA violation, with statutory damages ranging from US\$2,500 to US\$25,000 per violation.

The statute has been applied in recent years to find liability where someone copies and uses without permission a photograph or other image found on the internet, and in doing so strips out all attribution credits identifying the creator of the original work. Courts have held that removal of a copyright owner’s attribution credit in a gutter credit is a DMCA violation. This provides another remedy for artists and, particularly, photographers, to protect their moral right of attribution.

## VIII STREET ART

In the past couple of years, street artists have started suing companies that use their art for commercial marketing purposes. A high-profile case was filed in California in 2018 by a graffiti muralist (Smash 137) against General Motors for using his mural in an unauthorised photo as part of an advertisement. The mural had been painted on the outdoor level of a parking garage. The case arises under another unique portion of the Act called the Architectural Works Copyright Protection Act of 1990 (AWCPA), which provides that anyone can reproduce an image of a building that is habitable by humans and viewable from public places.<sup>47</sup> The court refused to dismiss the case, finding there was a ‘lack of a relevant connection between the mural and the parking garage’.<sup>48</sup> The case then settled.

A similar case was filed in Detroit by four street artists against Mercedes Benz, which posted images of its vehicles on social media with buildings visible in the background that included murals painted by the artists. After the artists demanded that Mercedes cease using

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43 *Cohen v. G&M Realty*, 320 F. Supp. 3d 421 (E.D.N.Y. 2018).

44 *Castillo v. G&M Realty*, 950 F.3d 155 (2d Cir. 2020), cert. denied 141 S. Ct. 363 (2020).

45 *McLeer v. New York City Police Department et al.*, Case No. 2:21-cv-03093 (E.D.N.Y. filed 1 June 2021).

46 17 U.S.C. § 1202.

47 17 U.S.C. §102(8); 37 C.F.R. § 202.11.

48 *Falkner v. General Motors LLC*, 393 F. Supp. 3d 927 (C.D. Cal. 2018).

the images, Mercedes filed suit to declare that its conduct was protected by AWCPA. The artists moved to dismiss the case but, contrary to the *GM* case, this court found that Mercedes had a plausible claim and allowed the case to proceed.<sup>49</sup>

A claim filed in New York by a street artist against H&M for using his street art in an advertisement was quickly resolved when H&M agreed to cease using the advert and issued an apologetic press release.<sup>50</sup>

Several other similar claims have been filed by prominent street artists in recent years, but until appellate courts start ruling on these issues, street art will remain a burgeoning area of copyright law impacting artists.

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49 *Mercedes Benz, USA, LLC v. Lewis*, 2019 WL 4302769 (E.D. Mich. 11 September 2019).

50 *H&M v. Jason 'Revok' Williams*, No. 1:18-cv-01490 (E.D.N.Y. filed 9 March 2018).

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Barry Werbin is counsel at Herrick, Feinstein LLP and a member of its intellectual property group. His practice is focused on intellectual property and online issues (including trademarks, trade dress, copyrights, unfair competition, false advertising, publicity and privacy rights, trade secrets, domain name issues and Uniform Domain-Name Dispute-Resolution Policy arbitrations, digital rights protection, trademark and content licensing, marketing and sponsorship agreements, publishing, IP due diligence and exploitation rights) and technology (including software licensing and development, cloud and SaaS services, IT support, website development and hosting, and data breaches). Barry handles IP-related complex litigation and transactional matters.

Barry is the current chair of the New York State Bar Association's Entertainment, Arts & Sports Law Section, and a trustee of the Copyright Society of the USA. Barry was a prior chair of the Copyright & Literary Property Committee of the NYC Bar Association and prior NY Chapter co-chair of the Copyright Society of the USA. He is a member of the International Trademark Association (INTA) Commercialization of Brands Committee and a prior member of INTA's Online Use/Web 2.0 Working Group. Barry is co-chair of Fordham Law School's Intellectual Property Alumni Affinity Group and an advisory board member of the Fordham Art Law Society. Barry has been recognised multiple times as a top IP litigation lawyer by *Super Lawyers*.

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